MME Form 9
Rev. Mar. 59

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

OFFICIAL DOCKET FILE

Contract No. 14-23-_____ Docket No. MME-6541

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [ ] 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 Semiannual 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
- [ ] On-site Exam. Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports

- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

- [ ] Field Team Semiannual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with Transmittal, Narrative and Maps

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

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty Material

52625

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Denver Federal Center -- U. S. Geological Survey
Building 25 - Room 2284
Denver, Colorado 80225

OFFICIAL
COPY
O. M. E.
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MAR 3 1966
INITIALS | CODE

February 28, 1966

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: Application for financial assistance in Minerals Exploration by Charles R. Butler, Durango, Colorado for Silver and Bismuth on the Ballard, President, Big Six Group and Penn Groups of claims, Lake County, Colorado

The applicant, Mr. Charles R. Butler, Durango, Colorado has applied for financial assistance in exploration for Silver and Bismuth on the Ballard, President, Big Six group and Penn group of claims in Section 20, T. 9 N., R. 79 W., Lake County, Colorado. Considerable production has been reported from the Penn group, Big Six group, Ballard and President properties, containing high grade iron, moderate Bismuth, and minor gold and silver from 1880-1917. These properties have been dormant for many years undoubtedly due to low grade ore and also because of the fact that Bismuth was at that time largely a penalty ore. Reports of Bismuth content range from 4% to as much as 60 percent. With the present price of $4.00 per pound for refined bismuth, and a quoted price of newly mined Bismuth of $1.95 per pound, there is a likelihood the mine could be operated at a profit, providing adequate reserve could be discovered. The Little Prince mine indicates assays in areas where ore content ranges from 0.20 percent to over 1 percent for Bismuth and Silver averages nearly 4 ounces per ton. Ore purchase records of the old Arkansas Valley Smelter in 1917 indicates that the shippers were not paid for the Bismuth content of their ore, and reports show that several thousand tons of 3 percent bismuth ore were shipped.

The applicant proposes to explore from the Little Prince workings by diamond drilling and long hole percussion bit drilling and extensive sampling, however, a major portion of the project costs are for the reconstruction of surface installations, and clean out caved areas of the workings.

MME Form 40
July 1962

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

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UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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.)*

CHARLES R. BUTLER
P.O. BOX 435
DURANGO, COLORADO

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6541

DATE RECEIVED: 3·3·66

REGION: III

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

INDIVIDUAL	X
CORPORATION	
PARTNERSHIP	
OTHER *(Specify)*	

STATE IN WHICH FIRM IS ORGANIZED:

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE

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

ESTIMATED COST OF PROJECT: $ 45,928

PROPERTY NAME	LOCATION COUNTY	STATE
Ballard, President, Big Six Group, Penn Group	Lake	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.

February 9, 1966
DATED

Charles R Butler
BY *(Signature)*

TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

(a) Describe fully the proposed exploration work giving individual footages and sizes of 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

Since the workings are caved near the shaft area on the Little Prince 230 foot level there is no knowledge as to the extent of caving in the old workings.

Item 7(b) Personal services, $10,740 of the total requested amount of $45,928 which appears too high. There is an item of "Accounting Services" under 7(g) Miscellaneous, amounting to $150.00, this figure appears to duplicate costs for bookkeeper and stenographer under personal services, otherwise the costs appear to be pretty much in line.

Gold-Silver ore in the Breece Hill area occur primarily as replacement type deposits at the contact of the Blue limestone with the Gray and White porphyries. Hematite and magnetite ore containing some gold and silver values occur at the contact of the Gray and White porphyries and is thought to be due to the oxidation of an original pyrite mass. Bismuth is usually associated with gold silver ore in the Breece Hill area, it occurs as a carbonate-bismutite-but other bismuth minerals are also present. Most of the ore mined in the past are in the oxide zone which extends from three hundred to five hundred feet below the surface. From 1900--about 1912, Colorado produced most of the nation's bismuth. Ores from the Leadville district were responsible for much of the bismuth recovered during a 12 year period.

The applicant is in the process of obtaining liens and subordination agreements on what appears to be unprotected fractions between the Little Prince claim (Survey No. 551) and the Ballard (Survey No. 583), otherwise the leases appear to be in order, as do the replies from two Durango, Colorado banking institutions.

Bids from three reputable diamond drilling firms are included.

J. William Hasler

JWHasler/mc/3/2/66

cc: Chief OME
6384
Chron
Hasler

CHARLES R. BUTLER
GEOLOGIST
WEST BUILDING
P. O. BOX 435
DURANGO, COLORADO 81302
PHONE 247-1092

February 8, 1966

Mr. William Hassler
Office of Minerals Exploration
U. S. Geological Survey
Denver Federal Center
Denver, Colorado

Dear Mr. Hassler:

I enclose herewith two copies of an application for an OME Silver-Bismuth project near Leadville.

I know you are very busy, and if any portions of the application needs revision or clarification, please call me and I will do whatever is necessary to assist you.

Because of the problems of winter weather conditions at Leadville, I am hopeful of starting work on this project in late Spring. If it appears that the project is acceptable to OME, but could not possibly be approved before that time, I would appreciate hearing from you.

My information on past production is admittedly sketchy, and I will continue to look for additional record data. As such data is acquired, I will advise you and, if requested, will supply supplementary material for the narrative portion of the application.

Lien and Subordination Agreements are not included with this application. If you will supply me with about eighty forms, I will obtain the necessary signatures. You will note that all the leases contain a provision wherein the lessors agree to execute such agreements.

Very truly yours,

Charles R Butler

Charles R. Butler

CRB:mr

Charles Butler
P.O. Box 435
Durango, Colorado

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

1. Financial Eligibility

(a) The appended true copies of correspondence (Exhibits 1 and 2) show that on January 12, 1966, a loan of $30,000 at 6½% interest for three years was requested from the First National Bank of Durango, and that on January 14, 1966 a loan of $30,000 was requested from the Turner Industrial Bank of Durango, both requests being for the purpose of obtaining monies to carry out an exploration and development program at Leadville, Colorado.

(b) Not applicable

(c) Applicant's share of the cost of the exploration work will be furnished from personal assets and/or from the proceeds of the sale of an interest in the leases.

2. Applicant's Rights in Land

(a) Applicant's interest in the land and mineral rights is as lessee. A copy of the leases and lease assignments are included with this application as Exhibits 3,4,5 and 6. There are no liens, mortgages or other encumbrances.

(b) Lands under lease include the following patented claims:

Ballard	Survey No.	589
President	"	8942
Big Six	"	1616
Little Prince	"	551
Nettie Morgan	"	929
William Penn	"	484
General Cadwallader	"	487
Ben Franklin	"	485
Philadelphia	"	486
J.G. Fraction	"	13251

Charles Butler
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2. (b) continued

All claims are in Section 20, T9N R79W, Lake County, Colorado. A claim map is included as Exhibit 7.

(c) Lien and Subordination Agreements are included as Exhibit 15.

3. Physical Description

(a) Exhibit 8 is a map compiled by the applicant from several mine surveys made during the period 1905 - 1934. Although mining and exploration operations have been conducted intermittently on these claims from 1880 to 1950, there has been no historical record of operations insofar as applicant can determine. Some information has been obtained from the records of the Colorado Bureau of Mines, and this data is listed below in part (c) of this section.

(b) None

(c) Past production records for these properties are very incomplete. Data available from Bureau of Mines sources are so incomplete that it is virtually meaningless. Other sources of data yield some information on past production and also on mining operations and are listed below.

(c)-1 Mine Inspectors Reports

The applicant searched the records of the mine inspectors reports at the Colorado Bureau of Mines office and compiled the following notes which refer to past production and operations.

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3. (c)-1 continued

Penn Group (William Penn, General Cadwallader, Ben Franklin, Philadelphia)

The property was worked from 1880 to 1888, abandoned until 1898, then worked intermittently until 1911 and sporadically thereafter until 1950. Production ranged from 1000 to 2000 tons per month during the periods of operation. A 1911 report mentions production of 2000 tons per month with an average grade of .4 ounces gold, 2 ounces silver, 5% lead and 50% iron. These ores were used as a flux at the smelter.

Big Six Group (Little Prince, Big Six, Nettie Morgan)

The inspectors reports mention intermittent operations from 1904 through 1916. The 1904 report states that 8000 to 9000 feet of mine workings above the 340' level at the Big Six are abandoned, so obviously there was work prior to 1904. A 1916 report mentions minor production with a grade of .6 ounces gold and 8 ounces silver. A 1911 report mentions production of 15,000 tons per year of hematite fluxing ores, but this probably refers to the adjoining Penn group which has interconnecting workings. The Big Six and Penn groups were probably operated as one unit during part of this period.

Ballard

Mine inspectors reports indicate intermittent production from 1897 to 1913. An 1897 report mentions gold ores containing several ounces gold and 12½% to 35% bismuth.

President

Mine inspectors reports indicate intermittent production from 1897 to 1934. Ore grades mentioned range from ½ to 1 ounce gold and 1 to 8 ounces silver.

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3. (c)-2 Engineering and Mining Journal reports

1890 - Big Six Mining Company organized

1901 - Ballard mine producing 75 tons per day of high grade gold ores. Some ore contains 60% bismuth and 5 ounces gold.

1902 - Lake County produced 253.6 tons of ore containing 4% - 10% bismuth, 1-2 ounces gold and 5-6 ounces silver.

1905 - Bismuth production in 1904 was 61 tons of ore containing 7.5% to 15% bismuth with some gold and silver from the Big Six and President mines.

1905 - Ore at the bottom levels of the Ballard-President mine are running $15.97 gold, $3.45 silver and 2% bismuth.

1907 - Sulfide ores from the President mine running $30.00 per ton gold values.

(c)-3 Excerpts from Mineral Survey on the Leadville District which was compiled in 1929 by E.P. Chapman Sr. and Frank M. Stephans for the American Smelting and Refining Company.

"Mr. Frank Lanphier worked on the Penn for a number of years and says he shipped some 300,000 tons of iron ore (mostly hematite) from the upper contact. ------- Gorman and Lind have a lease on the President and have just recently opened up a vein of low grade gold ore that will average about .20 ounces and from which they have had assays as high as .60 ounces per ton. They have shipped several cars of this material to the Golden Cycle Mill.

In 1917 several thousand tons of siliceous ore carrying about three percent bismuth were shipped to the Arkansas Valley Plant from this

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Durango, Colorado

3. (c)-3 continued

area over a considerable period and they made a bullion high enough in this metal to pay for seperating it.

Several small shipments of high grade bismuth and gold ore have been made to Germany in the past from mines in this area. It is said this material carried from 14 to 15 ounces gold and as much as 30% bismuth."

Note: The entire Chapman report dealing with the Penn Group is included with this application as Exhibit 9.

(c)-4 Production data from USGS Professional Paper 148

Bismuth Production - Leadville District

Date	Mine	Tons Ore	Value	Remarks
1899	probably Ballard	----	$10,000	
1900	"	----	$140,000	
1901	"	253.6	$22,500	4-10 percent Bi
1904	Ballard and Big Six	36	$10,705	8-17 percent Bi
1905	Ballard	9.2	$3,819	
1906	Two mines - names unknown	----	$12,500	

Note: This small early day production of bismuth was shipped to England and Germany for use as pharmaceuticals.

(d) There is no available information on ore reserves with the exception of an assay map of the 230 foot level of the Little Prince Mine. This map purports to show the results of sampling for gold, silver, lead and bismuth. The map is dated June, 1917 and is signed by H.C. Klaus. The assays indicate several areas where the bismuth

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3. (d) continued

content of ores ranges from .20% to over 1% and silver content averages about 4 ounces. This map is included in the application as Exhibit 10.

(e) Gold-silver ores in the Breece Hill area occur primarily as replacement type deposits at the contact of the Blue limestone with the Gray and White porphyries. Hematite and magnetite ores containing some gold and silver values occur at the contact of the Gray and White porphyries and is thought to be due to the oxidation of an original pyrite mass.

Bismuth is usually associated with gold and silver ores in the Breece Hill area. It usually occurs as a carbonate - bismutite - but other bismuth minerals are also present. The bismuth seems to be closely associated with gold and silver, so that generally ores high in bismuth also are rich in the precious metals. Most of the ores mined in past years are in the oxide zone which extends from three hundred to five hundred feet below the surface.

(f) Applicant expects to find commercial quantities of silver-bismuth ores because the exploration program will be conducted in the general vicinity of a known bismuth zone. The price for bismuth in previous years has never justified the mining of bismuth ores for their bismuth content alone, and in certain instances the smelters actually penalized gold producers for excessive bismuth content. Therefore it can be reasonably expected that several commercial concentrations of bismuth

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3. (f) continued

ores are present within the stopes and drifts of the present mine workings and also along unexplored portions of the Blue limestone-porphyry contact and the Grey porphyry-White porphyry contact which are within reasonable reach of the present mine workings.

An analysis of past production reveals that the major shipments were the hematitic fluxing ores which occur at the contact of the Gray and White porphyry, and that relatively small quantities of gold-silver-bismuth ores were shipped from the limestone-porphyry contact and from the vein deposits within the porphyry. The reason for this is simple economics; the silver-gold content of the average ore was not high, and the bismuth was for the most part not marketable.

A check of the ore purchase records of the Arkansas Valley Smelter for 1917 indicates that the shippers from the Penn Group and President mines were <u>not</u> paid for the bismuth content of their ores. Therefore, assuming the correctness of the Chapman Report that several thousand tons of three percent bismuth ores were shipped in 1917, the logical conclusion is that the bismuth bearing ores in these mines are widespread and were mined in the normal course of producing fluxing ores and gold-silver ores.

Present price quotations in Engineering and Mining Journal are $4.00 per pound for refined bismuth metal. U.S. Smelting, Mining and Refining Company of Salt Lake City has advised applicant that they will pay for ores containing two percent or more bismuth at the rate of the E and MJ metal price less 75¢ per pound for 60% of the bismuth content. Based on the present $4.00 metal price, this would be $1.95 per pound for the bismuth content of an ore.

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3. (f) continued

In the summer of 1965 the applicant spent several weeks researching the available literature about bismuth occurrences in the United States. It is the opinion of applicant that the Breece Hill area is the number one prospect in this Country for the development of significant reserves of bismuth ores.

(g) Two copies of the following reports and assay maps are included with this application. Their return is not required.

Exhibit 9 - Mineral Survey on the Leadville District by E.P. Chapman and Frank M. Stephans, 1929.

Exhibit 8 - Map of a portion of the mine workings on the Little Prince, Ballard, President, Nettie Morgan and Philadelphia claims.

Exhibit 10 - Assay map of the 230' level of the Little Prince Mine.

Exhibit 11 - Report on 1965 activities at Little Prince Mine by J.D. Schlottmann.

Exhibit 12 - Topographic map and cross section of the Breece Hill area.

4. Accessibility of Property

(a) The Little Prince shaft is 1½ miles east from Leadville on the Stray Horse Gulch road. The mine workings are not accessible because of cave-ins, but the shaft is open and accessible to the 230 foot level.

(b) Leadville - 1½ miles; Denver - 160 miles.

5. Exploration Work

(a) The proposed exploration work is as follows:

(a)-1 Initial rehabilitation shall include necessary repairs to the existing storage shed. A combination hoist house - work shop - change

Charles Butler
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Durango, Colorado

5. (a)-1 continued

room shall be constructed at the shaft site. A cement foundation shall be poured for purposes of anchoring and securing the hoist. Initial rehabilitation shall also include widening of the access road to the mine site and installation of new ladders and levels in the shaft manway. A frame building shall be constructed to provide protection from the elements for the air compressor. A 25 ton capacity incline chute with an air operated door shall be constructed at the 230' level shaft station to provide muck storage and more efficient hoisting and more efficient utilization of diesel hauling equipment.

Applicant proposes that 30 man shift work units be allocated for this initial rehabilitation and repair.

(a)-2 Clean out caved areas and expose as much as possible of the former mine workings within the area of the proposed project. Inasmuch as the number and extent of the caved areas cannot be determined at this time, applicant proposes that 250 man shift work units be allocated for this phase of the project. The mine clean up work will be conducted through the Little Prince shaft and will proceed in a southerly and easterly direction toward the Ballard mine workings.

Waste rock will be disposed of by dumping from the hoist bucket into the dump truck and then dumping from the truck to the waste dump which is immediately north of the shaft and across the road. This procedure will eliminate the necessity for construction of a trestle across the road. In the event some of the cave-ins prove to be too extensive to clean out, 100 of the 250 man shift work units shall be designated for use in drifting around caved areas if necessary.

Charles Butler
P. O. Box 435
Durango, Colorado

5. continued

(a)-3 Sample mine workings. One hundred channel type samples shall be taken from accessible mine working areas and assayed for gold, silver and bismuth.

(a)-4 Diamond drill and long hole plug bit drill a total of 4500 feet into virgin areas of projected favorable mineralized zones. 500 feet shall be cored for geologic control and 4000 feet shall be plugged with percussion drills.

(b) Not applicable.

(c) Work will be commenced within 60 days after execution of an OME contract. Work progress will be as follows:

(c)-1 Initial rehabilitation - one month.

(c)-2 Clean out caved areas and expose mine workings - three man crew to average 50 shifts per month for five months.

(c)-3 Sample mine workings - sampling to be done by supervisory personnel during the five month period of mine clean up.

(c)-4 Diamond drilling and long hole drilling - to be commenced during second month or sooner and to proceed as fast as possible concurrently with the mine clean-up. One long hole drill with two man crew will be utilized. The diamond core drilling will be done where necessary to establish geologic control and to confirm mineralized zones located by the long hole drilling. The work will be completed within the overall six month project period.

Charles Butler
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Durango, Colorado

5. continued

(c)-5 Sample drill cores and/or cuttings - sampling and assaying to be done as soon as possible after each hole is completed.

6. Experience

Applicant will be supervisor. Applicant's operating experience and background includes formal education in Geology leading to a BA and MS degree from the University of Colorado and fifteen years practical experience as a mining geologist. From 1950 to 1960 applicant was manager of the Walter Duncan Mining Company during which time he supervised exploratory, development and mining operations at several uranium mines on the Colorado Plateau. During this period, applicant applied for and executed three DMEA projects. The last project - Markey Mine - resulted in a significant discovery and complete repayment of the loan to the government.

7. Estimate of Costs

(a) Independent Contracts

500' of diamond drilling @ $6.00/ft	3,000
4000' of long hole percussion plug bit drilling @ $1.50/ft	6,000
Note: Bids from three contractors for both types of drilling are included as Exhibit 13.	
Total	9,000

(b) Personal Services

1 - Hoistman	100 shifts @ $24.00/shift	2,400
1 - Miner, Leadman	90 shifts @ $26.00/shift	2,340
1 - Miner	90 shifts @ $24.00/shift	2,160
1 - Bookkeeper, stenographer	120 hrs @ $2.00/hr	240
1 - Supervisor, Geologist	6 mo (3/4 time) @ $600/mo.	3,600
	Total	10,740

Charles Butler
P. O. Box 435
Durango, Colorado

7. continued

(c) Operating Materials and Supplies

2500 gallons gasoline @ 20¢/gallon	500
8000 gallons diesel fuel @ 18¢/gallon	1,440
1200' - 2" aluminum air pipe @ 40¢/ft	480
400' - ½" black iron water pipe @ 12¢/ft	48
1000' - 14" Bemis Jute vent tubing @ $1.18/ft	1,180
4 - miners picks @ $5.00 each	20
4 - muckers shovels @ $5.00 each	20
200 - throw away rock bits @ 25¢ each	50
5 - 7/8" 4' lengths of drill steel @ $11.00 each	55
5 - 7/8" 6' lengths of drill steel @ $14.00 each	70
200' - 15" 22 gauge valvanized vent pipe @ $1.76/ft	352
50 - air pipe couplings @ $1.50 each	75
1 - timber saw	15
Misc. small shop tools	150
Misc. pipe fittings and equipment parts	250
50 - 8"x8" timbers 6' long	120
50 - 3"x12" timbers 6' long	80
50 - timber wedges	10
60 - core boxes @ $1.00/box	60
600 - sample sacks @ 20¢/sack	120
6 - wheat miners lamps complete with charger	260
40 - 50 lb cases dynamite	1,000
2000' fuse @ 2¢/foot	40
20 - boxes of caps @ $4.50/box	90

Charles Butler
P. O. Box 435
Durango, Colorado

7. (c) continued

First aid stretcher, blanket and first aid supplies	65
Misc. drafting and office supplies	50
Total	6,600

(d) Operating Equipment

Rentals:

2nd hand dump truck @ $100/month - diesel powered	600
2 - two ton/shuttle buggies @$225/month each diesel powered	2,250
Bobcat rubber tired/loader @ $300/month, diesel powered	1,500
2 - 380-390 percussion rock drills with telescoping jack legs and jack tanks @ $100/month each	1,000
365CFM Diesel powered air compressor @ $560/month	2,800
Used double drum hoist, gas powered @ $125/month	625
Total	8,775

7. (d) continued

Purchases:

Used ore bucket	100
400' 7/8" hoist cable @ 52¢/ft	208
Acetylene welder	200
250 gallon water tank (used)	100
500 gallon diesel fuel tank (used)	150
250 gallon gasoline tank (used)	100
sheave wheel	50
5000CFM air blower with 20HP gasoline engine (used)	500
Multi stage jet water pump with gasoline engine	370
Total	1,778

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Durango, Colorado

7. continued

(e) Initial Rehabilitation and Repairs

Materials for repair of existing 8'x12' storage shed	50
Widen access road and area around shaft and buildings with bulldozer. 15 hours @ $10.00/hour	150
Lumber and nails for installation of new ladders and 20' interval levels in manway	150
Total	350

(f) New buildings, fixtures and installations

Purchase - new combination hoist house, work shop, change room. Frame, V roof, asbestus siding, plank floor with cement foundation for hoist. Building dimensions - 15'x30'	1,500
Purchase - Compressor house 7'x12'	250
Air operated chute door and frame attachments for a 25 ton capacity incline chute at the 230' level station for storage of muck and to facilitate loading into bucket	250
Total	2,000

(g) Miscellaneous

Repairs and maintainance of equipment	500
Accounting services	150
Workmen's Compensation @ 2.7%	290
Employee's Liability Insurance @ 4.6%	494
Payroll taxes @ 4.2%	451
Assay costs - 600 samples for silver, gold and bismuth	4,800
Total	6,685

Charles Butler
P. O. Box 435
Durango, Colorado

Total Estimate of Costs - Summary

(a)	Independent Contracts	9,000
(b)	Personal Services	10,740 ?
(c)	Operating Materials and Supplies	6,600
(d)	Operating Equipment:	
	Rentals	8,775
	Purchases	1,778
(e)	Initial Rehabilitation and Repairs	350
(f)	New buildings, fixtures and installations	2,000
(g)	Miscellaneous	6,685 ?
	Total	$ 45,928

CHARLES R. BUTLER
GEOLOGIST
WEST BUILDING
P. O. BOX 435
DURANGO, COLORADO 81302
PHONE 247-1092

gutt

February 10, 1966

Hon. Wayne N. Aspinall
House of Representatives
Washington, D.C.

Dear Mr. Aspinall,

I enjoyed hearing you again at the CMA Convention in Denver and thought your remarks in regard to the PLLRC and stockpiling were very constructive.

As is usually the case when a constituent writes to his Congressman, I have a self interest motive in mind, but in this case I believe my self interest is also the public interest.

I refer to the Office of Minerals Exploration which was recently transferred from the Bureau of Mines to the Geological Survey. This transfer was accompanied by a drastic cut in staff, and presently less than ten men are attempting to administer this important program for the entire country.

The Denver office, for example, now consists of one man and a secretary, yet this one man is charged with administering over thirty applications in a multi-state area. The Denver administrator is William Hassler, a very competent and dedicated person who had previously worked with the DMEA program. Mr. Hassler told me that the present burden of trying to administer this many projects and still be available for public inquiries about the program was causing many problems, and that long delays in processing applications would very likely result.

I certainly commend efforts to economize in governmental agencies, but I wonder if this is an instance of improper and unwise "economizing". Most of the OME applications are for silver projects, and I understood the increase of government participation from 50% to 75% in the case of silver was the result of concern over future supplies and an attempt to stimulate exploration and development.

If, in fact our present governmental policy is to encourage these silver projects, then perhaps inquiry into the staff situation would be in order.

Very truly yours,

EXHIBIT L A

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 3 1966
INITIALS | CODE

Charles Butler
Box 435
Durango, Colo.

MINING LEASE

THIS AGREEMENT, made and entered into this 2nd day of February, 1966, by and between:

Resurrection Mining Company
c/o J. Frank Frost, Mgr.
American Smelting and Refining Co.
Western Mining Department
415 Crandall Building
Salt Lake City, Utah
Ownership Interest 25/96

Harvey Real Estate Mining and Investment Company
c/o Jean Harvey Griswold
Box 31
Wheatridge, Colorado
Ownership Interest 31/96

George S. Casey
613 Harrison Avenue
Leadville, Colorado
Ownership Interest 12/96

Charles R. Casey
Bank Annex Building
Leadville, Colorado
Ownership Interest 12/96

M.H. and R.D. Elder
310 West 8th Street
Leadville, Colorado
Ownership Interest 16/96

(hereinafter referred to as "Lessors") and

Charles R. Butler
P.O. Box 435
Durango, Colorado

(hereinafter referred to as "Lessee")

W I T N E S S E T H :

WHEREAS, Lessors are owners of the J.G. Fraction Mining Claim, Survey No. 13251, situated in Lake County, Colorado, and

WHEREAS, Lessee is desirous of leasing said claim from Lessors,

ACCORDINGLY, in consideration of the mutual promises, obligations and conditions hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties have agreed:

I

TERM

The term of this lease shall be for a period of ten (10) years from the date hereof, unless sooner terminated pursuant to the provisions hereof. On condition Lessee is not in default, Lessors grant Lessee an option to renew the terms and provisions of this lease for one additional term of ten years. Should Lessee so elect to exercise this option, Lessee shall give Lessors six months notice in writing of its intention to exercise said option.

II

ROYALTY

So long as the within Mining Lease shall be in force and effect there shall be paid Lessors a royalty from any ores mined, removed and sold from the J. G. Fraction Claim a royalty equal to seven and one-half percent ($7\frac{1}{2}\%$) of the net returns received from the sale thereof. By the term "net returns" is meant the following:

(a) In respect to crude ores sold directly to a smelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received therefor, less the costs of transportation to the smelter (if not deducted by the smelter).

(b) In respect to ores sold to a custom ore buyer or mill, the net amounts received therefor, less the cost of transportation to the mill or ore buyer.

(c) In respect to ores concentrated by a custom mill and the concentrate derived therefrom sold to a smelter, the net smelter returns (after

the deduction of any penalties or other smelting charges) received after deducting costs of transportation of the ore to the custom mill, the cost of concentrating the ores, the cost of transporting the concentrate to the smelter with respect thereto (if not deducted by the smelter).

(d) In respect to ores concentrated by Lessee in his own mill and the concentrate derived therefrom sold to a smelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received after deduction of transportation of the ores to the mill, the costs of concentration (not exceeding, however, the sum of $7.00 per ton of input ore), the cost of transporting the concentrate to the smelter with respect thereto (if not deducted by the smelter).

Settlements for royalties due Lessors shall, if possible, be made directly by the ore purchaser, mill or smelter, as the case may be to Lessors. In the event direct payment by the ore purchaser, mill or smelter cannot be effected, then royalties due Lessors shall be paid on or before ten days from the end of each month with respect to all crude ore or concentrates sold and for which Lessee has received payment during the preceding calendar month.

A minimum royalty of $15.00 per month shall be payable commencing sixty days after execution of this lease by all Lessors and continuing during the time the within lease is in force and effect. Said royalty payments shall be credited against production royalty payments during each calendar year.

III

MANNER OF PERFORMING WORK

All of the work which may be performed by Lessee hereunder shall be performed in a good and workmanlike manner and in accordance with sound engineering and geological practice. All of the work and activities of Lessee, hereunder, shall be performed in a manner so as to obtain the maximum economic return from the leased premises and in such manner required to maintain such property and all parts thereof which may be developed hereunder as workable mining property.

Lessee shall comply with all laws, rules and regulations pertaining to any operations or activities hereunder of Federal, State and local authorities, and on request of Lessors furnish supporting evidence of such compliance. Without limitation of the generality of the foregoing, Lessee shall, (1) carry, at his expense, Workmen's Compensation and Occupational Disease Disability Insurance covering all persons employed or engaged to work or perform services upon or with respect to the leased premises; (2) pay any taxes or contributions and make any deductions from payrolls required by any applicable Federal or State Income Tax, Social Security, or Unemployment Benefit Laws. Lessee shall procure and maintain at his expense until termination of this Lease, direct and contractual bodily injury liability insurance and property damage liability insurance in a respectable and financially responsible insurance company, safeguarding Lessee against direct and assumed liability for injuries or death to persons and loss of or damage to property with limits of liability not less than $100,000.00 for injury or death to any one person, $300,000.00 for injuries or death to two or more persons, and $50,000.00 for loss or damage to pro-

perty in any one accident. Lessee shall furnish Lessors certificates from insurance carriers or from appropriate governmental authorities verifying that insurance coverage required hereby has been procured, is being maintained, specifying the insurors, the policy numbers and expiration dates thereof, and, if obtainable, an agreement of the insurors that such insurance will not be cancelled without first giving Lessors at least ten (10) days' written notice of intention to cancel.

Lessors and their agents or representatives, authorized in writing, shall, at their own risk, have the right at all reasonable times, when accompanied by a representative of Lessee, to enter into and upon the leased premises and the workings therein for the purpose of inspecting the same, and for ascertaining whether the terms and conditions hereof are being carried out and performed by Lessee.

Lessee will keep accurate records of his operations hereunder, including the amounts of ore taken from the leased premises and the assays thereof; said records shall be accessible for inspection by the Lessors at all reasonable times. Lessee will prepare and maintain maps of all mining operations on the leased premises, showing thereon all workings, excavations and the location of all ore bodies which may be discovered, which maps shall be available for inspection by Lessors at all reasonable times. Upon request Lessee shall prepare and furnish copies of any such maps to Lessors upon payment by Lessors of the cost of making such copies.

IV

PROTECTION FROM LIENS AND INDEMNITY

Lessee shall promptly pay all bills and accounts for labor performed and supplies and materials furnished in and for operations under this Lease

and shall not allow any claim or lien to be effectually made or asserted against the leased premises.

Lessee shall forthwith post and thereafter keep posted in conspicuous places at entrances to the leased premises such notices as may be necessary to adequately notify all persons who may come in or upon said claims that the same are held by Lessee under lease from Lessors and that Lessee is and shall be liable for all labor performed and supplies and materials utilized by him in and upon such premises, and that Lessee, and not Lessors, will be solely responsible for all debts and expenses incurred in operations under this Lease, all as may be required by the Statutes of the State of Colorado.

Lessee shall hold Lessors harmless and fully indemnify them against all claims and demands of any kind or nature which may be made upon him or against the leased premises, for, or on account of any debt or expenses incurred by Lessee, as well as from and against any and all acts, transactions or omissions of Lessee, his agents or employees, and Lessee shall defend and save Lessors harmless and fully indemnity them against any liability or asserted liability for or on account of injury to or death of any person or damage to any property sustained during the continuance of this Lease alleged to have resulted from any act or omission of Lessee, his agents or employees, or the unsafe condition of the leased premises.

V

TAXES

So long as the within Lease shall remain in force and effect Lessee shall pay when due all taxes assessed against his personal property and improvements placed upon any of Lessors' claims and all taxes levied against Lessors' claims as nonproducing properties accruing after the date hereof.

Any taxes measured or calculated on the basis of production from the leased claims shall be apportioned between and paid by the parties hereto, nine-two and one-half percent (92½%) by Lessee and seven and one-half percent (7½%) by Lessors. Lessee shall be entitled to deduct from royalty payable hereunder the proportion of said taxes required to be paid by Lessors and pay the entire amount of such taxes when the same become due.

VI

EASEMENT

So long as this lease shall be in effect, Lessee shall have an easement and right to use the shafts and other haulage ways for purposes of removing ores and waste rock from adjoining properties.

VII

TITLE

Lessors, severally as to their specific ownership interests indicated, warrant the title to the leased claims against, but only against, any persons lawfully claiming the whole or any part thereof by, through or under Lessors.

VIII

FORFEITURE

The failure of Lessee to make or cause to be made any of the payments herein provided for or to keep or perform any obligation or agreement required of him by the terms and provisions of this lease, shall, at the election of Lessors, work a forfeiture hereof; provided, however, that in the event of a default on the part of Lessee, and the election of Lessors to terminate this Agreement on account thereof, Lessors shall give Lessee a written notice of his intention to declare a forfeiture of this Agreement and to terminate the same on account thereof, specifying the particular default or defaults relied

upon, and Lessee shall have thirty (30) days after the receipt of such notice in which to correct or cure such default or defaults, in which event, there shall be no forfeiture hereof; and provided further, that in the case of default of the payment of royalties or amounts due for taxes, Lessee shall have only fifteen (15) days after receipt of such notice in which to make good such default or defaults. Waiver or failure to give notice of a particular default or defaults shall not be construed as condoning any subsequent default.

IX

RIGHT OF SURRENDER

Notwithstanding any provision herein to the contrary, Lessee may at any time, upon thirty (30) days' prior written notice to Lessor, surrender his rights under this Lease and thereby cancel and terminate this Lease. In order to exercise such right of surrender Lessee shall supply Lessors with a recordable instrument, in proper form, terminating and surrendering to Lessor any rights and interest which Lessee may have obtained under this Lease. Upon such cancellation and termination Lessee shall be under no further obligation whatsoever to Lessors, except for obligations and liabilities previously incurred hereunder, and for the making of payments which have already accrued as of the date of such cancellation and termination.

X

FORCE MAJEURE

The breach or failure to perform any of the covenants or conditions hereof on the part of Lessee shall not be grounds for cancellation or termination or forfeiture when such breach or failure to perform is

caused or compliance is prevented by severe weather conditions, explosions, unusual mining casualty, fire, flood or any Civil or Military Authority, insurrection, riots, strikes, Acts of God, or from any regulation or restriction of Governmental Authority, or on account of any eventuality beyond the reasonable control of Lessee, while such circumstances or conditions shall continue to exist, provided, however, that Lessee shall notify Lessors in writing specifying the conditions so existing and Lessee shall, in such event, use all reasonable diligence to remove such preventing cause and upon its removal shall thereafter promptly resume work. In no event, however, will Lessee be relieved of the obligation to pay royalties and taxes required of him hereunder.

XI

REMOVAL OF PERSONAL PROPERTY

Upon termination of this Lease as above provided, Lessee shall have and is hereby given and granted two (2) months to remove all machinery, equipment and other personal property placed thereon by second party, provided that such right of removal shall not extend to foundations and mine timbers in place unless Lessor shall have given his, its or their previous written consent thereto. If Lessee is hampered by snowdrifts, washouts, inclement weather, or other climatic conditions, from completing the removal of said property and equipment within the time specified, then the Lessor agrees to extend the time by a reasonable period if requested by the Lessee. Lessee is under no obligation to improve existing haulage-ways, shafts or other existing workings.

XII

NOTICES

Any notice herein provided to be given to Lessee shall be sufficient if given in writing by certified or registered mail addressed to:

Charles R. Butler
P.O. Box 435
Durango, Colorado

or to such other address as Lessee may from time to time designate to Lessors in writing.

Any notice herein provided to be given to Lessors shall be sufficient if given in writing by certified or registered mail addressed to:

Resurrection Mining Company
c/o J. Frank Frost, Mgr.
American Smelting & Refining Co.
Westerm Mining Department
415 Crandall Building
Salt Lake City, Utah

Harvey Real Estate Mining & Investment Company
c/o Jean Harvey Griswold
Box 31
Wheatridge, Colorado

Globe Investment Company
c/o George S. Casey
613 Harrison Avenue
Leadville, Colorado

M. H. Elder and R. D. Elder
310 West 8th Street
Leadville, Colorado

or to such other address as Lessors may from time to time designate to Lessee in writing.

Services of notice shall be deemed effective and complete on the date of posting and mailing in accordance herewith.

XIII

CONSENT TO LIEN FOR OME LOAN

It is contemplated that Lessee may desire to apply for an exploration loan from the Office of Minerals Exploration, and, in the event of such an application, Lessors agree to sign such consents or subordination agreements or to take such other actions as may be necessary or helpful in order to

enable or assist Lessee in obtaining such loan for exploration or development of the leased premises. Any payments required to be made from production from the leased premises in repayment of such loan shall be chargeable and paid solely from Lessee's portion of the proceeds realized from production hereunder.

XIV

ASSIGNABILITY

Lessee shall have the right to assign this agreement, in whole or in part, or to sublease all or portions of the leased premises, at any time during the term hereof, or any renewals or extensions thereof, provided, however, that any assignee or sublessee shall be bound by the terms and conditions of this Agreement to the same degree and extent as is Lessee, and provided, further, that no such assignment shall operate so as to relieve Lessee from continuing liability and responsibility for performance of the terms and conditions hereof.

XV

BENEFIT AND LESSER INTEREST

This Mining Lease shall be binding upon and inure to the benefit of the parties hereto, their legal representatives, successors, heirs and assigns.

If Lessors own a less interest in any of the Mining Claims covered hereby than the entire and undivided mineral estate therein, then the royalties and any payments provided herein shall be paid to Lessors only in the proportion which their interest bears to the whole and undivided mineral estate.

EXECUTED THIS _____ day of _____, 1968.

ATTEST: _____

Resurrection Mining ~~Exploration~~ Company

ATTEST: Don L. Griswold Sec & Treas.

Harvey Real Estate Mining & Investment Company by Jean Harvey Griswold, Pres.

Harvey Real Estate Mining & Investment Company

ATTEST: _____

Charles Casey

George S Casey

~~Globe Investment Company~~

George S. Casey

Margaret H Elder

M. H. Elder

R D Elder

R. D. Elder

"LESSORS"

Charles R Butler

Charles R. Butler

"Lessee"

Corporation Acknowledgments

State of Calif)
) ss:
County of Jefferson)

On this 9 day of Feb, A.D., 1966, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared Jean Harry Grunwald President and acknowledged to me that she executed the same as her free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My commission expires 1-28-67 Richard D. Clark
Notary Public

State of _____)
) ss:
County of _____)

On this _____ day of _____, A.D., 1966, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared

_____ _____ President and acknowledged to me

that _____ executed the same as _____ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My commission expires _____ _____
Notary Public

State of _____)
) ss:
County of _____)

On this _____ day of _____, A.D., 1966, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared

_____ _____ President and acknowledged to me

that _____ executed the same as _____ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My commission expires _____ _____
Notary Public

Individual Acknowledgments

State of COLORADO)
) ss:
County of LAKE)

Before me, the undersigned, a Notary Public in and for said County and State on this 2ND day of FEBRUARY, A.D., 1966, personally appeared CHARLES R. CASEY, GEORGE S. CASEY, MARGARET H. ELDER, & R. D. ELDER to me known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that have executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires AUGUST 17, 1969 Bethmae Burian
Notary Public

State of _____)
) ss:
County of _____)

Before me, the undersigned, a Notary Public in and for said County and State on this _____ day of _____, A.D., 1966, personally appeared _____ to me known to be the identical person who executed the within and foregoing instrument and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires _____ _____
Notary Public

WEST BUILDING

CHARLES R. BUTLER
GEOLOGIST
P. O. BOX 435
DURANGO, COLORADO 81302

PHONE 247-1092

February 8, 1966

Mr. William Hassler
Office of Minerals Exploration
U. S. Geological Survey
Denver Federal Center
Denver, Colorado

Dear Mr. Hassler:

I enclose herewith two copies of an application for an OME Silver-Bismuth project near Leadville.

I know you are very busy, and if any portions of the application needs revision or clarification, please call me and I will do whatever is necessary to assist you.

Because of the problems of winter weather conditions at Leadville, I am hopeful of starting work on this project in late Spring. If it appears that the project is acceptable to OME, but could not possibly be approved before that time, I would appreciate hearing from you.

My information on past production is admittedly sketchy, and I will continue to look for additional record data. As such data is acquired, I will advise you and, if requested, will supply supplementary material for the narrative portion of the application.

Lien and Subordination Agreements are not included with this application. If you will supply me with about eighty forms, I will obtain the necessary signatures. You will note that all the leases contain a provision wherein the lessors agree to execute such agreements.

Very truly yours,

Charles R Butler

Charles R. Butler

CRB:mr

The Lease on the J.G. Fraction is out for signature - It will be mailed very soon.

CRB

1917 - Smelter Records - AS+R

Date	shipper	wet weight (lbs)	Au	Ag	Pb	Cu	Fe
1-13	Breece Mining Co.	34,700	.16	.4			49.1
2-5	President	62,100	.235	.4			49.7
2-9	"	191,500	.235	.6			50.7
1-17	Breece Mining Co.	44,100	.315	.5			30.7
1-22	"	43,400	.37	.8		.2	30.7 Av.
1-29	"	35,500	.375	1.4			30.7
3-28	"	59,600	.235	3.1		.12	14
3-28	"	102,000	.055	4.0		.12	14 Av.
4-2	"	108,800	.11	14.15	3.5	.15	
10-16	"	104,900	.405	2.85	.12	.15	
1-29	"	57,400	.07	3.55	8.1		
5-24	"	33,700	.29	34.2	6.0		
1-25	President	106,100	.195	.115			31.2
4-5	Breece Mining Co.	29,700	.29	28.1	1.0	1.15	17.7
6-25	"	26,800	.215	32.7		1.55	17.5

Bill - This is some production data I received from AS+R after completing my application. The Breece Mining Company properties are the Penn Group.

CRB

EXHIBIT 1

CHARLES R. BUTLER
GEOLOGIST
P. O. BOX 435
DURANGO, COLORADO 81302

WEST BUILDING

PHONE 247-1092

OFFICIAL
COPY
O. M. E.
RECEIVED
MAR 3 1966

January 12, 1966

Mr. William Hurd, President
First National Bank
Durango, Colorado

Dear Mr. Hurd,

I obtained several mining claim leases in the Leadville District last summer and now propose to conduct an exploration and development program there. Although the project is admittedly somewhat speculative, I believe the chances for finding commercial grade ores are very good.

I propose to undertake a program costing not in excess of $30,000, and am making inquiry of the possibility of borrowing the required funds from the First National Bank. The interest rate should not exceed 6½% and the term should be at least three years.

You have my financial statement on file. Please advise if and on what basis you would make the above requested loan.

Very truly yours,

Charles R Butler

Charles R. Butler

Exhibit 1

Charles Butler
Box 435
Durango, Colo.

THE FIRST NATIONAL BANK DURANGO, COLORADO

WILLIAM N. HURD
EXECUTIVE VICE PRESIDENT

January 13, 1966

Mr. Charles R. Butler
P. O. Box 435
Durango, Colorado 81302

Dear Mr. Butler:

Your application for a $30,000.00 loan for a term of three years was discussed with our Committee and rejected for the reason that it does not meet our requirements for commercial loans. The time required for payment was also considered.

We are glad you discussed this with us, and we trust at some future time we May be in a position to assist you.

Very truly yours,

William N. Hurd
Executive Vice President

WNH:ma

EXHIBIT 2

CHARLES R. BUTLER
GEOLOGIST
WEST BUILDING
P. O. BOX 435
DURANGO, COLORADO 81302
PHONE 247-1092

January 12, 1966

Mr. Nick Turner, Vice President
Turner Industrial Bank
Durango, Colorado

Dear Mr. Turner,

I have recently acquired some mining leases in the Leadville area and propose to conduct an exploration and development program there.

I am inquiring about the possibility of borrowing $30,000 for three years at an interest rate of not more than 6½% to be used to conduct this program.

My net worth is in excess of $50,000.

Very truly yours,

Charles R Butler

Charles R. Butler

Exhibit 2

TURNER INDUSTRIAL BANK
1057 MAIN AVENUE, DURANGO, COLORADO

PHONE 247-4141
RICHARD W. TURNER
PRESIDENT
R. W. TURNER, JR.
EXEC. VICE-PRESIDENT
R. G. SHERWOOD
VICE-PRESIDENT
ROD L. TURNER
TREASURER
R. R. ALBRECHT
VICE-PRESIDENT
JOHN W. TURNER II
SECRETARY
ROBERT J. PETERS
CASHIER

January 14, 1966

Mr. Charles R. Butler
P. O. Box 435
Durango, Colorado

Dear Charles:

We have considered your request for a $30,000.00 loan to explore and develop certain mining leases in the Leadville area.

It is regretted that we are unable to approve your request but the amount of loan is considerably in excess of our maximum loan limit. Also, our loans are all set up on monthly reduction plans and such a payment program would not be of benefit to you in a mining exploration and development project.

We trust you will be successful in obtaining financing on acceptable terms elsewhere.

Sincerely yours,

Edward T. Searle
Vice President

ETS:jd

Exhibit 9

IX. PENN GROUP

(A portion of a mineral survey on the Leadville District compiled in 1929 by E.P. Chapman Sr. and Frank M. Stephans for AS and R.)

1. GENERAL. The properties of this group, for the most part, lie on the northwest slope of Breece Hill and extend down to Evansville, in Evans Gulch.

One productive vein and several blanket ore bodies have been mined in this area. The vein was first cut on the first level 95' west of the Penn No. 3 shaft and 80' below the surface. It consists of a zone of broken and decomposed porphyry with a narrow seam of ore near the middle. It trends nearly north and south with a dip of 85° to the west and ranges in width from 3' to 6'. It has been developed at depths of 155', 500' and 800' below the surface and has been opened up for a distance of 200'.

The most productive portion of the area and that in which the blanket ore bodies are closely spaced and comparatively extensive, comprises the flat ore shoots worked in the Penn No. 2 (G-5), Penn No. 3 (G-4), Nettie Morgan (D-31), the Big Six (D-30), Little Prince (D-32), Ballard (D-33) and President (D-34) shafts. These ores replace Blue limestone beneath an earlier replacement mase of magnetite, specularite and silicates. The unproductive part of the limestone has been so greatly changed by metamorphism and by subsequent hydrothermal alteration and oxidation that it is now difficult to judge of the original character of the rock or to determine at what horizon the ore bodies occur.

Very few of the old maps of these mines are available so that not much is known concerning the trend of the ore shoots. The altered sedimentary formations extend southward past the Penn No. 3 shaft beneath the capping of Gray and White porphyries and are finally lost in the great stock like mass of Breece Hill porphyry.

On the east the Penn group is separated from ground which has been productive in the past by the Weston fault. To the west the ore bearing rocks have been destroyed by the Eureka pipe of agglomerate. There is no record of the Kent and Ishpeming mines southwest of the Penn No. 1 shaft and here again the apparent gap between ore bodies of the Penn and Adelaide Park groups may be due to the lack of records as well as to the destruction of ore bodies by the agglomerate.

2. THE PENN GROUP (G-2,4,5), BALLARD (D-33), PRESIDENT (D-34), HIGHLAND CHIEF (G-11), ROBERT BURNS (G-21). OXIDIZED GOLD ORE. HEMATITE. GOLD BEARING PYRITE. BISMUTH.

The ownership of the property is as follows:

Penn Group - Breece Hill Mining Company, J.E. Lanphier of New York, agent.
Ballard - Theo. H. Thomas, et al, 735 Continental Bldg., Denver, Colo.
President - Margaret Gaw ½ interest; Timothy Gorman ½ interest.

The ore bodies in the Penn mine were found in the Blue limestone on the edge of the great stock like mass of Breece Hill porphyry which constitutes the formation to the south. The Ballard and the President are also on the edge of this stock like mass of porphyry.

The remarkable thing about the ore of the Penn mine is that it consisted mainly of a body of hematite and magnetite at the contact of White and Gray porphyries and is thought to be due to the oxidation of an original pyrite mass. At the surface there were two bodies of this ore each about 30' thick separated by a sheet of very much decomposed porphyry which may be either Gray or Pyritiferous.

Mr. Frank Lanphier worked on the Penn for a number of years and says that he shipped some 300,000 tons of iron ore (mostly hematite) from the upper contact. Under this iron ore was a blanket deposit of soft oxidized, iron stained material with a high content of gold in the middle of a clayey mass. At the lower levels it changed to sulphides, chiefly pyrite much enriched by sooty chalcocite, which contained as much as 8% copper and from half an ounce to five ounces of gold to the ton.

Gorman and Lind have a lease on the President and have just recently opened up a vein of low grade gold ore that will average around .20 ounces and from which they have had assays as high as .60 ounces per ton. They have shipped several cars of this material to the Golden Cycle Mill.

There seems to be a rather remarkable concentration of bismuth in the ores which have been mined from this area. The bismuth usually occurs as a carbonate, bismutite, but other bismuth minerals are also present. The bismuth seems to be closely associated with the gold so
-103- that generally ores high in the former metal are also rich in the latter, but instances are known where this does not apply.

In 1917 several thousand tons of siliceous ore carrying about three per cent bismuth were shipped to the Arkansas Valley Plant from this area over a considerable period and they made a bullion high enough in this metal to pay for separating it.

A lessee on the Highland Chief has shipped two car loads of ore recently to the Midvale Plant in Salt Lake as the pay they received from the bismuth was more than sufficient to cover the excess freight and treatment charge. This lease is still active, but at the present time have no ore.

Several small shipments of high grade bismuth and gold ore have been made to Germany in the past from mines in this area. It is said this material carried from 14 to 15 ounces gold and as much as 30% bismuth.

In the summer of 1919, Mr. Chapman was interested in a lease on the Peggy McCallum, a small fraction which lies just south of the President. This property was opened by a shaft about 80' deep and a short drift from the bottom of this disclosed a vein or fractured zone in a silicified porphyry which contained small bunches of bismutite carrying good gold values. Mr. Potts, assayer at the smelter, reduced several pounds of this material in the assay furnace at the smelter and sold the resulting metal to a local drug store. Very little work has been done on this fraction and the area is too small to warrant much, unless additional ground could be acq uired.

A description of conditions as they existed in the 80's in the Highland Chief and adjoining properties is to be found on page 501 of Emmon's Monograph XII.

3. GREAT HOPE (D-7), ACROSS THE OCEAN (D-20), WHITE PRINCE (D-23), LITTLE GALESBURG (D-21). LEAD SULPHIDES AND OXIDES WITH GOLD-SILVER CONTENT.

The ownership of the property according to Court House records is as follows:

Great Hope	- John W. Graham Investment Company.
Across the Ocean	- Thomas Gilroy, 203 East 4th Street, Leadville, Colo.
White Prince	- Thomas Gilroy
Little Galesburg	- J.C. Tausig and A. Lindahl, Boatmans Bank Bldg, St. Louis, Missouri.

The usual Leadville formations are found in these properties lying beneath a Gray porphyry sheet. In the area of the Great Hope and Across the Ocean claims, the Blue limestone is found at the shallow depth of 70' to 80' below the surface and the White porphyry sheet between the Blue limestone and the Gray porphyry is either very thin or entirely wanting as in the Bosco (D-19) claim. The Great Hope shaft passed through Gray porphyry White porphyry and then through 60' of vein matter to the Parting quartzite beneath w hich were found some gold values. This Parting quartzite was reached at a depth of 130' below the surface. It is said that at a depth of 105' they passed through a 4' streak of galena ore. The Little Prince reached vein matter in which were found some small pockets of carbonate of lead at a depth of 230'. The Blue limestone at this point is 120' thick. Directly to the west of the Across the Ocean, the Independent shaft was sunk 420' in the Gray porphyry without encountering a change in formation.

The White Prince fault cuts through these properties in a northeast-southwest direction and it is along this fault that the ore bodies are found.

The formations dip to the northeast under Evans Gulch, where they have not been explored on account of th water, but south of the gulch where the formations are above the water level, they have been pretty well developed and the ore bodies mined.

Sections L-L of Professional Paper 148 shows the geological conditions.

The several different parties with whom we have talked about this ground seem to think that it holds good possibilities. Especially is this true of the territory in the northern part beneath the water in Evans Gulch.

On page 226 of Professional Paper 148, the contents of shipments made from the Great Hope mine by lessees during the years 1913 and 1914 are given and are as follows:

Pounds	Moisture	Au.	Ag.	Pb.	Fe.	SiO_2
89,700	9.3	2.06	5.0	3.0	13.0	60.9
40,660	6.1	.30	3.6	---	7.6	67.2
55,680	8.6	1.28	9.3	8.2	13.2	59.2
207,960	6.9	.72	5.5	4.5	9.8	58.8
45,600	12.3	1.61	6.5	4.9	11.4	61.4
89,080	13.3	1.52	3.0	---	11.0	68.8
100,760	11.6	1.63	5.3	3.2	13.6	56.0
116,720	12.3	1.65	3.3	---	13.6	63.7

This was an oxidized are and highly siliceous.

On page 294 of Prof. Paper 148, Mr. Loughlin makes the following statement in regard to this territory:

"This portion of the Leadville district seems to have remained comparatively idle for a long time, and not to have had the attention paid to it which its favorable conditions would seem to justify. The work done has been above ground water. **** The workings indicated on Plate 45 were completed by 1882 but still represent the area fairly well, as probably less than 1000 tons ocf ore has been shipped from it since then."

Refusal on the part of the owners to lease and litigation have been the main reasons why nothing has been done with this property. Thomas Gilroy recently raised some money with which to do some work, but did not accomplish much.

Considering the contents of the ore in the above shipments it would seem that it had been mined principally for the gold values it contained. Loughlin states that some of the ore seemed to contain a zinc bearing clay and other low grade zinc carbonates, but the chemical tests failed to show any appreciable amounts of zinc.

From the data obtained it would appear that there might be good possibilities for opening up some smelter ore in this territory under a well planned development program, but the Harvey's have been trying to get the ground together under satisfactory terms for years without much success.

The ore bodies mined to date have been oxidized and more of these might be developed.

Farther to the north, and under the water level these bodies would probably be sulphide so that there are possibilities of getting both oxide and sulphide smelting ores.

This ground seems worthy of some consideration provided it can be obtained on reasonable terms.

Other properties in this area to which the above descriptions apply are:

Bosco	(D-19)	Ishpeming	(H-13)
Big Six	(D-30)	Little Prince	(D-32)
Curran	(D-37)	Little Bertha	(G-7)
Eureka	(H-11)	Little Beschert	(D-36)
Fenian Queen	(D-17)	Little Calesburg	(D-21)
Grand Prize	(D-35)	Nettie Morgan	(D-31)
Independent	(D-24)	Nora	(D-18)
		Rexall	(D-20-a)

4. SUMMARY. We feel that we have not enough information on this ground to make any definite appraisal of its possibilities. Apparently there is a large tonnage of iron ore carrying very low values in precious metals which may possibly be of interest to the Colorado Fuel and Iron Company at some time. The vein ores carrying gold and bismuth values have proved to be bunchy and whereas there may be a lot of unexplored ground in which such ores might occur the past history of this area, as we know it, does not make prospecting for them look attractive. The known limestone replacement ore bodies are said to be pretty well exhausted and the prospect of finding others appears to be poor. Pyritiferous ore bodies carrying low v values in gold and copper are said to occur in connection with the contact metamorphic zone at a comparatively deep horizon. Where such bodies have been explored in this district they have been too low grade to be commercial and though we have very little information concerning those in this particular area, there seems to be no reason why they should prove an exception.

Possibly some low grade gold cyanide ore might be produced by lessees if there were a mthod of treating it in the district.

The Great Hope, Across the Ocean, White Prince, Little Calesburg and the ground adjoining have produced a considerable tonnage of good grade shipping ore from the formations above the water level. From what information is available it would seem that these properties might develop considerable ore below the water level to the north under an intensive mining program. No production is being made from any of these properties in this group at the present time and not even an estimate can be given regarding the possible production of any of the classes of ore in the future. Only a development program on a large scale would determine the value of the ground to the north.

Exhibit 11

Shumway & Dade Mining Co.

DEVAR SHUMWAY
JOHN DADE
ROBERT DADE

P. O. Box 967
Grand Junction, Colorado

721 South 7th
Phone 243-1204

CONTRACT MINING
OWNERSHIP MINING
ROTARY & WAGON DRILLING
REGISTERED SURVEYOR AVAILABLE

31 December 1965

Mr. Charles Butler
Geologist
PO Box 435
Durango, Colorado

Dear Charlie:

This is to inform you on what our activities have been in the process of evaluating the Little Prince Claim, et al on Breece Hill east of Leadville, Colorado.

In September, as you know, I went down the Little Prince, the President and the Ballard shafts. Of the three, the Little Prince appeared to be the most plausible place to prove bismuth production capability. Here it appeared that it could be done both economically and within a short period of time.

The first plan was to muck out what was assumed to be a relatively small cave at the base of the raise. At least it was interpreted to be small after studying the map of the Little Prince. A gasoline hoist was installed at the top of the shaft for access to the 234 level and work begun.

Mucking soon revealed that the track stopped directly beneath the raise and continued on the represented course at an elevation 14' up the raise. There appears to be an ill-defined normal fault offsetting the contact and the old timers, in order to stay with the contact, raised the distance of fault displacement and continued drifting. As can be seen no such change in elevation is shown on the map. The situation, as it now stands is illustrated in the accompanying sketch.

This plan had to be abandoned or go to the expense of installing a surface plant to hoist the muck to the surface because all available space for storing muck underground was filled. Though there was good reason to believe that the assays on the Little Prince map were correct, management decided that it would be wise to have some tangible evidence of the correctness before going to this expense. This could only be obtained by drilling.

A 290 Compressor, a Cleveland dry suction drill equipped with dust collector and 42' of longhole steel were taken to the property to test the ore shoot from the access point at the base of the raise. This was unsuccessful due to a slight moisture condition in a few clay seams present in the altered wall rock. These seams plugged the drill repeatedly and so the plan was also abandoned after a few feet of drilling. The freezing temperatures prevailing at this elevation at this time of the year make longhole drilling with water impractical to perhaps impossible unless a great deal of preparation is made.

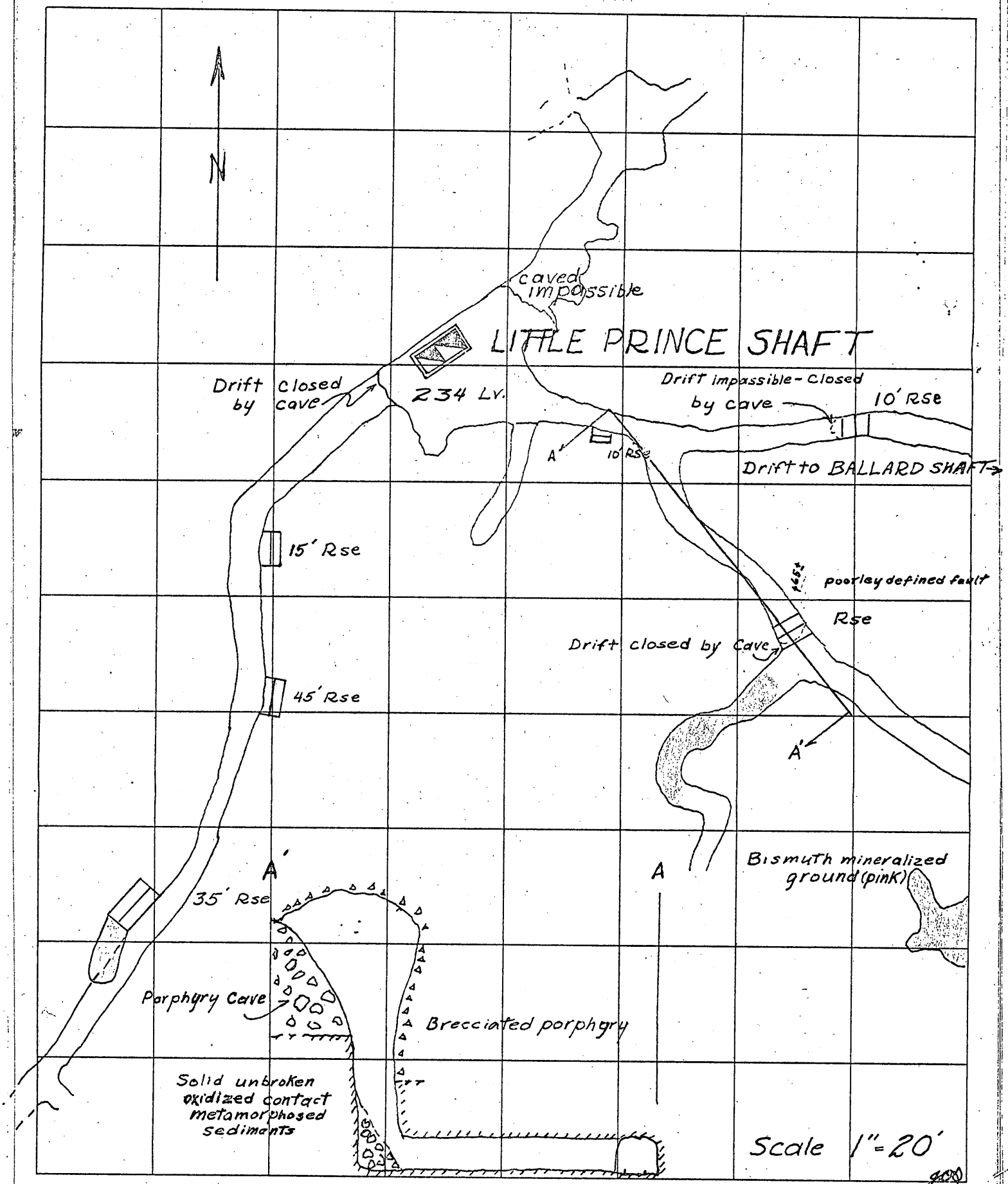
At present we have stopped exploration until we meet with you.

Yours very truly,

SHUMWAY & DADE MINING CO.

John Dade

By: J. D. Schlottman
Geologist



K+E ALBANENE® TRACING PAPER 70764

Exhibit 13

XERO COPY

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, COLORADO 80204
Phones: 255-9244
255-0855

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

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

February 4, 1966

Mr. Charles R. Butler
P. O. Box 435,
Durango, Colorado - 81302

Dear Sir:

We submit the following schedule of charges for 500 feet of diamond core drilling and 4000 feet of long hole plug bit drilling in the Little Prince Mine and adjoining properties at the Breece Hill area near Leadville, Colorado as outlined in your letter of January 28, 1966.

Drilling:	Core Drilling	Plug Bit
AX Size, 0 to 100 feet, per linear ft.	$5.80	$ 4.50
Cementing, if required, plus cost of material, per hour,		$12.00
Standby and delays, per hour,		$10.60
Cardboard Core Boxes to hold 10 feet of core, each,		$ 1.00

Sample containers to be no cost to Boyles Bros.

Drill Stations, Compressed Air and Water for drilling to be furnished at no cost to Boyles Bros.

These prices include the cost of mobilization of men and equipment.

Thank you for calling on our Company. We look forward to hearing from you again.

Very truly yours,

BOYLES BROS. DRILLING COMPANY

George E. Lensch

George E. Lensch, District Manager

GEL/eg

NOTE: I believe Mr. Lensch misunderstood my letter, and his plug bit bid is based on diamond bit rotary plugging, not percussion plugging.
Chas. Butler

MACPHERSON DRILLING COMPANY

324 NORTH TOWNSEND AVENUE

TELEPHONE 183 OR 894-M

MONTROSE, COLORADO

P. O. BOX 447

CONSTRUCTION MINING EXPLORATION FOUNDATION AND SOIL TESTING

February 8, 1966

Mr. Charles Butler, Geologist.
P. O. Box 435
Durango, Colorado 81302

Dear Mr. Butler:

In consideration to your request by letter dated January 28, 1966 to a proposed core & non-core drilling project you wish to let on contract in The Little Prince Mine near Leadville, Colorado. MacPherson Drilling Company agrees to perform such drilling under the terms and for the fees setforth herein. And Charles Butler or his associates agrees to pay contractor the rates which fallow for the purpose indicated.

Mobilization & Demobilization of drilling equipment and drill personnel at a lump sum of $ 700.00

Non-core drilling to 100 ft. in depth with diamonds	at	$ 4.10 per ft.
Core drilling to a depth of 100 ft. EX-size	at	4.80 per ft.
Core drilling to a depth of 100 ft. AX-size	at	5.20 per ft.
Long-hole percussion drilling to 50 ft. in depth	at	1.45 per ft.
From 50 ft. to 100 ft. in depth	at	1.65 per ft.

Labor and equipment furnished by contractor for cementing, drilling out cement, reaming for and setting casing, recovery of casing on completion of drilling or other work contractor may be requested to perform with his equipment and drill personnel shall be at an hourly rate of $ 13.00 per hours so used.

This proposal is presented as a basis for OME application and dose not constitute a contract.

Respectfully submitted,

M. MacPherson

Malcolm MacPherson

MINING CONSULTANTS
Engineering
Appraisals
Management

E. E. LEWIS, INC.
P. O. Box 1481
GRAND JUNCTION, COLORADO
Phone 243-1729

UNDERGROUND CONTRACTORS
Leasing
Mining
Tunnels & Shafts

February 8, 1966

Mr. Charles R. Butler
P. O. Box 435
Durango, Colorado 81302

Dear Mr. Butler:

We wish to submit to you the following prices for long-hole drilling in hard rock:

1) For holes 35 feet and less $1.50 per foot
2) For holes 40 to 75 feet $1.75 per foot
3) For holes 75 to 100 feet $2.25 per foot

The above prices would be less 10% in the event you supply the air. These prices are based on water and air line supplied by you and available within 250 feet of the point for drilling.

If we can supply you with any further information, please feel free to call upon us.

Very truly yours,

E. E. LEWIS, INC.

Elbert E. Lewis

Elbert E. Lewis, President

EEL/d

ASSIGNMENT OF MINING LEASE

KNOW ALL MEN BY THESE PRESENTS

That the undersigned, MESA MINING AND DRILLING COMPANY, a Utah corporation, hereinafter called Assignor, for and in consideration of One Dollar ($1.00), the receipt of which is hereby acknowledged, does hereby sell, assign, transfer and set over unto

CHARLES R. BUTLER
P. O. Box 435
Durango, Colorado

hereinafter called Assignee, its full and complete interest in and to the Mining Lease dated August 11, 1965 from

Big Six Mining Company, LESSOR to

Mesa Mining and Drilling Company, a Utah Corporation, LESSEE

recorded in Book Page covering the Big Six Mining Claim, Survey No. 1616, Little Prince Mining Claim, Survey No. 551 and the Nettie Morgan Mining Claim, Survey No. 929 situated in Lake County, Colorado, together with the rights incident thereto.

EXECUTED this 4TH day of OCTOBER, 1965.

ATTEST: John D. Terrell SEC-TREAS. Mrs. James D. Terrell, Vice President
Mesa Mining and Drilling Company,
a Utah Corporation

State of Utah)
) ss:
County of San Juan)

On this 4th day of Oct., A.D. 1965, before me the undersigned, a notary public in and for the county and state aforesaid, personally appeared Mrs James D Terrell, Vice President, and acknowledged to me that she executed the same as her free and voluntary act and deed and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

My Commission Expires 4-3-66 Harold D. Lyman
Notary Public

MINING LEASE

THIS AGREEMENT, made and entered into this 11th day of August, 1965, by and between:

Big Six Mining Company
613 Harrison Avenue
Leadville, Colorado
(hereinafter referred to as "Lessors") and

Mesa Mining and Drilling Company, a Utah Corporation
Blanding, Utah,
(hereinafter referred to as "Lessee")

W I T N E S S E T H :

WHEREAS, Lessors are owners of the Big Six Mining Claim, Survey No. 1616; Little Prince Mining Claim, Survey No. 551; and the Nettie Morgan Mining Claim, Survey No. 929, situated in Lake County, Colorado, and

WHEREAS, Lessee is desirous of leasing said claim from Lessors,

ACCORDINGLY, in consideration of the mutual promises, obligations and conditions hereinafter set forth and other good and valuable consideration, the receipt and adquacy of which is acknowledged, the parties have agreed:

I

TERM

The term of this lease shall be for a period of ten (10) years from the date hereof, unless sooner terminated pursuant to the provisions hereof. On condition Lessee is not in default, Lessors grant Lessee an option to renew the terms and provisions of this lease for one additional term of ten years. Should Lessee so elect to exercise this option, Lessee

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shall give Lessors six months' notice in writing of its intention to exercise said option.

II

ROYALTY

So long as the within Mining Lease shall be in force and effect there shall be paid Lessors a royalty from any ores mined, removed and sold from the Big Six, Little Prince and the Nettie Morgan Mining Claims a royalty equal to seven and one-half percent (7½%) of the net returns received from the sale thereof. By the term "net returns" is meant the following:

(a) In respect to crude ores sold directly to a smelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received therefor, less the costs of transportation to the smelter (if not deducted by the smelter).

(b) In respect to ores sold to a custom ore buyer or mill, the net amounts received therefor, less the cost of transportation to the mill or ore buyer.

(c) In respect to ores concentrated by a custom mill and the concentrate derived therefrom sold to a smelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received after deducting costs of transportation of the ore to the custom mill, the cost of concentrating the ores, the cost of transporting the concentrate to the smelter with respect thereto (if not deducted by the smelter).

(d) In respect to ores concentrated by Lessee in his own mill and the concentrate derived therefrom sold to a smelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received after deduction of transportation of the ores to the mill, the

costs of concentration (not exceeding, however, the sum of $7.00 per ton of input ore), the cost of transporting the concentrate to the smelter with respect thereto (if not deducted by the smelter).

Settlements for royalties due Lessors shall, if possible, be made directly by the ore purchaser, mill or smelter, as the case may be to Lessors. In the event direct payment by the ore purchaser, mill or smelter cannot be effected, then royalties due Lessors shall be paid on or before ten days from the end of each month with respect to all crude ore or concentrates sold and for which lessee has received payment during the preceding calendar month.

Lessee agrees to expend a minimum of $400.00 for exploration, development or renovation of the leased claims during the period ending July 1, 1966. A minimum royalty of $25.00 per month shall be payable commencing July 1, 1966 and continuing until June 30, 1969. A minimum royalty of $75.00 per month shall be payable commencing July 1, 1969 and continuing during the time the within lease is in force and effect. Said royalty payments shall be credited against production royalty payments during each calendar year.

III

MANNER OF PERFORMING WORK

All of the work which may be performed by Lessee hereunder shall be performed in a good and workmanlike manner and in accordance with sound engineering and geological practice. All of the work and activities of Lessee, hereunder, shall be performed in a manner so as to obtain the maximum economic return from the leased premises and in such manner required to maintain such property and all parts thereof which may be developed hereunder as workable mining property.

Lessee shall comply with all laws, rules and regulations pertaining to any operations or activities hereunder of Federal, State and local authorities, and on request of Lessors furnish supporting evidence of such

 L.P.

compliance. Without limitation of the generality of the foregoing, Lessee shall, (1) carry, at his expense, Workmen's Compensation and Occupational Disease Disability Insurance covering all persons employed or engaged to work or perform services upon or with respect to the leased premises; (2) pay any taxes or contributions and make any deductions from payrolls required by any applicable Federal or State Income Tax, Social Security, or Unemployment Benefit Laws. Lessee shall procure and maintain at his expense until termination of this Lease, direct and contractual bodily injury liability insurance and property damage liability insurance in a respectable and financially responsible insurance company, safeguarding Lessee and Lessors against direct and assumed liability for injuries or death to persons and loss of or damage to property with limits of liability not less than $100,000.00 for injury or death to any one person, $300,000.00 for injuries or death to two or more persons, and $50,000.00 for loss or damage to property in any one accident. Lessee shall furnish Lessors certificates from insurance carriers or from appropriate governmental authorities verifying that insurance coverage required hereby has been procured, is being maintained, specifying the insurors, the policy numbers and expiration dates thereof, and, if obtainable, an agreement of the insurors that such insurance will not be cancelled without first giving Lessors at least ten (10) days' written notice of intention to cancel.

Lessors and their agents or representatives, authorized in writing, shall, at their own risk, have the right at all reasonable times, when accompanied by a respresentative of Lessee, to enter into and upon the leased premises and the workings therein for the purpose of inspecting the same,

and for ascertaining whether the terms and conditions hereof are being carried out and performed by Lessee.

Lessee will keep accurate records of his operations hereunder, including the amounts of ore taken from the leased premises and the assays thereof; said records shall be accessible for inspection by the Lessors at all reasonable times. Lessee will prepare and maintain maps of all mining operations on the leased premises, showing thereon all workings, excavations and the location of all ore bodies which may be discovered, which maps shall be available for inspection by Lessors at all reasonable times. Upon request Lessee shall prepare and furnish copies of any such maps to Lessors upon payment by Lessors of the cost of making such copies.

IV

PROTECTION FROM LIENS AND INDEMNITY

Lessee shall promptly pay all bills and accounts for labor performed and supplies and materials furnished in and for operations under this Lease and shall not allow any claim or lien to be effectually made or asserted against the leased premises.

Lessee shall forthwith post and thereafter keep posted in conspicuous places at entrances to the leased premises such notices as may be necessary to adequately notify all persons who may come in or upon said claims that the same are held by Lessee under lease from Lessors and that Lessee is and shall be liable for all labor performed and supplies and materials utilized by him in and upon such premises, and that Lessee, and not Lessors, will be sole responsible for all debts and expenses incurred in operations under this lease, all as may be required by the Statutes of the State of Colorado. Said notices shall further state that all persons who enter leased premises do so at their own or lessee's risk and that Lessors are not responsible.

solely

 A.D.

Lessee shall hold Lessors harmless and fully indemnify them against all claims and demands of any kind or nature which may be made upon him or against the leased premises, for, or on account of, any debt of expenses incurred by Lessee, as well as from and against any and all acts, transactions or omissions of Lessee, his agents or employees, and Lessee shall defend and save Lessors harmless and fully indemnify them against any liability or asserted liability for or on account of injury to or death of any person or damage to any property sustained during the continuance of this Lease alleged to have resulted from any act or omission of Lessee, his agents or employees, or the unsafe condition of the leased premises.

V

TAXES

So long as the within Lease shall remain in force and effect Lessee shall pay when due all taxes assessed against his personal property and improvements placed upon any of Lessors' claims and all taxes levied against Lessors' claims as nonproducing properties accruing after the date hereof. Any taxes measured or calculated on the basis of production from the leased claims shall be apportioned between and paid by the parties hereto, ninety-two and one-half percent (92½%) by Lessee and seven and one-half percent (7½%) by Lessors. Lessee shall be entitled to deduct from royalty payable hereunder the proportion of said taxes required to be paid by Lessors and pay the entire amount of such taxes when the same become due.

VI

EASEMENT

So long as this lease shall be in effect, Lessee shall have an easement and right to use the shafts and other haulage ways for purposes of

 A. P.

removing ores and waste rock from adjoining properties, providing Lessee maintains such shafts and other haulage ways in safe and workable condition.

VII

TITLE

Lessors warrant the title to the leased claims against, but only against, any persons lawfully claiming the whole or any part hereof by, through or under Lessors.

VIII

FORFEITURE

The failure of Lessee to make or cause to be made any of the payments herein provided for or to keep or perform any obligation or agreement required of him by the terms and provisions of this Lease, shall, at the election of Lessors, work a forfeiture hereof; provided, however, that in the event of a default on the part of Lessee, and the election of Lessors to terminate this Agreement on account thereof, Lessors shall give Lessee a written notice of his intention to declare a forfeiture of this Agreement and to terminate the same on account thereof, specifying the particular default or defaults relied upon, and Lessee shall have thirty (30) days after the receipt of such notice in which to correct or cure such default or defaults, in which event, there shall be no forfeiture hereof; and provided further, that in the case of default of the payment of royalties or amounts due for taxes, Lessee shall have only fifteen (15) days after receipt of such notice in which to make good such default or defaults. Waiver or failure to give notice of a particular default or defaults shall not be construed as condoning any subsequent default.

IX

RIGHT OF SURRENDER

Notwithstanding any provision herein to the contrary, Lessee may at

any time, upon thirty (30) days' prior written notice to Lessor, surrender his rights under this Lease and thereby cancel and terminate this Lease. In order to exercise such right of surrender Lessee shall supply Lessors with a recordable instrument, in proper form, terminating and surrendering to Lessor any rights and interest which Lessee may have obtained under this Lease. Upon such cancellation and termination Lessee shall be under no further obligation whatsoever to Lessors, except for the making of payments which have already accrued as of the date of such cancellation and termination.

X

FORCE MAJEURE

The breach or failure to perform any of the covenants or conditions hereof on the part of Lessee shall not be grounds for cancellation or termination or forfeiture when such breach or failure to perform is caused or compliance is prevented by severe weather conditions, explosions, unusual mining casualty, fire, flood or any Civil or Military Authority, insurrection, riots, strikes, Acts of God, or from any regulation or restriction of Governmental Authority, or on account of any eventuality beyond the reasonable control of Lessee, which such circumstances or conditions shall continue to exist, provided, however, that Lessee shall notify Lessors in writing specifying the conditions so existing and Lessee shall, in such event, use all reasonable diligence to remove such preventing cause and upon its removal shall thereafter promptly resume work. In no event, however, will Lessee be relieved of the obligation to pay royalties and taxes required of him hereunder.

XI

REMOVAL OF PERSONAL PROPERTY

Upon termination of this Lease as above provided, Lessee shall have and is hereby given and granted two (2) months to remove all machinery, equipment and other personal property placed thereon by second party, provided that such right of removal shall not extend to foundations and mine timbers in place unless Lessor shall have given his, its or their previous written consent thereto. If Lessee is hampered by snowdrifts, washouts, inclement weather, or other climatic conditions, from completing the removal of said property and equipment within the time specified, then the Lessor agrees to extend the time by a reasonable period if requested by the Lessee. Lessee shall maintain all insurance until leased premises are completely vacated.

XII

NOTICES

Any notice herein provided to be given to Lessee shall be sufficient if given in writing by certified or registered mail addressed to:

Mesa Mining & Drilling Company
Blanding, Utah

or to such other address as Lessee may from time to time designate to Lessors in writing.

Any notice herein provided to be given to Lessors shall be sufficient if given in writing by certified or registered mail addressed to:

Big Six Mining Company
613 Harrison Avenue
Leadville, Colorado

or to such other address as Lessors may from time to time designate to Lessee in writing.

Services of notice shall be deemed effective and complete on the date of posting and mailing in accordance herewith.

XIII

CONSENT TO LIEN FOR OME LOAN

It is contemplated that Lessee may desire to apply for an exploration loan from the Office of Minerals Exploration, and, in the event of such an application, Lessors agree to sign such consents or subordination agreements or to take such other actions as may be necessary or helpful in order to enable or assist Lessee in obtaining such loan for exploration or development of the leased premises. Any payments required to be made from production from the leased premises in repayment of such loan shall be chargeable and paid solely from Lessee's portion of the proceeds realized from production hereunder.

XIV

ASSIGNABILITY

Lessee shall have the right to assign this Agreement, in whole or in part, or to sublease all or portions of the leased premises, at any time during the term hereof, or any renewals or extensions thereof, provided, however, that any assignee or sublessee shall be bound by the terms and conditions of this Agreement to the same degree and extent as is Lessee, and provided, further, that no such assignment shall operate so as to relieve Lessee from continuing liability and responsibility for performance of the terms and conditions hereof.

XV

BENEFIT AND LESSER INTEREST

This Mining Lease shall be binding upon and inure to the benefit of the parties hereto, their legal representatives, successors, heirs and assigns.

If Lessors own a less interest in any of the Mining Claims covered hereby than the entire and undivided mineral estate therein, then the royalties and any payments provided herein shall be paid to Lessors only in the proportion which their interest bears to the whole and undivided mineral estate.

EXECUTED THIS 11th day of August, 1965.

ATTEST: Charles [illegible] Mrs. Jeannette Robin President
Big Six Mining Company
"LESSORS"

ATTEST: James D. [illegible] SEC-TREAS. Mrs. James T. Terrell Vice President
Mesa Mining and Drilling Company, a Utah Corporation
"LESSEE"

State of Colorado)
) ss:
County of Lake)

On this 11th day of August, A.D., 1965, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared

Mrs. Jeanette Tobin _____ President and acknowledged to me

that she executed the same as her free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My commission expires 8-17-65 _____
Notary Public

State of UTAH)
) ss:
County of SAN JUAN)

On this 4th day of October, A.D., 1965, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared

MRS. JAMES D. TERRELL VICE President and acknowledged to me

that SHE executed the same as HER free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My commission expires _____ Harold J. Lyman
Notary Public

My Commission Expires April 3, 1966

MINING LEASE

THIS AGREEMENT, made and entered into this 28th day of September 1965, by and between:

Charles R. Casey
Bank Annex Building
Leadville, Colorado
Ownership Interest 1/2

George S. Casey
613 Harrison Avenue
Leadville, Colorado
Ownership Interest 1/2

(hereinafter referred to as "Lessors") and

Charles R. Butler
P.O. Box 435
Durango, Colorado
(hereinafter referred to as "Lessee")

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 3 1966
INITIALS | CODE

WITNESSETH :

WHEREAS, Lessors are owners of the William Penn Mining Claim, Survey No. 484, the General Cadwallader Claim, Survey No. 487, the Ben Franklin Mining Claim, Survey No. 485 and the Philadelphia Mining Claim, Survey No. 486, situated in Lake County, Colorado, and

WHEREAS, Lessee is desirous of leasing said claims from Lessors,

ACCORDINGLY, in consideration of the mutual promises, obligations and conditions hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties have agreed:

I

TERM

The term of this lease shall be for a period of five (5) years from the date hereof, unless sooner terminated pursuant to the provisions hereof. On condition Lessee is not in default, and an condition production at a profitable level has been maintained during the fifth year, Lessors grant Lessee an option to renew the terms and provisions of this lease for one additional term of five years. Should Lessee so elect to exercise

this option, Lessee shall give Lessors six months' notice in writing of its intention to exercise said option. Lessors may terminate the lease in the second five (5) year term at any time after a one year period in which there has been no profitable production.

II

ROYALTY

So long as the within Mining Lease shall be in force and effect there shall be paid Lessors a royalty from any ores mined, removed and sold from the leased Mining Claims equal to ten percent (10%) of the net returns received from the sale thereof less two and one-half percent (2½%) of the net payment for bismuth. By the term "net returns" is meant the following:

(a) In respect to crude ores sold directly to a smelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received therefor, less the costs of transportation to the smelter (if not deducted by the smelter).

(b) In respect to ores sold to a custom ore buyer or mill, the net amounts received therefor, less the cost of transportation to the mill or ore buyer.

(c) In respect to ores concentrated by a custom mill and the concentrate derived therefrom sold to a smelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received after deducting costs of transportation of the ore to the custom mill, the cost of concentrating the ores, the cost of transporting the concentrate to a smelter with respect thereto (if not deducted by the smelter).

(d) In respect to ores concentrated by Lessee in his own mill and the concentrate derived therefrom sold to a smelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received after deduction of transportation of the ores to the mill, the costs of concentration (not exceeding, however, the sum of $7.00 per ton

of input ore), the cost of transporting the concentrate to the smelter with respect thereto (if not deducted by the smelter).

Settlements for royalties due Lessors shall, if possible, be made directly by the ore purchaser, mill or smelter, as the case may be to Lessors. In the event direct payment by the ore purchaser, mill or smelter cannot be effected, then royalties due Lessors shall be paid on or before ten days from the end of each month with respect to all crude ore or concentrates sold and for which Lessee has received payment during the preceding calendar month.

A minimum royalty of $50.00 per month shall be payable commencing October 1, 1965 and continuing until June 30, 1967; a minimum royalty of $100.00 per month shall be payable commencing July 1, 1967 and continuing during the term the within lease is in force and effect. Said minimum royalty payments shall be credited against production royalty payments only during the calendar year in which the minimum royalties are paid.

III

MANNER OF PERFORMING WORK

All of the work which may be performed by Lessee hereunder shall be performed in a good and workmanlike manner and in accordance with sound engineering and geological practice. All of the work and activities of Lessee, hereunder, shall be performed in a manner so as to obtain the maximum economic return from the leased premises and in such manner required to maintain such property and all parts thereof which may be developed hereunder as workable mining property.

Lessee shall comply with all laws, rules and regulations pertaining to any operations or activities hereunder of Federal, State and local authorities, and on request of Lessors furnish supporting evidence of such

Ore

compliance. Without limitation of the generality of the foregoing, Lessee shall, (1) carry, at his expense, Workmen's Compensation and Occupational Disease Disability Insurance covering all persons employed or engaged to work or perform services upon or with respect to the leased premises; (2) pay any taxes or contributions and make any deductions from payrolls required by any applicable Federal or State Income Tax, Social Security, or Unemployment Benefit Laws. Lessee shall procure and maintain at his expense until termination of this lease, direct and contractual bodily injury liability insurance and property damage liability insurance in a respectable and financially reponsible insurance company, safeguarding Lessee and Lessors against direct and assumed liability for injuries or deaths to persons and loss of or damage to property with limits of liability not less than $100,000.00 for injury or death to any one person, $300,000.00 for injuries or death to two or more persons, and $50,000.00 for loss or damage to property in any one accident. Lessee shall furnish Lessors certificates from insurance carriers or from appropriate governmental authorities verifying that insurance coverage required hereby has been procured, is being maintained, specifying the insurors, the policy numbers and expiration dates thereof, and, if obtainable, an agreement of the insurors that such insurance will not be cancelled without first giving Lessors at least ten (10) days' written notice of intention to cancel.

Lessors and their agents or representatives, authorized in writing, shall, at their own risk, have the right at all reasonable times, when accompanied by a representative of Lessee, to enter into and upon the leased premises and the workings therein for the purpose of inspecting the same,

and for ascertaining whether the terms and conditions hereof are being carried out and performed by Lessee.

Lessee will keep accurate records of his operations hereunder, including the amounts of ore taken from the leased premises and the assays thereof; said records shall be accessible for inspection by the Lessors at all reasonable times. Lessee will prepare and maintain maps of all mining operations on the leased premises, showing thereon all workings, excavations and the location of all ore bodies which may be discovered, which maps shall be available for inspection by Lessors at all reasonable times. Upon request Lessee shall prepare and furnish copies of any such maps to Lessors upon payment by Lessors of the cost of making such copies.

IV

PROTECTION FROM LIENS AND INDEMNITY

Lessee shall promptly pay all bills and accounts for labor performed and supplies and materials furnished in and for operations under this Lease and shall not allow any claim or lien to be effectually made or asserted against the leased premises.

Lessee shall forthwith post and thereafter keep posted in conspicuous places at entrances to the leased premises such notices as may be necessary to adequately notify all persons who may come in or upon said claims that the same are held by Lessee under lease from Lessors and that Lessee is and shall be liable for all labor performed and supplies and materials utilized by him in and upon such premises, and that Lessee, and not Lessors, will be solely responsible for all debts and expenses incurred in operations under this lease, all as may be required by the Statutes of the State of Colorado.

Lessee shall hold Lessors harmless and fully indemnify them against all claims and demands of any kind or nature which may be made upon him or against the leased premises, for, or on account of, any debt or expenses incurred by Lessee, as well as from and against any and all acts, transactions or omissions of Lessee, his agents or employees, and Lessee shall defend and save Lessors harmless and fully indemnify them against any liability or asserted liability for or on account of injury to or death of any person or damage to any property sustained during the continuance of this Lease alleged to have resulted from any act or omission of Lessee, his agents or employees, or the unsafe condition of the leased premises.

V

TAXES

So long as the within Lease shall remain in force and effect Lessee shall pay when due all taxes assessed against his personal property and improvements placed upon any of Lessors' claims and all taxes levied against Lessors' claims as nonproducing properties accruing after the date hereof. Any taxes measured or calculated on the basis of production from the leased claims shall be apportioned between and paid by the parties hereto, ninety-two and one-half percent (92½%) by Lessee and seven and one-half percent (7½%) by Lessors. Lessee shall be entitled to deduct from royalty payable hereunder the proportion of said taxes required to be paid by Lessors and pay the entire amount of such taxes when the same become due.

VI

EASEMENT

So long as this lease shall be in effect, Lessee shall have an easement and right to use the shafts and other haulage ways for purposes of

removing ores and waste rock from adjoining properties.

VII

TITLE

Lessors warrant the title to the leased claims against, but only against, any persons lawfully claiming the whole or any part hereof by, through or under Lessors.

VIII

FORFEITURE

The failure of Lessee to make or cause to be made any of the payments herein provided for or to keep or perform any obligation or agreement required of him by the terms and provisions of this lease, shall, at the election of Lessors, work a forfeiture hereof; provided, however, that in the event of a default on the part of Lessee, and the election of Lessors to terminate this Agreement on account thereof, Lessors shall give Lessee a written notice of his intention to declare a forfeiture of this Agreement and to terminate the same on account thereof, specifying the particular default or defaults relied upon, and Lessee shall have thirty (30) days after the receipt of such notice in which to correct or cure such default or defaults, in which event, there shall be no forfeiture hereof; and provided further, that in the case of default of the payment of royalties or amounts due for taxes, Lessee shall have only fifteen (15) days after receipt of such notice in which to make good such default or defaults. Waiver or failure to give notice of a particular default or defaults shall not be construed as condoning any subsequent default.

IX

RIGHT OF SURRENDER

Notwithstanding any provision herein to the contrary, Lessee may at

any time, upon thirty (30) days' prior written notice to Lessor, surrender his rights under this Lease and thereby cancel and terminate this Lease. In order to exercise such right of surrender Lessee shall supply Lessors with a recordable instrument, in proper form, terminating and surrendering to Lessor any rights and interest which Lessee may have obtained under this Lease. Upon such cancellation and termination Lessee shall be under no further obligation whatsoever to Lessors, except for the making of payments which have already accrued as of the date of such cancellation and termination.

X

FORCE MAJEURE

The breach or failure to perform any of the covenants or conditions hereof on the part of Lessee shall not be grounds for cancellation or termination or forfeiture when such breach or failure to perform is caused or compliance is prevented by severe weather conditions, explosions, unusual mining casualty, fire, flood or any Civil or Military Authority, insurrection, riots, strikes, Acts of God, or from any regulation or restriction of Governmental Authority, or on account of any eventuality beyond the reasonable control of Lessee, while such circumstances or conditions shall continue to exist, provided, however, that Lessee shall notify Lessors in writing specifying the conditions so existing and Lessee shall, in such event, use all reasonable diligence to remove such preventing cause and upon its removal shall thereafter promptly resume work. In no event, however, will Lessee be relieved of the obligation to pay royalties and taxes required of him hereunder.

XI

REMOVAL OF PERSONAL PROPERTY

Upon termination of this Lease as above provided, Lessee shall have and is hereby given and granted two (2) months to remove all machinery, equipment and other personal property placed thereon by second party, provided that such right of removal shall not extend to foundations and mine timbers in place unless Lessor shall have given his, its or their previous written consent thereto. If Lessee is hampered by snowdrifts, washouts, inclement weather, or other climatic conditions, from completing the removal of said property and equipment within the time specified, then the Lessor agrees to extend the time by a reasonable period if requested by the Lessee. Lessee is under no obligation to improve existing haulage-ways, shafts or other existing workings.

XII

NOTICES

Any notice herein provided to be given to Lessee shall be sufficient if given in writing by certified or registered mail addressed to:

Charles R. Butler
P. O. Box 435
Durango, Colorado

or to such other address as Lessee may from time to time designate to Lessors in writing.

Any notice herein provided to be given to Lessors shall be sufficient if given in writing by certified or registered mail addressed to:

Charles R. Casey
Bank Annex Building
Leadville, Colorado

George S. Casey
613 Harrison Avenue
Leadville, Colorado

or to such other address as Lessors may from time to time designate to Lessee in writing.

Services of notice shall be deemed effective and complete on the date of posting and mailing in accordance herewith.

XIII

CONSENT TO LIEN FOR OME LOAN

It is contemplated that Lessee may desire to apply for an exploration loan from the Office of Minerals Exploration, and, in the event of such an application, Lessors agree to sign such consents or subordination agreements or to take such other actions as may be necessary or helpful in order to enable or assist Lessee in obtaining such loan for exploration or development of the leased premises. Any payments required to be made from production from the leased premises in repayment of such loan shallbe chargeable and paid solely from Lessee's portion of the proceeds realized from production hereunder.

XIV

ASSIGNABILITY

Lessee shall have the right to assign this Agreement, in whole or in part, or to sublease all or portions of the leased premises, at any time during the term hereof, or any renewals or extentions thereof, provided, however, that any assignee or sublessee shall be bound by the terms and conditions of this Agreement to the same degree and extent as is Lessee, and provided, further, that no such assignment shall operate so as to relieve Lessee from continuing liability and responsibility for performance of the terms and conditions hereof.

XV

TAX FUND

It is further agreed, for and in consideration of the granting of this Lease by the Lessors to the Lessee herein, that a fund to apply to the payment of taxes will be set up in the hands of the Lessors by deducting from the net amount received for said ores, after royalty deductions, three per cent (3%) thereof. The amount so deducted is to be paid to Lessors at the same time and in the same manner as the royalty payments are made. The said fund will be used to fulfill the obligations of the Lessee, which has been agreed to by Lessee, to pay any and all taxes assessed upon the above described parcels of land and premises and improvements thereon, and the ores mined and shipped therefrom by the Lessee beginning with the taxes for the taxable year 1965, which will become due and payable in January 1, 1966 and thereafter, including all taxes assessed during the term of the Lease, and it is further understood and agreed that in case these tax deductions are in excess of the requirements to pay the taxes, the excess will be paid by Lessors to Lessee. Likewise, in case the amount paid to Lessor is not sufficient to pay the taxes the Lessee will, on or before the time said tax is due and payable, pay to Lessor an amount sufficient to make up the required amount.

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XVI

BENEFIT AND LESSER INTEREST

This Mining Lease shall be binding upon and inure to the benefit of the parties hereto, their legal representatives, successors, heirs and assigns.

If Lessors own a less interest in any of the Mining Claims covered hereby than the entire and undivided mineral estate therein, then the royalties and any payments provided herein shall be paid to Lessors only in the proportion which their interest bears to the whole and undivided mineral estate.

EXECUTED THIS 28th day of September, 1965.

Charles R. Casey

Charles R. Casey

George S. Casey

George S. Casey

"LESSORS"

Charles R. Butler

Charles R. Butler

"LESSEE"

State of Colorado)
) ss:
County of Lake)

Before me, the undersigned, a Notary Public in and for said County and State on this 28th day of September, A.D., 1965, personally appeared Charles R. Casey to me 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.

Given under my hand and seal of office the day and year last above written.

My commission expires August 17, 1969 Bettimae Bureau
Notary Public

State of Colorado)
) ss:
County of Lake)

Before me, the undersigned, a Notary Public in and for said County and State on this 28th day of September, A.D., 1965, personally appeared George S. Casey to me 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.

Given under my hand and seal of office the day and year last above written.

My commission expires August 17, 1969 Bettimae Bureau
Notary Public

State of Colorado)
) ss:
County of Lake)

Before me, the undersigned, a Notary Public in and for said County and State on this 28th day of September, A.D., 1965, personally appeared Charles R. Butler to me 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.

Given under my hand and seal of office the day and year last above written.

My commission expires August 17, 1969 Bettimae Bureau
Notary Public

OCT 1965

LEADVILLE, COLORADO

ASSIGNMENT OF MINING LEASE

KNOW ALL MEN BY THESE PRESENTS

That the undersigned, MESA MINING AND DRILLING COMPANY, a Utah corporation, hereinafter called Assignor, for and in consideration of One Dollar ($1.00), the receipt of which is hereby acknowledged, does hereby sell, assign, transfer and set over unto

OFFICIAL COPY
C. M. H.
RECEIVED
SEP 8 1966

CHARLES R. BUTLER
P. O. Box 435
Durango, Colorado

hereinafter called Assignee, its full and complete interest in and to the Mining Lease dated July 14, 1965 from

Leadville Lead Corporation, Resurrection Mining Company, George S. Casey, Charles R. Casey, M. H. and R. D. Elder and Harvey Real Estate Mining and Investment Company, LESSORS to

Mesa Mining and Drilling Company, a Utah Corporation, LESSEE

recorded in Book 363 Page 113 covering the Ballard Mining Claim, Survey No. 538 situated in Lake County, Colorado, together with the rights incident thereto.

WITNESS, EXECUTED this ____ day of _____, 1965.

_____ Mesa Mining and Drilling Company, a Utah Corporation

State of Utah)
) ss:
County of San Juan)

On this ____ day of _____, A.D. 1965, before me the undersigned, a notary public in and for the county and state aforesaid, personally appeared _____, _____ President, and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

My Commission Expires _____

_____ Notary Public

0[illegible] : 1965 COUN[illegible]

LEADVILLE, COLORADO

MINING LEASE

THIS AGREEMENT, made and entered into this 14th day of July, 1965, by and between:

Leadville Lead Corporation — Ownership Interest 17/108
c/o Robert A. Knecht, CPA
1677 Wadsworth Blvd.
Denver, Colorado

Resurrection Mining Company — Ownership Interest 11/72
c/o J. Frank Frost, Mgr.
American Smelting & Refining Co.
Western Mining Department
415 Crandall Building
Salt Lake City, Utah

George S. Casey — Ownership Interest 175/864
613 Harrison Avenue
Leadville, Colorado

Charles R. Casey — Ownership Interest 175/864
Bank Annex Building
Leadville, Colorado

N.W. Elder and R.D. Elder — Ownership Interest 9/72
310 West 8th Street
Leadville, Colorado

Harvey Real Estate Mining & Investment Company — Ownership Interest 23/144
c/o Jean Harvey Griswold
Box 31
Wheatridge, Colorado (hereinafter referred to as "Lessors") and

Mesa Mining and Drilling Company, a Utah Corporation
Blanding, Utah,
(hereinafter referred to as "Lessee")

W I T N E S S E T H :

WHEREAS, Lessors are owners of the Ballard Mining Claim, survey No. 589, situated in Lake County, Colorado, and

WHEREAS, Lessee is desirous of leasing said claim from Lessors,

ACCORDINGLY, in consideration of the mutual promises, obligations and conditions hereinafter set forth and other good and valuable consideration,

the receipt and adequacy of which is acknowledged, the parties have agreed:

I

TERM

The term of this lease shall be for a period of ten (10) years from the date hereof, unless sooner terminated pursuant to the provisions hereof. On condition Lessee is not in default, Lessors grant Lessee an option to renew the terms and provisions of this lease for one additional term of ten years. Should Lessee so elect to exercise this option, Lessee shall give Lessors six months notice in writing of its intention to exercise said option.

II

ROYALTY

So long as the within Mining Lease shall be in force and effect there shall be paid Lessors a royalty from any ores mined, removed and sold from the Ballard Claim a royalty equal to seven and one-half percent (7½%) of the net returns received from the sale thereof. By the term "net returns" is meant the following:

(a) In respect to crude ores sold directly to a smelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received therefor, less the costs of transportation to the smelter (if not deducted by the smelter).

(b) In respect to ores sold to a custom ore buyer or mill, the net amounts received therefor, less the cost of transportation to the mill or ore buyer.

(c) In respect to ores concentrated by a custom mill and the concentrate derived therefrom sold to a smelter, the net smelter

returns (after the deduction of any penalties or other smelting charges) received after deducting costs of transportation of the ore to the custom mill, the cost of concentrating the ores, the cost of transporting the concentrate to the smelter with respect thereto (if not deducted by the smelter).

(d) In respect to ores concentrated by Lessee in his own mill and the concentrate derived therefrom sold to asmelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received after deduction of transportation of the ores to the mill, the costs of concentration (not exceeding, however, the sum of $7.00 per ton of input ore), the cost of transporting the concentrate to the smelter with respect thereto (if not deducted by the smelter).

Settlements for royalties due Lessors shall, if possible, be made directly by the ore purchaser, mill or smelter, as the case may be to Lessors. In the event direct payment by the ore purchaser, mill or smelter cannot be effected, then royalties due Lessors shall be paid on or before ten days from the end of each month with respect to all crude ore or concentrates sold and for which Lessee has received payment during the preceding calendar month.

A minimum royalty of $100.00 per month shall be payable commencing sixty days after execution of this lease by all Lessors and continuing during the time the within lease is in force and effect. Said royalty payments shall be credited against production royalty payments during each calendar year.

III

MANNER OF PERFORMING WORK

All of the work which may be performed by Lessee hereunder shall be performed in a good and workmanlike manner and in accordance with sound engineering and geological practice. All of the work and activities of Lessee, hereunder, shall be performed in a manner so as to obtain the maximum economic return from the leased premises and in such manner required to maintain such property and all parts thereof which may be developed hereunder as workable mining property.

Lessee shall comply with all laws, rules and regulations pertaining to any operations or activities hereunder of Federal, State and local authorities, and on request of Lessors furnish supporting evidence of such

compliance. Without limitation of the generality of the foregoing, Lessee shall, (1) carry, at his expense, Workmen's Compensation and Occupational Disease Disability Insurance covering all persons employed or engaged to work or perform services upon or with respect to the leased premises; (2) pay any taxes or contributions and make any deductions from payrolls required by any applicable Federal or State Income Tax, Social Security, or Unemployment Benefit, Laws. Lessee shall procure and maintain at his expense until termination of this Lease, direct and contructual bodily injury liability insurance and property damage liability insurance in a respectable and financially responsible insurance company, safeguarding Lessee against direct and assumed liability for injuries or death to persons and loss of or damage to property with limits of liability not less than $100,000.00 for injury or death to any one person, $300,000.00 for injuries or death to two or more persons, and $50,000.00 for loss or damage to property in any one accident. Lessee shall furnish Lessors certificates from insurance carriers or from appropriate governmental authorities verifying that insurance coverage required hereby has been procured, is being maintained, specifying the insurors, the policy numbers and expiration dates thereof, and, if obtainable, an agreement of the insurors that such insurance will not be cancelled without first giving Lessors at least ten (10) days' written notice of intention to cancel.

Lessors and their agents or representatives, authorized in writing, shall, at their own risk, have the right at all reasonable times, when accompanied by a representative of Lessee, to enter into and upon the leased premises and the workings therein for the purpose of inspecting the same,

and for ascertaining whether the terms and conditions hereof are being carried out and performed by Lessee.

Lessee will keep accurate records of his operations hereunder, including the amounts of ore taken from the leased premises and the assays thereof; said records shall be accessible for inspection by the Lessors at all reasonable times. Lessee will prepare and maintain maps of all mining operations on the leased premises, showing thereon all workings, excavations and the location of all ore bodies which may be discovered, which maps shall be available for inspection by Lessors at all reasonable times. Upon request Lessee shall prepare and furnish copies of any such maps to Lessors upon payment by Lessors of the cost of making such copies.

IV

PROTECTION FROM LIENS AND INDEMNITY

Lessee shall promptly pay all bills and accounts for labor performed and supplies and materials furnished in and for operations under this Lease and shall not allow any claim or lien to be effectually made or asserted against the leased premises.

Lessee shall forthwith post and thereafter keep posted in conspicuous places at entrances to the leased premises such notices as may be necessary to adequately notify all persons who may come in or upon said claims that the same are held by Lessee under lease from Lessors and that Lessee is and shall be liable for all labor performed and supplies and materials utilized by him in and upon such premises, and that Lessee, and not Lessors, will be solely responsible for all debts and expenses incurred in operations under this Lease, all as may be required by the Statutes of the State of Colorado.

Lessee shall hold Lessors harmless and fully indemnify them against all claims and demands of any kind or nature which may be made upon him or against the leased premises, for, or on account of any debt or expenses incurred by Lessee, as well as from and against any and all acts, transactions or omissions of Lessee, his agents or employees, and Lessee shall defend and save Lessors harmless and fully indemnify them against any liability or asserted liability for or on account of injury to or death of any person or damage to any property sustained during the continuance of this Lease alleged to have resulted from any act or omission of Lessee, his agents or employees, or the unsafe condition of the leased premises.

V

TAXES

So long as the within Lease shall remain in force and effect Lessee shall pay when due all taxes assessed against his personal property and improvements placed upon any of Lessors' claims and all taxes levied against Lessors' claims as nonproducing properties accruing after the date hereof. Any taxes measured or calculated on the basis of production from the leased claims shall be apportioned between and paid by the parties hereto, ninety-two and one-half percent (92½%) by Lessee and seven and one-half percent (7½%) by Lessors. Lessee shall be entitled to deduct from royalty payble hereunder the proportion of said taxes required to be paid by Lessors and pay the entire amount of such taxes when the same become due.

VI

EASEMENT

So long as this lease shall be in effect, Lessee shall have an easement and right to use the shafts and other haulage ways for purposes of

removing ores and waste rock from adjoining properties.

VII

TITLE

Lessors, severally as to their specific ownership interests indicated, warrant the title to the leased claims against, but only against, any persons lawfully claiming the whole or any part thereof by, through or under Lessors.

VIII

FORFEITURE

The failure of Lessee to make or cause to be made any of the payments herein provided for or to keep or perform any obligation or agreement required of him by the terms and provisions of this lease, shall, at the election of Lessors, work a forfeiture hereof; provided, however, that in the event of a default on the part of Lessee, and the election of Lessors to terminate this Agreement on account thereof, Lessors shall give Lessee a written notice of his intention to declare a forfeiture of this Agreement and to terminate the same on account thereof, specifying the particular default or defaults relied upon, and Lessee shall have thirty (30) days after the receipt of such notice in which to correct or cure such default or defaults, in which event, there shall be no forfeiture hereof; and provided further, that in the case of default of the payment of royalties or amounts due for taxes, Lessee shall have only fifteen (15) days after receipt of such notice in which to make good such default or defaults. Waiver or failure to give notice of a particular default or defaults shall not be construed as condoning any subsequent default.

IX

RIGHT OF SURRENDER

Notwithstanding any provision herein to the contrary, Lessee may at any time, upon thirty (30) days' prior written notice to Lessor, surrender his rights under this Lease and thereby cancel and terminate this Lease. In order to exercise such right of surrender Lessee shall supply Lessors with a recordable instrument, in proper form, terminating and surrendering to Lessor any rights and interest which Lessee may have obtained under this Lease. Upon such cancellation and termination Lessee shall be under no further obligation whatsoever to Lessors, except for obligations and liabilities previously incurred hereunder, and for the making of payments which have already accrued as of the date of such cancellation and termination.

X

FORCE MAJEURE

The breach or failure to perform any of the covenants or conditions hereof on the part of Lessee shall not be grounds for cancellation or termination or forfeiture when such breach or failure to perform is caused or compliance is prevented by severe weather conditions, explosions, unusual mining casualty, fire, flood or any Civil or Military Authority, insurrection, riots, strikes, Acts of God, or from any regulation or restriction of Governmental Authority, or on account of any eventuality beyond the reasonable control of Lessee, while such circumstances or conditions shall continue to exist, provided, however, that Lessee shall notify Lessors in writing specifying the conditions so existing and Lessee shall, in such event, use all reasonable diligence

to remove such preventing cause and upon its removal shall thereafter promptly resume work. In no event, however, will Lessee be relieved of the obligation to pay royalties and taxes required of him hereunder.

XI

REMOVAL OF PERSONAL PROPERTY

Upon termination of this Lease as above provided, Lessee shall have and is hereby given and granted two (2) months to remove all machinery, equipment and other personal property placed thereon by second party, provided that such right of removal shall not extend to foundations and mine timbers in place unless Lessor shall have given his, its or their previous written consent thereto. If Lessee is hampered by snowdrifts, washouts, inclement weather, or other climatic conditions, from completing the removal of said property and equipment within the time specified, then the Lessor agrees to extend the time by a reasonable period if requested by the Lessee. Lessee is under no obligation to improve existing haulage-ways, shafts or other existing workings.

XII

NOTICES

Any notice herein provided to be given to Lessee shall be sufficient if given in writing by certified or registered mail addressed to:

Mesa Mining & Drilling Company
Blanding, Utah

or to such other address as Lessee may from time to time designate to Lessors in writing.

Any notice herein provided to be given to Lessors shall be sufficient if given in writing by certified or registered mail addressed to:

Leadville Lead Corporation
c/o Robert A. Knecht, CPA
1677 Wadsworth Blvd.
Denver, Colorado

George S. Casey
613 Harrison Avenue
Leadville, Colorado

Charles R. Casey
Bank Annex Building
Leadville, Colorado

Resurrection Mining Company
c/o J. Frank Frost, Mgr.
American Smelting & Refining Co.
415 Grandall Building
Salt Lake City, Utah

M. M. Elder and R. D. Elder
310 West 8th Street
Leadville, Colorado

Harvey Real Estate Mining
& Investment Company
c/o Jean Harvey Griswold
Box 31
Wheatridge, Colorado

or to such other address as Lessors may from time to time designate to Lessee in writing.

Services of notice shall be deemed effective and complete on the date of posting and mailing in accordance herewith.

XIII

CONSENT TO LIEN FOR ONE LOAN

It is contemplated that Lessee may desire to apply for an exploration loan from the Office of Minerals Exploration, and, in the event of such an application, Lessors agree to sign such consents or subordination agreements or to take such other actions as may be necessary or helpful in order to enable or assist Lessee in obtaining such loan for exploration or development of the leased premises. Any payments required to be made from production from the leased premises in repayment of such loan shall be chargeable and paid solely from Lessee's portion of the proceeds realized from production hereunder.

XIV

ASSIGNABILITY

Lessee shall have the right to assign this Agreement, in whole or in part, or to sublease all or portions of the leased premises, at any time during the term hereof, or any renewals or extensions thereof, provided, however, that any assignee or sublessee shall be bound by the terms and conditions of this Agreement to the same degree and extent as is Lessee, and provided, further, that no such assignment shall operate so as to relieve Lessee from continuing liability and responsibility for performance of the terms and conditions hereof.

XV

BENEFIT AND LESSER INTEREST

This Mining Lease shall be binding upon and inure to the benefit of the parties hereto, their legal representatives, successors, heirs and assigns.

If Lessors own a less interest in any of the Mining Claims covered hereby than the entire and undivided mineral estate therein, then the royalties and any payments provided herein shall be paid to Lessors only in the proportion which their interest bears to the whole and undivided mineral estate.

EXECUTED THIS 14th day of July, 1965.

ATTEST: _____ Harvey Real Estate Mining and Investment Co.

ATTEST: _____ Leadville Lead Company

ATTEST: _____ Resurrection Mining Company, a Delaware Corp.

George S. Casey

Charles M. Casey

H. H. Elder

H. D. Elder

"LESSORS"

_____ Mesa Mining and Drilling Company, a Utah Corporation

"LESSEE"

Corporation Acknowledgments

State of [illegible])
) ss:
County of [illegible])

On this [illegible] day of July, A.D., 1965, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared [illegible] Vice President and acknowledged to me that [illegible] executed the same as [illegible] free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My commission expires [illegible] Notary Public

State of [illegible])
) ss:
County of [illegible])

On this [illegible] day of [illegible], A.D., 1965, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared [illegible] President and acknowledged to me that [illegible] executed the same as [illegible] free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My commission expires [illegible] Notary Public

State of New York)
) ss:
County of New York)

On this 16th day of August, A.D., 1965, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared P. Malgemoff President and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My commission expires March 30, 1966 [illegible] Notary Public

CHARLOTTE ANGER
Notary Public, State of New York
41-5087375
Qualified in Queens County
Certified in New York County
Term Expires March 30, 1966

State of _____)
) ss:
County of _____)

On this 4th day of October, A.D., 1965, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared

_____ _____ President and acknowledged to me

that ____ executed the same as ____ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My commission expires _____ _____
Notary Public

Individual Acknowledgments

State of _____)
) ss:
County of _____)

Before me, the undersigned, a Notary Public in and for said County and State on this ____ day of _____, A.D., 1965, personally appeared

_____ to me known to be the identical person__ [illegible] the within and foregoing instrument and acknowledged to me

[illegible] executed the same as ____ free and voluntary act and deed for the [illegible] purposes therein set forth.

[illegible] under my hand and seal of office the day and year last above written.

[illegible] commission expires _____ _____
Notary Public

State of _____)
) ss:
County of _____)

Before me, the undersigned, a Notary Public in and for said County and State on this ____ day of _____, A.D., 1965, personally appeared

_____ to me known to be the identical person__ [illegible] the within and foregoing instrument and acknowledged to me

[illegible] executed the same as ____ free and voluntary act and deed for the [illegible] purposes therein set forth.

[illegible] under my hand and seal of office the day and year last above written.

[illegible] commission expires _____ _____
Notary Public

State of _____)
County of _____) ss:

Before me, the undersigned, a Notary Public in and for said County and State on this _____ day of _____, A.D., 1965, personally appeared _____ to me known to be the identical person _____ the within and foregoing instrument and acknowledged to me _____ executed the same as _____ free and voluntary act and deed for the uses therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires _____ _____
Notary Public

State of _____)
County of _____) ss:

Before me, the undersigned, a Notary Public in and for said County and State on this _____ day of _____, A.D., 1965, personally appeared _____ to me known to be the identical person _____ executed the within and foregoing instrument and acknowledged to me _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires _____ _____
Notary Public

MINING LEASE

THIS AGREEMENT, made and entered into this _____ day of _____, 1965 by and between:

Charles R. Casey — Ownership interest 1/4
Bank Annex Building
Leadville, Colorado

George S. Casey — Ownership interest 1/4
613 Harrison Avenue
Leadville, Colorado

E.J. Gaw Estate — Ownership interest 7/16
c/o Jane Norton Kintz
4133 Purdue Street
Dallas 5, Texas

St. Vincent's Hospital — Ownership interest 1/16
Leadville, Colorado
(hereinafter referred to as "Lessors") and

Charles R. Butler
P.O. Box 435
Durango, Colorado
(hereinafter referred to as "Lessee")

W I T N E S S E T H

WHEREAS, Lessors are owners of the President Mining Claim, Survey No. 8942, situated in Lake County, Colorado, and

WHEREAS, Lessee is desirous of leasing said claim from Lessors,

ACCORDINGLY, in consideration of the mutual promises, obligations and conditions hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties have agreed:

I

TERM

The term of this lease shall be for a period of five (5) years from the date hereof, unless sooner terminated pursuant to the provisions hereof. On condition Lessee is not in default, and on condition production at a profitable level has been maintained during the fifth year, Lessors grant Lessee an option to renew the terms and provisions of this lease for one additional term of five years. Should Lessee so elect to exercise

in [illegible], Lessee shall give Lessors six months' notice in writing of its intention to exercise said option. Lessors may terminate the lease in the second five (5) year term at any time after a one year period in which there has been no profitable production.

II

ROYALTY

So long as the Within Mining Lease shall be in force and effect there shall be paid Lessors a royalty from any ores mined, removed and sold from the leased Mining Claims equal to ten percent (10%) of the net returns received from the sale thereof less two and one-half percent (2½%) of the net payment for bismuth. By the term "net returns" is meant the following:

(a) In respect to crude ores sold directly to a smelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received therefor, less the costs of transportation to a smelter (which are in fact charged to and borne by the Lessee).

(b) In respect to ores sold to a custom ore buyer or mill, the net amounts received therefor, less the costs of transportation (which are in fact charged to and borne by the Lessee) to the mill or ore buyer.

(c) In respect to ores concentrated by a custom mill and the concentrate derived therefrom sold to a smelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received after deducting costs of transportation (which are in fact charged to and borne by the Lessee) of the ore to the custom mill, the cost of concentrating the ores, the costs of transporting (which are in fact charged to and borne by the Lessee) the concentrate to the smelter with respect thereto (if not deducted by the smelter).

(d) In respect to ores concentrated by Lessee in his own mill and the concentrate derived therefrom sold to a smelter, the net smelter returns (after the deduction of any penalties or other smelting charges) received after deduction of costs of transportation (which are in fact

charged to and borne by the Lessee) of the ores to the mill, the costs of concentration (not exceeding, however, the sum of $7.00 per ton of input ore), the cost of transporting the concentrate to the smelter with respect thereto (if not deducted by the smelter).

Settlements for royalties due Lessors shall, if possible, be made directly by the ore purchaser, mill or smelter, as the case may be to Lessors. In the event direct payment by the ore purchaser, mill or smelter cannot be effected, then royalties due Lessors shall be paid on or before ten days from the end of the month with respect to all crude ore or concentrates sold and for which Lessee has received payment during the preceding calendar month.

A minimum royalty of $100.00 shall be payable in advance for the period ending June 30, 1966; a minimum royalty of $15.00 per month shall be payable commencing July 1, 1966 and continuing until June 30, 1969. A minimum royalty of $45.00 per month shall be payable commencing July 1, 1969 and continuing during the time the within lease is in force and effect. Said royalty payments shall be credited against production royalty payments only during the calendar year in which the minimum royalties are paid.

III

MANNER OF PERFORMING WORK

All of the work which may be performed by Lessee hereunder shall be performed in a good and workmanlike manner and in accordance with sound engineering and geological practice. All of the work and activities of Lessee, hereunder, shall be performed in a manner so as to obtain the maximum economic return from the leased premises and in such manner required to maintain such property and all parts thereof which may be developed hereunder as workable mining property.

Lessee shall comply with all laws, rules and regulations pertaining to any operations or activities hereunder of Federal, State and local authorities and on request of Lessors furnish supporting evidence of such

compliance. Without limitation of the generality of the foregoing, Lessee shall, (1) carry, at his expense, Workmens Compensation and Occupational Disease Disability Insurance covering all persons employed or engaged to work or perform services upon or with respect to the leased premises; (2) pay any taxes or contributions and make any deductions from payrolls required by any applicable Federal or State Income Tax, Social Security, or Unemployment Benefit Laws. Lessee shall procure and maintain at his expense until termination of this Lease, direct and contractual bodily injury liability insurance and property damage liability insurance in a respectable and financially responsible insurance company, safeguarding Lessee and Lessors against direct and assumed liability for injuries or death to persons and loss of or damage to property with limits of liability not less than $200,000.00 for injury or death to any one person, $500,000.00 for injuries or death to two or more persons, and $50,000.00 for loss or damage to property in any one accident. Lessee shall furnish Lessors certificates from insurance carriers or from appropriate governmental authorities verifying that insurance coverage required hereby has been procured, is being maintained, specifying the insurors, the policy numbers and expiration dates thereof, and, if obtainable, an agreement of the insurors that such insurance will not be cancelled without first giving Lessors at least ten (10) days written notice of intention to cancel.

Lessors and their agents or representatives, authorized in writing, shall, at their own risk, have the right at all reasonable times, when accompanied by a representative of Lessee, to enter into and upon the leased premises and the workings therein for the purpose of inspecting the same,

and for ascertaining whether the terms and conditions hereof are being carried out and performed by Lessee.

Lessee will keep accurate records of his operations hereunder, including the amounts of ore taken from the leased premises and the assays thereof; said records shall be accessible for inspection by the Lessors and their agents and representatives authorized in writing at all reasonable times. Lessee will prepare and maintain maps of all mining operations on the leased premises, showing thereon all workings, excavations and the location of all ore bodies which may be discovered, which maps shall be available for inspection by Lessors and their agents and representatives authorized in writing at all reasonable times. Upon request Lessee shall prepare and furnish copies of any such maps to Lessors upon payment by Lessors of the cost of making such copies.

IV

PROTECTION FROM LIENS AND INDEMNITY

Lessee shall promptly pay all bills and accounts for labor performed and supplies and materials furnished in and for operations under this Lease and shall not allow any claim or lien to be effectually made or asserted against the leased premises.

Lessee shall forthwith post and thereafter keep posted in conspicuous places at entrances to the leased premises such notices as may be necessary to adequately notify all persons who may come in or upon said claims that the same are held by Lessee under lease from Lessors and that Lessee is and shall be liable for all labor performed and supplies and materials utilized by him in and upon such premises, and that Lessee, and not Lessors, will be solely responsible for all debts and expenses incurred in operations under this lease, all as may be required by the Statutes of the State of Colorado.

Lessee shall hold Lessors harmless and fully indemnify them against all claims and demands of any kind or nature which may be made upon him or against the leased premises, for, or on account of, any debt or expenses incurred by Lessee, as well as from and against any and all acts, transactions or omissions of Lessee, his agents or employees, and Lessee shall defend and save Lessors harmless and fully indemnify them against any liability or asserted liability for or on account of injury to or death of any person or damage to any property sustained during the continuance of this Lease alleged to have resulted from any act or omission of Lessee, his agents or employees, or the unsafe condition of the leased premises.

V

TAXES

So long as the within Lease shall remain in force and effect Lessee shall pay when due all taxes assessed against his personal property and improvements placed upon any of Lessors' claims and all taxes levied against Lessors' claims as nonproducing properties accruing after the date hereof. Any taxes measured or calculated on the basis of production from the leased claims shall be apportioned between and paid by the parties hereto, ninety-two and one-half percent (92½%) by Lessee and seven and one-half percent (7½%) by Lessors. Lessee shall be entitled to deduct from royalty payable hereunder the proportion of said taxes required to be paid by Lessors and pay the entire amount of such taxes when the same become due.

VI

EASEMENT

So long as this lease shall be in effect, Lessee shall have an easement and right to use the shafts and other haulage ways for purposes of

removing ores and waste rock from adjoining properties.

VII

TITLE

Lessors warrant the title to the leased claims against, but only against, any persons lawfully claiming the whole or any part hereof by, through or under Lessors.

VIII

FORFEITURE

The failure of Lessee to make or cause to be made any of the payments herein provided for or to keep or perform any obligation or agreement required of him by the terms and provisions of this Lease, shall, at the election of Lessors, work a forfeiture hereof; provided, however, that in the event of a default on the part of Lessee, and the election of Lessors to terminate this Agreement on account thereof, Lessors shall give Lessee a written notice of his intention to declare a forfeiture of this Agreement and to terminate the same on account thereof, specifying the particular default or defaults relied upon, and Lessee shall have thirty (30) days after the receipt of such notice in which to correct or cure such default or defaults, in which event, there shall be no forfeiture hereof; and provided further, that in the case of default of the payment of royalties or amounts due for taxes, Lessee shall have only fifteen (15) days after receipt of such notice in which to make good such default or defaults. Waiver or failure to give notice of a particular default or defaults shall not be construed as condoning any subsequent default.

IX

RIGHT OF SURRENDER

Notwithstanding any provision herein to the contrary, Lessee may at

any time, upon thirty (30) days' prior written notice to Lessor, surrender his rights under this Lease and thereby cancel and terminate this Lease. In order to exercise such right of surrender Lessee shall supply Lessors with a recordable instrument, in proper form, terminating and surrendering to Lessor any rights and interest which Lessee may have obtained under this Lease. Upon such cancellation and termination Lessee shall be under no further obligation whatsoever to Lessors, except for the making of payments which have already accrued as of the date of such cancellation and termination.

X

FORCE MAJEURE

The breach or failure to perform any of the covenants or conditions hereof on the part of Lessee shall not be grounds for cancellation or termination or forfeiture when such breach or failure to perform is caused or compliance is prevented by severe weather conditions, explosions, unusual mining casualty, fire, flood or any Civil or Military Authority, insurrection, riots, strikes, Acts of God, or from any regulation or restriction of Governmental Authority, or on account of any eventuality beyond the reasonable control of Lessee, which such circumstances or conditions shall continue to exist, provided, however, that Lessee shall notify Lessors in writing specifying the conditions so existing and Lessee shall, in such event, use all reasonable diligence to remove such preventing cause and upon its removal shall thereafter promptly resume work. In no event, however, will Lessee be relieved of the obligation to pay royalties and taxes required of him hereunder.

XI

REMOVAL OF PERSONAL PROPERTY

Upon termination of this Lease as above provided, Lessee shall have and is hereby given and granted two (2) months to remove all machinery, equipment and other personal property placed thereon by second party, provided that such right of removal shall not extend to foundations and mine timbers in place unless Lessor shall have given his, its or their previous written consent thereto. If Lessee is hampered by snowdrifts, washouts, inclement weather, or other climatic conditions, from completing the removal of said property and equipment within the time specified, then the Lessor agrees to extend the time by a reasonable period if requested by the Lessee. Lessee is under no obligation to improve existing haulage-ways, shafts or other existing workings.

XII

NOTICES

Any notice herein provided to be given to Lessee shall be sufficient if given in writing by certified or registered mail addressed to:

Charles R. Butler
P. O. Box 435
Durango, Colorado

or to such other address as Lessee may from time to time designate to Lessors in writing.

Any notice herein provided to be given to Lessors shall be sufficient if given in writing by certified or registered mail addressed to:

Charles R. Casey
Bank Annex Building
Leadville, Colorado

George S. Casey
613 Harrison Avenue
Leadville, Colorado

[illegible] Street
Dallas 2, Texas

or to such other address as Lessors may from time to time designate to Lessee in writing.

Services of notice shall be deemed effective and complete on the date of posting and mailing in accordance herewith.

XIII

CONSENT TO LIEN FOR OME LOAN

It is contemplated that Lessee may desire to apply for an exploration loan from the Office of Minerals Exploration, and, in the event of such an application, Lessors agree to sign such consents or subordination agreements or to take such other actions as may be necessary or helpful in order to enable or assist Lessee in obtaining such loan for exploration or development of the leased premises. Any payments required to be made from production from the leased premises in repayment of such loan shall be chargeable and paid solely from Lessee's portion of the proceeds realized from production hereunder.

XIV

ASSIGNABILITY

Lessee shall have the right to assign this Agreement, in whole or in part, or to sublease all or portions of the leased premises, at any time during the term hereof, or any renewals or extentions thereof, provided, however, that any assignee or sublessee shall be persons or firms or corporations experienced and knowledgeable in conducting mining operations and shall be bound by the terms and conditions of this Agreement to the same degree and extent as is Lessee, and provided, further, that no such assignment shall operate so as to relieve Lessee from continuing liability and responsibility for performance of the terms and conditions hereof.

XV

TAX FUND

It is further agreed, for and in consideration of the granting of this Lease by the Lessors to the Lessee herein, that a fund to apply to the payment of taxes will be set up in the hands of the Lessors by deducting from the net amount received for said ores, after royalty deductions, three per cent (3%) thereof. The amount so deducted is to be paid to Lessors at the same time and in the same manner as the royalty payments are made. The said fund will be used to fulfill the obligations of the Lessee, which has been agreed to by Lessee, to pay any and all taxes assessed upon the above described parcels of land and premises and improvements thereon, and the ores mined and shipped therefrom by the Lessee beginning with the taxes for the taxable year 1965, which will become due and payable in January 1, 1966 and thereafter, including all taxes assessed during the term of the Lease, and it is further understood and agreed that in case these tax deductions are in excess of the requirements to pay the taxes, the excess will be paid by Lessors to Lessee. Likewise, in case the amount paid to Lessor is not sufficient to pay the taxes the Lessee will, on or before the time the tax is due and payable, pay to Lessor an amount sufficient to make up the required amount.

XVI

BENEFIT AND LESSER INTEREST

This Mining Lease shall be binding upon and inure to the benefit of the parties hereto, their legal representatives, successors, heirs and assigns.

If Lessors own a less interest in any of the Mining Claims covered hereby than the entire and undivided mineral estate therein, then the royalties and any payments provided herein shall be paid to Lessors only in the proportion which their interest beare to the whole and undivided mineral estate.

EXECUTED THIS _____ day of _____, 1965.

_____
Charles R. Casey

_____
George S. Casey

_____
E. J. Gaw Estate
Sisters of Charity of Leavenworth
Corp.

ATTEST: _____ for _____
St. Vincent's Hospital

"LESSORS"

_____
Charles R. Butler

"LESSEE"

Individual Acknowledgments

State of _____)
) ss:
County of _____)

Before me, the undersigned, a Notary Public in and for said County and State on this ____ day of _____, A.D., 1965, personally appeared _____ to me known to be the identical person__ who executed the within and foregoing instrument and acknowledged to me that ____ executed the same as ____ free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires _____ _____
Notary Public

State of _____)
) ss:
County of _____)

Before me, the undersigned, a Notary Public in and for said County and State on this ____ day of _____, A.D., 1965, personally appeared _____ to me known to be the identical person__ who executed the within and foregoing instrument and acknowledged to me that ____ executed the same as ____ free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires _____ _____
Notary Public

State of _____)
) Ss:
County of _____)

Before me, the undersigned, a Notary Public in and for said County and State on this ____ day of _____, A.D., 1965, personally appeared _____ to me known to be the identical person__ who executed the within and foregoing instrument and acknowledged to me that ____ executed the same as ____ free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires _____ _____
Notary Public

Corporation Acknowledgments

State of _____ }
County of _____ } ss:

On this ____ day of _____, A.D., 1965, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared

_____ _____ President and acknowledged to me

that ____ executed the same as ____ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My commission expires _____ _____
Notary Public

State of _____ }
County of _____ } ss:

On this ____ day of _____, A.D., 1965, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared

_____ _____ President and acknowledged to me

that ____ executed the same as ____ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My commission expires _____ _____
Notary Public

State of Kansas }
County of Leavenworth } ss:

On this 5th day of January, A.D. 1965, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared Walter Lee Frances Ryan President and acknowledged to me that he executed the same as ____ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My commission expires _____ _____
Notary Public

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/3	Kirkemo	120
		110
		220

AUG 3 1966

Mr. Charles R. Butler
P. O. Box 435
Durango, Colorado 81301

Re: OME-6541 (Silver-Bismuth)
Charles R. Butler
Ballard, President, et al., Claims
Lake County, Colorado

Dear Mr. Butler:

Thank you for your letter of July 29, 1966, informing us that the leases on the subject property have been assigned to the Standard Metals Corporation.

In reply to your inquiry about transferring your OME application to Standard Metals Corporation, there are too many new factors involved to make this practical, so we are considering your application as withdrawn, and state that we will be glad to receive a new application from the assignee.

As a new applicant, Standard Metals Corporation would have to submit all of the information required in the application form. In particular, evidence of financial aligibility, documents showing rights in land, a plan of exploration, and cost estimates are required. Reference may be made to the geological, assay, and production data submitted with your application.

Pertinent literature and a set of application forms together with a copy of this letter are being mailed to Standard Metals Corporation.

Thank you for your interest in the OME program.

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
Mr. Kirkemo

HKirkemo/gla 8-3-66

Copy to: Standard Metals Corporation
333 Petroleum Club Building
Denver, Colorado

23263

CHARLES R. BUTLER
GEOLOGIST
P. O. BOX 435
DURANGO, COLORADO 81301

WEST BUILDING

PHONE 247-1092

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July 29, 1966

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
United States Geological Survey
Washington 25, D. C.

Re: OME 6541 (Silver-Bismuth)

Dear Mr. Johnson:

I have your letter of July 12, 1966 in which you inquire about the present status of plans regarding my OME application.

The leases on the properties included in the application were recently assigned to Standard Metals Corporation, 333 Petroleum Club Building, Denver, Colorado. This company is presently rehabilitating some of the workings on the subject property.

Standard Metals has indicated an interest in taking my position as applicant and in submitting an amended application as soon as more specific exploration targets can be delineated as a result of the work now in progress.

Please advise me of the necessary procedural steps to change the operator from myself to Standard Metals Corporation.

File new application

Very truly yours,

Charles R Butler

Charles R. Butler

cc: Mr. William Hassler
Standard Metals Corporation

MME Form 7
(2/63)

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Mr. Charles R. Butler
P. O. Box 435
Durango, Colorado

JUL 12 1966

Re: OME-6541 (Silver-Bismuth)
Charles R. Butler
Ballard, President, et al., Claims
Lake County, Colorado

Dear Mr. Butler:

We have not heard from you since your letter of April 8, 1966. Please advise us of your plans regarding disposition of your application for OME exploration assistance. According to your letter, you intend to rehabilitate certain workings and try to delineate more specific exploration targets.

If you have decided not to pursue the application further, will you please so inform us.

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 Reading File
Region III
Kirkemo

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CHARLES R. BUTLER
GEOLOGIST
P. O. BOX 435
DURANGO, COLORADO 81302

WEST BUILDING

PHONE 247-1092

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April 8, 1966

Mr. Frank E. Johnson
Chief, Office of Minerals Exploration
U.S. Geological Survey
Washington 25, D.C.

Re: OME-6541 (Silver-bismuth)

Dear Mr. Johnson,

Thanks for your letter of April 5, 1966 concerning my OME application. It is now obvious to me that no further progress can be made on this application until the mine workings are made accessible for examination. I will therefore proceed on my own to rehabilitate certain workings and will try to delineate more specific exploration targets.

You commented in your letter about the necessity to estimate the size and grade of the target in relation to the cost of exploration. The statement by Chapman and Stephans in their report of 1929 for AS@R to the effect that several thousand tons of siliceous ores containing about 3% bismuth were shipped from this area during the 1917 period would seem to me ample justification for a sizeable exploration expenditure. The discovery and sale of approximately four thousand tons of similar grade ores would result in complete repayment of the OME's contribution to a $44,000 project.

It is unfortunate that AS@R will not make public the record of bismuth sales from the Arkansas Valley Smelter at Leadville. This would provide additional information concerning the potential of the area because bismuth was recovered as a smelter by product for many years.

Very truly yours,

Charles R Butler

Charles R. Butler

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Please advise us of your plans regarding disposition of application for OME exploration assistance. As covering your letter dated April 8 1966 you plan to rehabilitate certain workings and try to delineate more specific exploration targets. Since then we have heard nothing from you.

MME Form 7
(2/63)

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AIRMAIL

APR 5 1966

Mr. Charles R. Butler
P. O. Box 436
Durango, Colorado

Re: [illegible]-6[illegible]A1 (Silver-Bismuth)
Charles R. Butler
Bellard, President, et al., Claims
Lake County, Colorado

Dear Mr. Butler:

In reply to your letter of March 30, 1966, we appreciate that you have stated clearly your reasons for selecting the Breece Hill area to explore for bismuth ores. The inclusion of bismuth on the list of minerals eligible for exploration assistance on the [illegible] program supports your contention regarding the supply situation for bismuth.

You must understand, however, that in our review of an application we are guided by the general provisions of the [illegible] program. Among the criteria we use in evaluating an application are the following which pertain to geological and physical factors:

(1) The realistic probability of a significant discovery being made.

As stated above, you have described the geological conditions that you believe favor the occurrence of bismuth ore in the area. However, until access into the mine workings is possible and examination of geological features can be made, it is impossible to select a particular target and a site from which to start exploration work.

(2) The estimated cost of the exploration in relation to the size and grade of the potential deposit.

Unless the potential of the target can be estimated, it is not possible to estimate the extent and cost of work needed to explore it. In other words, does the target warrant the expense required to explore it?

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(3) The plan and method of conducting the exploration.

Until the workings are reentered and the factors evaluated, it is not possible to decide how to conduct the exploration, whether to drill, crosscut, drift, sink, or raise.

(4) The accessibility of the project area.

The necessity for rehabilitation in order to make the mine accessible, and to assess these factors was covered in our previous correspondence. Unfortunately, rehabilitation for access and examination purposes is not eligible for assistance under the OME program.

These are the guidelines and the answers we need to justify expenditure of Government funds in the project you propose. They are established criteria that are part of the OME program, and we must review your application for the information that will meet these requirements.

We hope this will adequately answer your letter of March 30.

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 Reading
Region III w/cy incoming correspondence
Mr. Kirkemo

HKirkemo/mm (8/5/66)

WEST BUILDING

CHARLES R. BUTLER
GEOLOGIST
P. O. BOX 435
DURANGO, COLORADO 81302

PHONE 247-1092

OFFICIAL COPY
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March 30, 1966

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
U.S. Geological Survey
Washington 25, D.C.

Re: OME - 6541 (Silver-Bismuth)

Dear Mr. Johnson,

I have your letter of March 18, 1966 in which you discuss my application for OME assistance. You point out that rehabilitation of existing mine workings is not within the concept of the OME program and that funds are intended chiefly for new exploratory work.

I discussed this with you on the phone on March 25 but am still not clear as to just what you would consider as "exploration" within the confines of OME.

I would like to briefly outline the geologic and other reasons why I chose the Breece Hill area for a bismuth-silver project and then pose the question as to what I might do that would fit your program.

Geologic Reasons

1. The Breece Hill stock which adjoins the proposed exploration area is a recognized center of mineralization.

2. The contact of the blue limestone and the overlying porphyry is generally recognized as a favorable locus for ore deposits and is present within the proposed exploration area at depths ranging from 200 to 400 feet.

3. USGS geologists have recognized that within the Leadville District a late period of mineralization has reopened and enriched certain ore bodies with bismuth and silver sulphides, chalcopyrite and gold. This mineralization appears to have been concentrated within a few hundred feet from the sides of the Breece Hill stock and has an observed relationship with magnetite and silicious rocks.

4. The reported production of a few tons of high grade bismuth-silver-gold ores from the Ballard Mine during the period 1900 - 1905 and the report by Chapman (see OME application) of the shipments of several thousand tons of ores containing 3% bismuth are further evidence of a concentration of bismuth ores in this area. The map of the Little Prince mine showing assays of low grade silver and bismuth is another evidence which serves to delineate the area.

Now then - you made the point on the phone that the presence of mine workings and assay maps would indicate that the exploration phase has already been completed and that I am in effect asking OME to finance development work.

My answer is that neither you nor I nor anyone else alive (so far as I can ascertain) knows where any commercial concentrations of bismuth-silver ores are present on the project claims or within the present mine workings. The market conditions for bismuth ores have been such that with the exception of the few tons of high grade shipped from the Ballard in 1900-1905 there has never been any payment for bismuth.

The mine workings shown on the application maps reflect rather large scale mining operations for iron rich fluxing ores which occur at a contact of two porphyry beds (above the lime-porphyry contact) plus essentially prospecting drifts on the lime-porphyry contact. Some silver-gold ores were shipped from these mines but the total production is not large.

My logic in planning an exploration program was that some of the mineralized areas exposed by the present mine workings might contain enough bismuth and silver values that they would be considered as "ore" under present market conditions. The other consideration was that reopening some old workings would provide drill sites from which promising leads might be explored by long hole drilling.

What could I do in an area such as this that would meet OME standards? If the purpose of OME is to find significant new deposits of bismuth ores you must surely recognize that the search should be in areas where occurrences have been noted in the past. Any discovery in the Breece Hill area, even in an old stope, would be <u>new</u> because bismuth has not heretofore been marketable as an ore.

Having made a rather thorough study of bismuth occurrences in the western states I have concluded that the Breece Hill area is the number one prospect in the country for finding significant bismuth deposits.

If you have not kept current on the present critical situation in regard to bismuth I suggest you contact Donald E. Moulds, Commodity Specialist for the U.S. Bureau of Mines in Washington, D.C. Here is a situation where consumption is increasing yet present supplies are primarily dependent on smelter by products from foreign sources which are not capable of further substantial increase. The use of bismuth as a catalyst in the manufacture of acrylonitrile has already caused serious shortages, and one more new major use of bismuth could cause real problems for domestic consumers.

Very truly yours,

Charles R Butler

Charles R. Butler

cc: Bill Hassler

MME Form 7
(2/63)

OFFICIAL FILE COPY

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Memorandum

MAR 29 1966

To: Files

From: Chief, OME

Subject: OME-6541 (Silver-Bismuth)
Charles R. Butler
Ballard, President, et al., Claims
Lake County, Colorado

On March 25, 1966, the applicant, Mr. Charles R. Butler, telephoned me from Durango, Colorado, to explain his proposal. The point he was trying to put across was that his proposal to open old mine workings and drill in the areas between mineral showings in these workings should be considered exploration because the bismuth present was not marketable when the property was operating. He said he now has a market for bismuth, the ore has the highest bismuth content in the area, and he believesit could be profitably mined.

I explained the exploration program to Mr. Butler and advised that we did not give assistance to open old mines to evaluate their potential. I told him his proposal was no different than opening an old gold-silver mine and resampling it to determine if ore left in the workings was now mineable. I added that he should be able to determine from his assay maps whether the grade and expected tonnage would be commercial. I also told him that the property had evidently been well explored as indicated by the considerable amount of mine workings in the area of his proposed work.

I explained that if he found favorable geologic target areas on his property that had not been explored and he submitted supporting data we might be able to help him explore such areas.

cc: Director's reading file
Division file
Economic Geology file
OME file (docket)
OME reading file

FEJohnson/bih 3/29/66

FEJ
Frank E. Johnson

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MME [redacted]
(2/63)

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Mr. Charles R. Butler
P. O. Box 435
Durango, Colorado

MAR 1 8 1966

Re: CMM-6541 (Silver-Bismuth)
Charles R. Butler
Ballard, President, et al., Claims
Lake County, Colorado

Dear Mr. Butler:

Preliminary review of your application indicates that the amount of the loan requested is not shown on the application form. It is returned to you for completion.

We note also that much of the proposed program is to rehabilitate and repair old, presently inaccessible, mine workings for examination and sampling. Unlike the DMEA program, the CMM program does not permit the Government to share in the costs of extensive preparatory work. The funds available are intended mainly for new exploratory work. The Applicant has to assume on his own account the costs of preparing old workings for re-entry and examination. It is also his responsibility to select by geological mapping and sampling the specific targets which he proposes to explore. These sites must be accessible for examination by the CMM Field Officer.

Your Exhibit 12 shows outlines of ore bodies in blue limestone porphyry, but it does not indicate whether there are outlines of old stopes or of possible new ore bodies which would be explored. The map scale is too small to show old workings and the proposed exploration. In view of the extensive workings shown on the two plan maps, particular care will be required in mapping to outline unexplored ground and to define new targets.

You indicate that a large number of Lien and Subordination Agreements are needed to satisfy Item 2(c) of the application. We

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suggest that you postpone acquiring the necessary signatures until you decide whether you can, on your own account, rehabilitate the old workings on the sites selected for the start of exploration. Perhaps your proposed program will not require inclusion of all of the claims in the group. If you have reason to expect that it would be difficult or impossible to obtain the necessary signatures, you could post a Performance Bond in the amount of the Government's interest in an OME contract, if one is granted, in lieu of Lien and Subordination Agreements.

Submittal of the requested information should not be construed as a commitment by the Government to grant an exploration contract.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

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

HKirkemo/mm (3/18/66)

March 3, 1966

Mr. Charles R. Butler
P. O. Box 435
Durango, Colorado

Subject: OME - 6541

Dear Mr. Butler:

Your application for exploration assistance, dated February 9, 1966, submitted to our office at Denver, Colorado, has been assigned Docket No. OME-6541.

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