MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE Contract No. 2246 Docket No. 6577

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- [ ] Withdrawn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
  Royalty letter 3/2/70
- [x] Cost Audits 1/70
- [ ] Termination Notice or Agreement
- [x] Recision ~~Notice~~ Letter 12/21/67
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [✓] Contract with all exhibits and annexes
- [✓] Owner's Consent to Lien and Subordination Agreement
- [✓] 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)
- [x] Operator's Final Report (Tab) 8/69 voucher narrative
- [ ] 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

For lease, see OME-6439

For Annex II, see OME-6227, contract 2154

72195-65

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator Loren E. Smith
Docket No. OME - 6577
Contract No. ~~14-23-090~~ 2264
Contract Date July 31, 1968

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of Gunnison, State of Colorado, described as follows:[2] Springfield, Springfield No. 1, Patent No. 9508; Compromise No. 1 Compromise No. 2, Goldfield, Goldfield No. 1, Goldfield No. 2, Goldfield No. 3, Goldfield No. 4, Patent No. 13235; Carbonate Prince, Patent No. 4451; Lode Locations: Harvard, Princeton, Yale, Columbia, Book 260, Pages 205-206 hereinafter called the "land", is the subject of ~~an proposed~~ an exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

Loren E. Smith[3]

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

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

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

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

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

Said premises are subject to a lien held by the United States of America to secure repayment of OME-6227, Contract No. 2154 in the amount of $12,740.71, and of OME-6577, Contract No. 2264 in the amount of $27,050.00.

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

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

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

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

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

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

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

Dated this 15th day of Oct, 19 76.

R. W. Irish (Seal) Dr. R. W. Irish	~~Veterans Hospital~~ Lyndonville	(Street) (City & State)
Ralph E. Irish (Seal) Dr. Ralph E. Irish	~~V.A. Hosp~~ Phoenix Az	(Street) (City & State)
Florence H. Irish (Seal) Florence Irish	2866 So. Ursula St. Denver, Co. 80222	(Street) (City & State)
Vivian C. Duncan (Seal) Vivian Duncan	1519 W. Columbia ave Davenport, Iowa 52804	(Street) (City & State)
Patsy A. Skeel (Seal) Patsy Skeel	721 Franklin St Buffalo, Iowa 52728	(Street) (City & State)
(Seal)		(Street) (City & State)

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

_____ (Corporate Seal)

INT.-DOP. SEC., WASH., D.C. 21103

Filed for record 24 May A.D. 19 76 at 10:25 o'clock Marian A. Smith RECORDER
Reception No. 311104 By Jane Pilori, Jr. DEPUTY

MINING LEASE WITH OPTION TO PURCHASE

THIS AGREEMENT, made this 1st day of April, 1976, by and between Dr. R. W. Irish, Dr. Ralph E. Irish, Florence Irish, Vivian Duncan, Patsey Skeel, hereinafter referred to as "IRISH" (whether one or more), and LOREN E. SMITH, of 1844 55th Street, Boulder, Colorado hereinafter referred to as "SMITH".

WITNESSETH:

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

PATENTED LODE MINING CLAIMS

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

LODE CLAIMS HELD BY LOCATION AND POSSESSORY RIGHTS

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

MILL SITES HELD BY LOCATION AND POSSESSORY RIGHTS

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

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

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

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

1. Upon executing the agreement, Smith agrees to pay Irish the sum of Ten and no/100 Dollars ($10.00), and other good and valuable considerations, the receipt of which is hereby acknowledged, (it being expressly agreed by the parties hereto that said payment is not only the consideration for the granting of the option to purchase as hereinafter provided, but is also the consideration for the entering into of this agreement); and in addition, Smith agrees to pay Irish a royalty of six and one half percent (6½%) or the ore produced, saved and marketed from the premises and then, in the event Smith exercises its option to purchase, as hereinafter set forth, said royalty payments shall be certified toward the payment to Irish of the purchase price hereinafter provided, such royalty of six and one half percent (6½%) to be computed as follows:

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

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

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

3. Smith agrees to enter upon said leased premises on or before July 1, 1976, and work the same in a workmanlike manner and in a manner necessary to good and economical mining, with due regard to the development and preservation of said mine or mining premises as a workable mining property.

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

5. Smith agrees to work, mine and develop said premises steadily and continuously during the period of said lease, it being further agreed that if exploration determines an ore body or bodies, which could not be mined and treated by a mill on or near said property, at a profit at the present price of metals, that then and in that event, the above work requirements shall be suspended until such time as the price of metals makes it possible to mine and mill the ores at a profit; it being further agreed that Smith will pay to Irish, in absence of production, a minimum advance royalty of One hundred fifty dollars ($150.00) per month, started April 1, 1976, and payable the 1st day of each month and as long thereafter as this lease is in effect.

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

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

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

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

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

11. Smith agrees to pay all property taxes as same shall become due, including 1975 property taxes payable in 1976. Smith agrees to pay all taxes levied upon the minerals produced, saved and marketed from the premises, but Smith shall have the right to recover from Irish that part of such taxes attributable to the royalty payable to Irish, it being understood that this provision shall not apply to any income taxes payable by Irish.

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

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

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

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

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

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

18. All notices provided for herein, to be served upon Smith shall be in writing by registered mail, directed to LOREN E. SMITH, 1844 55th Street, Boulder, Colorado 80301. All notice provided for herein, to be served upon Irish, shall be in writing by registered mail, and directed to Dr. R. W. Irish, V.A. Hospital, Knoxville, Iowa 50138, or at such other addresses as Smith and Irish may in writing hereinafter designate.

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

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

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

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

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

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

Loren E. Smith

Dr. R. W. Irish

Dr. Ralph E. Irish

Florence Irish

Vivian Duncan

Patsy Skeels

STATE OF

COUNTY OF

Before me, the undersigned, a Notary Public, within and for said County and State, on this 23rd day of February, 1976, personally appeared DR. R. W. IRISH, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires: 9-30-76

Notary Public

STATE OF

COUNTY OF

Before me, the undersigned, a Notary Public, within and for said County and State, on this 25 day of March, 1976, personally appeared DR. RALPH E. IRISH, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires: [illegible] 17, 1976

Notary Public

STATE OF ~~Denver~~ Colorado

COUNTY OF Denver

Before me, the undersigned, a Notary Public, within and for said County and State, on this 26 day of mar, 1976, personally appeared FLORENCE IRISH, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires: [illegible]

Notary Public

STATE OF Iowa

COUNTY OF Scott

Before me, the undersigned, a Notary Public, within and for said County and State, on this 22 day of March, 1976, personally appeared VIVIAN DUNCAN, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires: 9-30-77

Notary Public

STATE OF Iowa

COUNTY OF Scott

Before me, the undersigned, a Notary Public, within and for said County and State, on this MAR 22 78 day of _____, 1976, personally appeared PATSEY SKEEL, to me personally known to be the identical person who executed the within and foregoing instrument and acknowleged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

My Commission expires: 9/30/76

Notary Public

STATE OF Colorado

COUNTY OF Boulder

Before me, the undersigned, a Notary Public, within and for said County and State, on this 15th day of April, 1976, personally appeared LOREN E. SMITH, to me personally known to be the identical person who exected the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

My Commission expires: May 6, 1979

Notary Public

Gearlee Sutter-Freeman
Notary Public

311104

STATE OF COLORADO.
County of Gunnison. } ss.

I hereby certify that this instrument was filed for record in my office at 10:25 o'clock A. M. May 24 19,76 and is recorded in book 493 page 895

Marian A. Smith
County Clerk and Recorder.

By June Pilcai, Dep.

Fee $ 12.00

Loren E. Smith
1844 Valley View Road
Boulder, Colo 80301

Filed for record the 24 day May A. D. 19 76 at 10:[illegible] o'clock [illegible] M Marian A. Smith RECORDER
By Jeane Pilcher, Jr. DEPUTY
Reception No. 311104

HK 9/27/76

MINING LEASE WITH OPTION TO PURCHASE

THIS AGREEMENT, made this 1st day of April, 1976, by and between Dr. R. W. Irish, Dr. Ralph E. Irish, Florence Irish, Vivian Duncan, Patsey Skeel, hereinafter referred to as "IRISH" (whether one or more), and LOREN E. SMITH, of 1844 55th Street, Boulder, Colorado hereinafter referred to as "SMITH".

WITNESSETH:

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

PATENTED LODE MINING CLAIMS

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

LODE CLAIMS HELD BY LOCATION AND POSSESSORY RIGHTS

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

MILL SITES HELD BY LOCATION AND POSSESSORY RIGHTS

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

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

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

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

1. Upon executing the agreement, Smith agrees to pay Irish the sum of Ten and no/100 Dollars ($10.00), and other good and valuable considerations, the receipt of which is hereby acknowledged, (it being expressly agreed by the parties hereto that said payment is not only the consideration for the granting of the option to purchase as hereinafter provided, but is also the consideration for the entering into of this agreement); and in addition, Smith agrees to pay Irish a royalty of six and one half percent (6½%) or the ore produced, saved and marketed from the premises and then, in the event Smith exercises its option to purchase, as hereinafter set forth, said royalty payments shall be certified toward the payment to Irish of the purchase price hereinafter provided, such royalty of six and one half percent (6½%) to be computed as follows:

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

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

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

3. Smith agrees to enter upon said leased premises on or before July 1, 1976, and work the same in a workmanlike manner and in a manner necessary to good and economical mining, with due regard to the development and preservation of said mine or mining premises as a workable mining property.

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

5. Smith agrees to work, mine and develop said premises steadily and continuously during the period of said lease, it being further agreed that if exploration determines an ore body or bodies, which could not be mined and treated by a mill on or near said property, at a profit at the present price of metals, that then and in that event, the above work requirements shall be suspended until such time as the price of metals makes it possible to mine and mill the ores at a profit; it being further agreed that Smith will pay to Irish, in absence of production, a minimum advance royalty of One hundred fifty dollars ($150.00) per month, started April 1, 1976, and payable the 1st day of each month and as long thereafter as this lease is in effect.

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

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

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

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

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

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

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

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

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

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

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

18. All notices provided for herein, to be served upon Smith shall be in writing by registered mail, directed to LOREN E. SMITH, 1844 55th Street, Boulder, Colorado 80301. All notice provided for herein, to be served upon Irish, shall be in writing by registered mail, and directed to Dr. R. W. Irish, V.A. Hospital, Knoxville, Iowa 50138, or at such other addresses as Smith and Irish may in writing hereinafter designate.

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

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

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

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

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

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

Loren E. Smith

Dr. R. W. Irish

Dr. Ralph E. Irish

Florence Irish

Vivian Duncan

Patsy Skeel

STATE OF

COUNTY OF

Before me, the undersigned, a Notary Public, within and for said County and State, on this 23rd day of February, 1976, personally appeared DR. R. W. IRISH, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires: 9-30-76

Notary Public

STATE OF

COUNTY OF

Before me, the undersigned, a Notary Public, within and for said County and State, on this 25 day of March, 1976, personally appeared DR. RALPH E. IRISH, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires: My Commission Expires Oct. 17, 1976

Notary Public

STATE OF ~~Denver~~ Colorado

COUNTY OF Denver

Before me, the undersigned, a Notary Public, within and for said County and State, on this 26 day of MAR, 1976, personally appeared FLORENCE IRISH, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires: [illegible]

Notary Public

STATE OF Iowa

COUNTY OF Scott

Before me, the undersigned, a Notary Public, within and for said County and State, on this 22 day of March, 1976, personally appeared VIVIAN DUNCAN, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires: 9-30-77

Notary Public

STATE OF Iowa

COUNTY OF Scott

Before me, the undersigned, a Notary Public, within and for said County and State, on this _____ day of MAR 22 76, 1976, personally appeared PATSEY SKEEL, to me personally known to be the identical person who executed the within and foregoing instrument and acknowleged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires: 9/30/76

Theodore Radetzki
Notary Public

STATE OF Colorado

COUNTY OF Boulder

Before me, the undersigned, a Notary Public, within and for said County and State, on this 15th day of April, 1976, personally appeared LOREN E. SMITH, to me personally known to be the identical person who exected the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires: May 6, 1979

Notary Public

Joanne Sutter-Freeman
Notary Public

311194

STATE OF COLORADO.
County of Gunnison. } ss.

I hereby certify that this instrument was filed for record in my office at 10:25 o'clock A. M. May 24 19,76 and is recorded in book 493 page 895

Marian A. Smith
County Clerk and Recorder.

By June Pilsni, Dep.

Fee $ 12.00

Loren E. Smith
1844 Valley View Road
Boulder, Colo 80301

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/12/70	Emerick	120
2/12/70	Kirkemo	120
	Perry	140
	Emerick	120
2/12/70	Kalogeard	
		220

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

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

Dear Dr. Irish:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contract. This relates to the Lien and Subordination Agreements signed by you on September 1, 1966, under the Office of Minerals Exploration program.

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

FROM SOLICITOR

FEB

FOR SIGNATURE

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's Reading File
Economic Geology File
OME Docket 6577

OME Region III
OME Reading File
Mr. Kirkemo
Mr. Emerick
130(2)

HKirkemo/bsl 2/12/70

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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	App'd. Sol. Off.	
	Skrhens	120
	Everick	120
	Kulsgaard	
	FROM SOLICITOR	
	FEB 24 1970	
	FOR SIGNATURE	120
		220

120

MAR 2 1970

AIRMAIL

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

INTERIOR DEPT.
FEB 25 1970
SOLICITOR

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

Dear Mr. Smith:

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

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

FROM SOLICITOR
FEB 24 1970
FOR SIGNATURE

232

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

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

> "In the event the Operator or any successor in interest thereof (whether wholly owned or otherwise), at any time during the period expiring ten years* from the date of this contract acquires any interest, title, or equity (exclusive of agreements granting the rights to explore purchase, or acquire leases) in or with respect to any land, including minerals therein, any part of which is situate within 1500 feet of any part of any of the land described in this contract at the contract date, it is agreed that such land shall thereupon become subject to the provisions of this contract, and the parties hereto shall promptly execute amendments to this contract listing such land as land included under Article 2 of this contract."
>
> * Extended to eleven years by Amendment No. 1, dated December 23, 1968.

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

Sincerely yours,

Harold Kirkemo (gja)

Harold Kirkemo
Chief, Office of
Minerals Exploration

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

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

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

I-C-DC-OME-25-70

Government's copy

UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

OFFICIAL
COPY
O. M. E.
RECEIVED
FEB 2 1970

INITIALS	CODE
gla	130
bsl	120 NO
	120
WE	~~120 E~~

Report of Review-Contract 2264
Docket No. OME-6577 (Copper, Silver, Gold)
Loren E. Smith (Operator)
Gunnison County, Colorado

Report of Review

Washington, D.C.
January 1970

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

JAN 26 1970

Memorandum

To: Director, Geological Survey

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

Subject: Review of Contract 2264
Docket No. OME-6577 (Copper, Silver, Gold)
Loren E. Smith (Operator)
Gunnison County, Colorado

As requested by the Chief, Office of Minerals Exploration, we made a cost review of Contract 2264. The results of our review are shown in the attached report.

C. D. Bar

Attachment

We reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to their mineral exploration Contract 2264 with Loren E. Smith (Operator), and examined the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey. The review was made during January 1970 at Washington, D.C.

The contract was awarded July 31, 1968, for $44,800, the total estimated costs of the project, with OME participation on a 62½-percent basis or not in excess of $28,000.

The Contractor was to explore the Forest Hill Mine property by crosscutting and drifting on the Yale (Lower) adit level for copper-silver-gold-bearing ore bodies in and along the Park vein in granite. All samples were to be assayed for gold, silver, copper, lead and zinc.

Repayment of disbursed Federal funds plus simple interest of 7-3/4 percent was to be made on the basis of established royalties of all minerals and metals produced from the land during the exploration operations and for a period of 11 years from the date of the contract should a certification of possible production be issued by OME.

Work under the contract was to begin on or before August 15, 1968, and was to be completed within 8 months from the date of the contract or by March 31, 1969. An amendment suspended work from November 17, 1968, to no later than June 1, 1969, because of adverse winter conditions. The date for completion of the work under the contract was also extended from 8 to 15 months, or until October 31, 1969.

An interim inspection was made August 14 and 15, 1969 and the large fault encountered by the operator, due to his crosscutting and drifting, was thoroughly examined. It was recommended that the crosscutting be extended through the fault, however, the total allowable footage under this contract has been utilized and work has been stopped. In the Operator's final report, he stated that the vein, where exposed in the crosscut and drift, does not contain any ore mineralization, that these exposures could be barren zones within the vein and that additional drifting should be done. The work completed under the subject contract essentially exhausts all the funds allowed in the contract and it should be terminated.

Field inspections were made and six vouchers submitted by the Operator were approved by OME Region III Office.

The units of work authorized and approved under Contract 2264 are summarized in Exhibit I. We believe that the claimed and accepted

costs of $43,279 and the OME participation on a 62½-percent basis of $27,050 were proper under the terms of the contract.

C. D. Bar

Regional Director

EXHIBIT I

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

	Authorized Amounts	Accepted Costs	Unexpended Balance
Fixed Unit Costs 1/			
Leveling for surface plant 20 hrs. @ 15.00/hr.	$ 300	$ 300	$ -
Construction compressor house including labor and materials 2/	725	427	298
Rehabilitating Yale adit including labor and materials 2/	3,675	3,675	-
Crosscutting and drifting 670 ft. @ 48.50/foot	32,495	32,495	-
Timbering 150 ft. @ 12.00/foot	1,800	1,800	-
Assaying samples for gold, silver, copper, lead, zinc 80 samples @ 10.00/sample	800	37	763
Supervision-geologist, engineer (1) 5 mo. @ 850.00/mo.	4,250	4,250	-
Outside consultant 5 days @ 75.00/day	375	225	150
Per diem 15 days @ 16.00/day	240	-	240
Mileage 1400 miles @ .10/mile	140	70	70
Total Cost	$44,800	$43,279	$1,521
Government participation at 62½%	$28,000	$27,050	$ 950

1/ The Government retains no equity in any of the equipment or materials used.
2/ The unit of work is the completed job.

Government's Copy

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

AMENDMENT NO. 1

It is agreed this 23rd day of December, 1968, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Loren E. Smith, hereinafter referred to as the "Operator," that Exploration Contract No. 2264 (OME-6577), dated July 31, 1968, is amended effective November 16, 1968, as follows:

1. (a) Work under the contract shall be suspended during the period beginning November 17, 1968, and ending not later than June 1, 1969.

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

(c) The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of the work.

(d) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

2. The date fixed by Article 1 of the Contract for completion of the work is extended from 8 to 15 months from the date of the contract, or until October 31, 1969.

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

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

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Chief, Office of Minerals Exploration

LOREN E. SMITH

By Loren E. Smith Dec 29 65

Title _____

Long
App'd. Sol. Ctl.
Emerick
Kirkham
Johnson

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/9/68	Emerick	120
12/9/68	Kirkham	120
"	Johnson	110
		226
		120M

December 9, 1968

Memorandum

To: The File

From: William L. Emerick

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

Justification for Amendment No. 1

The Operator requested and the Field Officer recommended an amendment to recess the project from November 17, 1968 to June 1, 1969 because adverse weather conditions for the next few months, namely, successive storms creating increased depths of snow, will make access to the mine impossible. The portal of the mine is at an elevation of 10,208 feet above sea level.

Work on the contract was started on September 4, 1968. Up to November 17, 1968, the Operator under the contract had levelled off the old dump so new dump track could be laid, removed caved material from the portal of the Yale adit, constructed a small compressor house, rehabilitated approximately 450 feet of the existing Yale adit, and completed, in addition, 235 feet of new drift.

The completion date and the period for royalty payments are extended by the amendment to compensate for the recess and to protect the Government's investment in the work already done.

William L. Emerick

William L. Emerick

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

WLEmerick/bsl 12/9/68

MME Form 51
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

Government's Copy

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME -6577	Copper-Silver-Gold		Gunnison	Colorado

It is agreed JUL 3 1 1968 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Loren E. Smith, an individual

,

whose mailing address is 5401 Western Avenue, Boulder Industrial Park, Boulder, Colorado 80302 hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before August 15, 1968 (Date) and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 8 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $44,800.00 The Government will contribute ~~80~~ 62 1/2 percent of the total fixed unit costs of the work performed, not in excess of $28,000.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest at the rate of 7-3/4 percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

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

See Annex I

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the Lien Agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

See Annex I

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

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

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

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

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

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with three copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as two copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

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

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

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used in integrated manufacturing or fabricating operations (for instance if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 6(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. Termination of the Government's Obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to pay on account of units of work not then performed; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 11.

ARTICLE 8. Notices to be given by the Government may be delivered to the Operator or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. Nondiscrimination in Employment.--The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961, as amended and supplemented, are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 12. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 13. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 14. Changes and added provisions.--

Executed in quadruplicate the day and year first above written.

LOREN E. SMITH
(Operator)

By Loren E. Smith

Title

THE UNITED STATES OF AMERICA

By Frank E. Clark

Acting Director, U. S. Geological Survey

Bliss
Long
App'd. Sol. Off.
Smith
Dickerson
Johnson
Kilsgard
Lewis

I, _____ (Name), certify that I am the _____ secretary of the corporation named as Operator herein; that _____ (Name), who signed this contract on behalf of the Operator, was then _____ (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

CORPORATE SEAL

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

ANNEX I

The land, including all rights thereto, referred to in Article 2 of the contract, consists of ten patented lode mining claims and four unpatented lode mining claims in secs. 10, 11, 14, and 15, T. 13 S., R. 83 W., 6th P.M., in the Tin Cup mining district, Gunnison County, Colorado. It is shown outlined in green on Figure 1 entitled, "Forest Hill Mine, Gunnison County, Colorado," attached and made part hereof.

The patented claims are as follows:

Name	U. S. Patent No.
Springfield	9,508
Springfield No. 1	9,508
Compromise No. 1	13,235
Compromise No. 2	13,235
Goldfield	13,235
Goldfield No. 1	13,235
Goldfield No. 2	13,235
Goldfield No. 3	13,235
Goldfield No. 4	13,235
Carbonate Prince	4,451

The unpatented claims are recorded in the office of the County Clerk and Recorder, Gunnison, Colorado, as follows:

Name	Book	Page
Harvard	260	205
Yale	260	205
Princeton	260	206
Columbia	260	206

The Operator is in possession of the patented and unpatented claims under the terms of a Mining Lease with Option to Purchase, dated March 25, 1965, from Dr. J. P. Irish, the owner. Operator warrants that he is not in default under any of the provisions of said Mining Lease with Option to Purchase and that it will remain in full force and effect for a time at least sufficient to complete the work under the contract.

A Lien and Subordination Agreements executed September 1, 1966, by the owner is attached and made part hereof.

Special Agreement Concerning Land

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

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

ANNEX II

WHEREAS, the land referred to in Article 2 of the contract is a portion of the land subject of a previous contract dated June 27, 1962, Contract 2154, OME-6227, between the Government and Gaddis Mining Company, hereinafter called the "Prior Contract"; and

WHEREAS, said Prior Contract has been performed and the Government's contribution thereunder determined at the sum of $12,740.71 and Certification of Possible Production has been issued under the provisions of said Prior Contract under date of January 20, 1964; and

WHEREAS, the work now provided for in this contract is an extension and continuation of the work under the Prior Contract;

NOW THEREFORE, it is agreed that:

1. The contribution of the Government under the Prior Contract in the sum of $12,740.71 plus accrued interest, shall be added to the contribution of the Government under this Contract for repayment to the Government under the provisions of this contract. Any royalty accruing under either contract shall be applied first to the payment of said $12,740.71, plus accrued interest.

2. The Certification of Possible Production under the Prior Contract shall be considered to extend to this contract with the same force and effect as if a Certification of Possible Production had been duly issued by the Government under this contract, i.e., the project under this contract shall be considered to have been certified as of the date of this contract.

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

EXHIBIT A

The purpose of the project is to explore the Forest Hill Mine property by crosscutting and drifting on the Yale (Lower) adit level for copper-silver-gold-bearing ore bodies in and along the Park vein in granite.

General Provisions

A front end loader no smaller than the equivalent of a Trojan 124 shall be used for leveling the portal site.

All drifts and crosscuts shall be not less than 5 by 7 feet in cross section and shall be timbered as necessary. Drift sets shall be of not less than 8- by 8-inch timber, or equivalent round timber.

Mine rails shall be not less than 20-pound size, air lines not less than 2-inch diameter, water lines not less than 1-inch diameter, and vent lines not less than 12-inch diameter.

All significantly mineralized areas traversed by the drifts or crosscuts shall be sampled normal to the trends of the deposits at intervals not exceeding 5 feet.

All samples, from whatever source, shall be split as necessary and one split assayed. The Operator shall store one split of each sample in a suitable container properly labeled.

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

All splits of samples for assay shall be analyzed for gold, silver, copper, lead, and zinc.

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

The Operator shall provide such supervision, labor, and technical services as may be required to perform the work in a satisfactory manner.

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

Description of the Work

The work shall consist of leveling near the portal of the Yale adit for a compressor house, constructing a compressor house, rehabilitating the Yale adit (470 feet), crosscutting to the Park vein, drifting both ways on the vein, timbering the drift as warranted, and evaluating the mineral deposits discovered in the workings.

It is estimated that 270 feet of crosscutting and 400 feet of drifting will be required to reach and explore the vein, that 150 feet of the drift will require timber, and that 80 samples will be required to evaluate the mineral showings. The approximate locations of the proposed crosscut and drifts are shown in red on the above-mentioned Figure 1.

Estimated Costs of the Work

Fixed Unit Costs 1/

Leveling for surface plant, including mobilization-demobilization of equipment, 20 hours @ $15.00/hr.	$ 300.00
Constructing compressor house, 2/ including labor and materials	725.00

Rehabilitating Yale adit, including labor and materials 2/	$ 3,675.00
Crosscutting and drifting, 670 feet @ $48.50/foot	32,495.00
Timbering, 150 feet @ $12.00/foot	1,800.00
Assaying samples for gold, silver, copper, lead and zinc, 80 samples @ $10.00/sample	800.00
1 Supervisor-geologist-engineer, 5 months @ $850.00/month	4,250.00
Outside consultant, 5 days @ $75.00/day	375.00
15 days per diem @ $16.00/day	240.00
1400 miles travel @ $0.10/mile	140.00
Total Estimated Fixed Unit Costs	$44,800.00
Government Participation @ 62 1/2%	$28,000.00

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

2/ The unit of work is the completed job.

NONDISCRIMINATION IN EMPLOYMENT

(Section 202, Executive Order 11246, September 24, 1965)

"During the performance of this contract, the contractor agrees as follows:

'(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

'(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

'(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

'(4) The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

'(5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contractingagency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

'(6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

'(7) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.'"

3.(a) (e) ~~FIGURE~~ 6.(a)

U. S. Geological Survey
Office of Minerals Exploration

OME-6577
LOREN E. SMITH

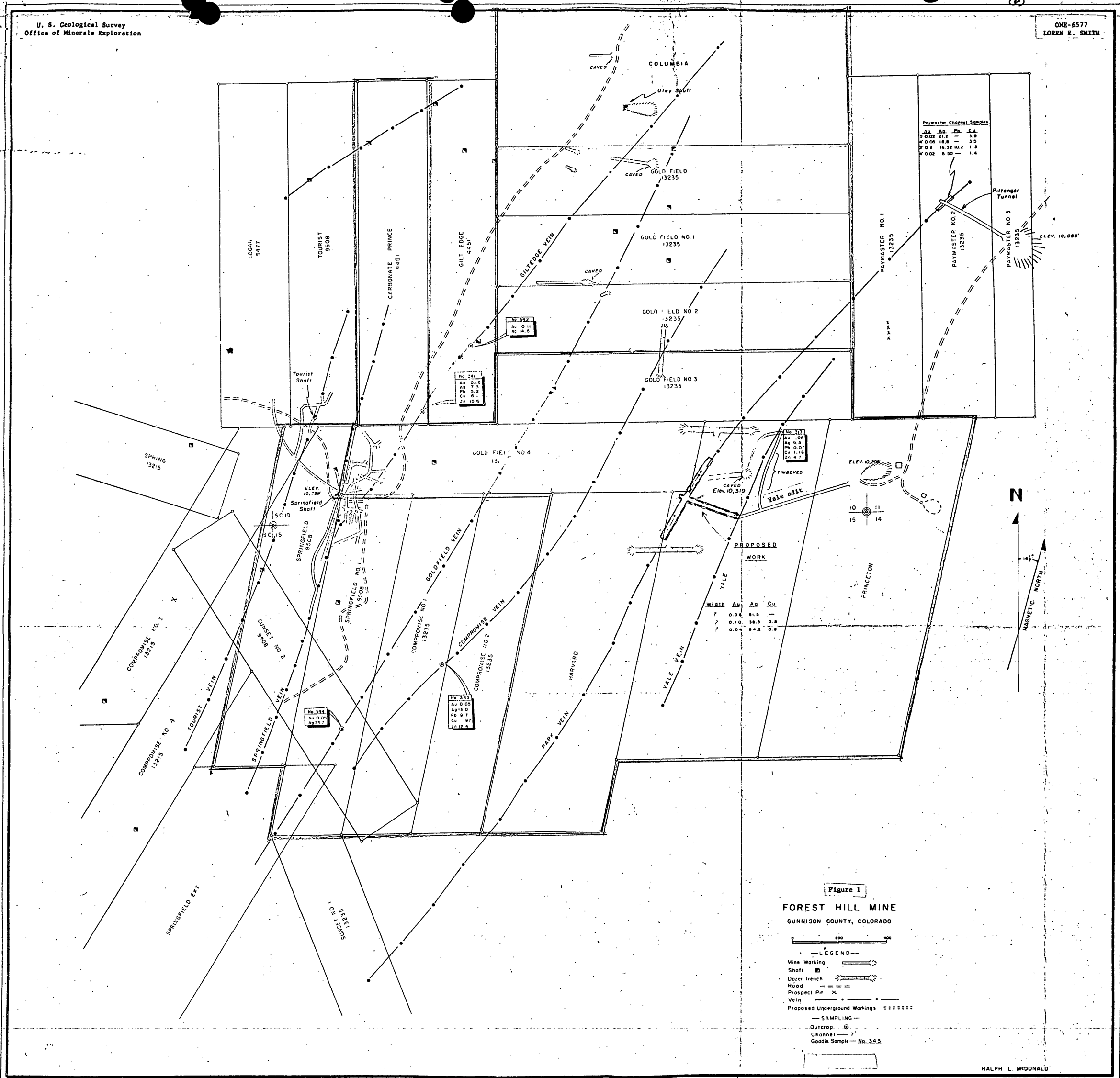

Figure 1

FORREST HILL MINE

GUNNISON COUNTY, COLORADO

RALPH L. McDONALD

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

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

described as ~~follows~~:[2] Springfield, Springfield No. 1, Patent No. 9508; Compromise No. 1, Compromise No. 2, Goldfield, Goldfield No. 1, Goldfield No. 2, Goldfield No. 3, Goldfield No. 4, Patent No. 13235; Carbonate Prince, Patent No. 4451; Lode Locations: Harvard, Princeton, Yale, Columbia, Book 260, Pages 205-206

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

Loren E. Smith[3],

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

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

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

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

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

Said premises are subject to a lien held by the United States of America to secure repayment of OME 6227, Contract No. 2154 in the amount of $12,740.71.

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

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

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

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

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

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

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

Dated this 1 day of Sept, 1966.

+ Dr. J. P. Irish (Seal)	P.O. Box 115 (Street)	Nucla, Colorado (City & State)
Nucla Colorado (Seal)	(Street)	(City & State)
(Seal)	(Street)	(City & State)
(Seal)	(Street)	(City & State)
(Seal)	(Street)	(City & State)
(Seal)	(Street)	(City & State)

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

_____
(Corporate Seal)

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 11 1966
INITIAL | DATE

October 5, 1966

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: Application for financial assistance in Minerals Exploration by Loren E. Smith
5401 Western Avenue
Boulder Industrial Bank
Boulder, Colorado

Enclosed is an application by Mr. Loren E. Smith, Boulder, Colorado, to explore for silver at the Forest Hill Mine, Gunnison County, Colorado for an estimated cost of $48,970.33. The proposal is to rehabilitate and extend the lower tunnel at the Forest Hill Mine a distance of 270 feet to intersect the Park Vein, and then drift a total of 400 feet to explore the Park Vein. The applicant applied for exploration assistance under OME Docket 6439 in 1965, but the application was denied because the major values in the ore occured in the base metals, lead, zinc, copper, which were removed from the list of commodities eligible for exploration assistance. He was later advised to do additional work and then reapply, The present application is a result of this additional work plus the fact that a more moderate program is proposed. Mr. Smith has conferred with the Chief, OME on this application within the past few months.

I am retaining a second copy in the Region III files.

J. William Hosler

September 27, 1966

Office of Minerals Exploration
Department of Interior
Denver Federal Center
Denver, Colorado

Re: OME Application (Silver)
Forest Hill Mine - Park Vein
Gunnison County, Colorado

Dear Sirs:

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

1. Exhibit A - entitled Proposed Exploration Program, Park Vein.

2. Correspondence to and from banking institutions.

3. Settlement sheets.

4. Plan map of the Forest Hill Mine showing the proposed exploration program and assay results from the Park Vein.

5. Five copies of Lien and Subordination Agreements.

Not needed 10/11/66 gla

Your consideration of this application will be appreciated.

Very truly yours,

Loren E. Smith

Loren E. Smith

LES/md
Encls.

OME Form 40
Jan. 65

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

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

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

LOREN E. SMITH
5401 WESTERN AVENUE
BOULDER INDUSTRIAL PARK
BOULDER, COLORADO

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6577

DATE RECEIVED: 10-11-66

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

ESTIMATED COST OF PROJECT: $ 48,970.33

PROPERTY NAME	LOCATION COUNTY	STATE
FOREST HILL	GUNNISON	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. OME Field Office~~ Washington, D. C., 20242, or with the nearest OME Field Office.

CERTIFICATION

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

Sept 29, 1966
DATED

Loren E. Smith
BY *(Signature)*

Individual
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. SOC. WASH., D.C.

LOREN E. SMITH
5401 Western Avenue
Boulder Industrial Park
Boulder, Colorado

OME Application
Park Vein - Forest Hill Mine
Gunnison County, Colorado

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

1. Financial Eligibility:

(a) Attached hereto are copies of letters to the Central Bank and Trust Company and the Bank of Denver, requesting a loan in the amount of $36,727.74 to be used to conduct the exploration program on the Forest Hill Mine, and the replies from the above mentioned banks.

(b) There are no affiliated companies or organizations.

(c) The applicant's share of the cost will be furnished by the applicant.

2. Applicant's Rights in Land:

(a) The Applicant has a lease on fifteen claims from Dr. J. P. Irish whose address is P.O. Box 115, Nucla, Colorado. A true copy of the lease was previously submitted with OME Application #6439 and is in full force and effect, Recorded in Book 379, Pages 492 - 498 in the County Clerk and Recorder's Office, Gunnison County, Colorado. The Applicant has a lease on the Gilt Edge claim from James Aikire, et al, c/o Donald S. Graham, 1200 American National Bank Building, Denver, Colorado. This lease is recorded in Book 378, Pages 352 - 365, and was received by an assignment recorded in Book 379, Page 491, of the County Clerk and Recorder's Office, Gunnison County, Colorado.

The Applicant has a lease on Paymaster and Jenny Lou claims from

LOREN E. SMITH
5401 Western Avenue
Boulder Industrial Park
Boulder, Colorado

Charles H. Gilman of 1640 South Elwood, Tulsa, Oklahoma. This lease is recorded in Book 372, Pages 459 - 466, and was received by an assignment recorded in Book 379, Page 490, of the County Clerk and Recorder's Office, Gunnison County, Colorado.

1,st

The Applicant is the owner, in Fee, of nine patented mining claims. The United States of America holds a lien to secure repayment of a loan made by the Department of the Interior, under OME 6227, Contract No. 2154 in the amount of $12,740.71, plus interest. There are no other mortgages or other encumbrances on the land.

10 patented
4 unpat'd.
L&S signed by
Dr. J.P. Irish

(b) Legal description and ownership data contained in OME Application #6439 report. The exploration work will be done on the Princeton, Yale, Harvard lode locations and on the Goldfield No. 3 and 4 patented claims, all held under the lease from Dr. J. P. Irish.

(c) Lien and Subordination Agreements signed by Dr. J. P. Irish are attached.

3. Physical Description:

(a) OME 6439 application contains available maps and describes work done at the Forest Hill Mine. The attached map shows the proposed cross-cut and drifting.

(b) The Applicant supervised the diamond drilling program conducted under OME 6277 - Contract #2154.

(c) OME 6439 application contains production records from the Springfield vein. Attached are settlement sheets for shipments made in 1941 from the Paymaster Claims or Pittinger Tunnel.

(d) Ore reserve information is contained in the OME 6439 application.

(e) Geologic features and information available is contained in OME 6439 application - see Appendix A attached hereto. Follows p.6

(f) The reasons for expecting to find ore are contained in the attached Appendix A. and OME Application # 6439.

(g) Copies of all available reports are included in OME 6439 application.

4. Accessibility of Property:

(a) The accessibility of the property is described in the report submitted with OME 6439, and the applicant is available for property examination.

(b) Information concerning shipping, supply points and distances is contained in the report submitted with OME 6439.

5. Exploration Work:

(a) The description of the proposed program is contained in Appendix A attached hereto.

(b) Not applicable.

(c) Work will start within 30 days after approval of OME contract and will be completed within 5 months. Compressor house construction and rehabilitation of the portal and cross-cut will require 5 weeks. The cross-cut and drifting will be

LOREN E. SMITH
5401 Western Avenue
Boulder Industrial Park
Boulder, Colorado

done at an average of 10 feet per day for a total of 67 days.

6. Experience:

The Applicant has been actively engaged in mining and exploration work since 1951, and has successfully completed exploration programs in Wyoming, Colorado and New Mexico. The supervision of the exploration program will be the responsibility of the Applicant.

7. Estimate of Costs:

(a) Independent Contracts

1. Leveling for surface plant and removal of cave at portal. Includes mobilization and demobilization front-end loader 20 hours @ $15.00/hr. $ 300.00

2. Cross-cut, Drifting and Timbering

5' x 7' Cross-cut and drift, unit cost per foot includes all costs of labor and materials (track, air line and vent line installed)

Cross-cut 5'x7'	270' @$50.00/ft.	$13,500.00
Drift 5'x7'	400' @$50.00/ft.	20,000.00
	33,500	
Timbering - Estimated 150' @$12.00/ft.		1,800.00
		$35,600.00
less salvage $	1,050	
	32,450 = $48.50/foot	

1.58X80' = 126.50
1975.
126
2101 ÷2 = 1050

(b) Personal Services - Supervision

Full time 5 months @ $850.00/mo.	4,250.00
Consultant - Engineer or Geologist 5 days @ $75.00/day	375.00
Per diem, 15 days @ $16.00/day	240.00
Mileage 265 miles 5 trips @ 10¢/mile	132.00
	670 $4,997.00

1325 5

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Boulder Industrial Park
Boulder, Colorado

(c) Not applicable

(d) Not applicable

(e) Initial rehabilitation and repairs (including underground working)

Labor - Install 5 sets of portal timbers and remake 420' of old rail, clean up 2 caves (125 tons) and install 8 sets of timbers.

Install 670 feet of rail, ties and air line(200' on surface)

Install 490 feet of vent line.

Miners - 2 @ $3.00/hr - 200 hrs.	$ 1,200.00
Labor - 1 @ $2.50/hr - 200 hrs.	500.00
	$ 1,700.00

Supplies - 50% salvage except tirs and spikes

Track - 670 feet 30# @ $10.50/w F.O.B. Pueblo	$ 1,474.00
Splice bars 45 pairs @ 85¢/pair F.O.B. Denver	38.25
Bolts 5/8" x 2 1/2" 200 lbs @ $44.80/200 lb. keg	44.80
Spikes 1/2" x 4" 1200 lbs @ $32.75/200 lb. keg	196.50
Ties 335 @ 50¢ each	160.00
Compressed air line 670' @ $90.00/100 ft. F.O.B. Denver	603.00
$1.58/foot Ventilation line 490', 12" metal, 24 gage F.O.B. Ft. Collins	776.78
(Above prices based on Ralph B. Moore, Inc.,quotations)	
Freight	300.00
2)	$3,593.33
	1,796.67
	80.
	98.25
	1,974.92

(f) New Buildings

Construction of temporary Compressor House

15' x 20' (Includes labor and materials) 50% Salv. $ 1,500.00

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5401 Western Avenue
Boulder Industrial Park
Boulder, Colorado

(g) Miscellaneous

Sample analysis 80 channel samples,
3.00 2.00 1.75 2.00 = 8.75 for assays + express
Includes Au, Ag, Pb, Cu, Zn @ $13.50 each $ 1,080.00

Contingencies - Insurance and Accounting 500.00
$ 1,580.00

TOTAL COST OF PROGRAM $48,970.33

LOREN E. SMITH
5401 Western Avenue
Boulder, Colorado

APPENDIX A

Proposed Exploration Program
Park Vein
Forest Hill Mine

INTRODUCTION

It is proposed that the lower tunnel at the Forest Hill Mine be rehabilitated and extended 270 feet to intersect the Park Vein. Upon completion of the cross-cut, 400 feet of drifting will be done to explore the Park Vein. (See attached map.)

GEOLOGY

The Park Vein can be traced on the surface by float for over 3000 feet and was exposed in a short caved adit on the Yale claim and also in the Pittenger tunnel on the Paymaster No. 2 claim. Both of these tunnels are now caved and intersect the vein less than 75 feet below the surface. The vein as described in the old reports is a fault zone, with mineralization on the foot and hanging walls of the fault. Dump specimens from the vein contain galena, sphalerite and chalcopyrite, no silver minerals were identified but is probably contained in the galena.

Samples from the Yale vein are as follows:

Paymaster Claim Channel Samples

Width	Au	Ag	Pb	Cu
5'	0.02	21.2	-	3.9
4'	0.06	18.8	-	3.5
2'	0.12	16.32	10.2	1.3
4'	0.02	6.5	-	1.4

Map shows these from Park vein in Pittenger tunnel

Yale Claim Samples - Underground

Width	Au	Ag	Cu
Unknown	0.08	61.5	-
Unknown	0.10	38.5	9.8
Unknown	0.04	64.2	0.8

map confirms Yale vein

(These are probably picked samples)

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5401 Western Avenue
Boulder, Colorado

Dump Sample by Gaddis Mining Co.

Au	Ag	Pb	Cu	Zn
0.06	9.5	0.07	1.16	4.7

map shows these came from dump of "short adit" = Park Vein

Note: The Paymaster Channel sample information was obtained from the old reports but the location and description of the samples are not available. The Yale claim sample information is also from the old reports and no width of samples was given, indicating picked specimens.

PAST PRODUCTION

During the summer and fall of 1941, four shipments were made from the Yale vein thru the Pittenger tunnel. The settlement sheet from these shipments are attached. No other information is available on this operation.

EXPLORATION PROGRAM

Rehabilitation: There are no useable buildings on the property and a temporary compressor house will be necessary. The portal of the tunnel was cleaned out in 1961 but will require the removal of approximately 75 tons of rock and the installation of 5 sets of portal timber. Two hundred feet of track and ties are needed from the portal to the dump area. The tunnel is 470 feet and has two caves containing approximately 125 tons of rock. Neither of these caves will require spiling and can be held with 8 sets of timbers. There is old track in the tunnel but it has deteriorated and will require replacement. Air and vent line will be required for the present tunnel.

CROSS-CUT

A 5 x 7 foot cross-cut will be driven from the end of the present

LOREN E. SMITH
5401 Western Avenue
Boulder, Colorado

tunnel, 250 to 270 feet on a bearing of N 70 W to intersect the Park Vein. The dip of the Park Vein has not been accurately established, but is assumed to be near vertical.

DRIFTING

Upon intersection of the Park Vein by the cross-cut, it is proposed that 400 feet of drifting be done to explore the vein, 200 feet South of the cross-cut and 200 feet North. It is estimated that 150' of timbering will be required along the vein.

1(a)

September 16, 1966

Bank of Denver
1534 California Street
Denver, Colorado

ATTENTION: Mr. Lyle F. Meyer

Dear Mr. Meyer:

In reference to the proposed exploration program at the Forrest Hill Mine, Gunnison County, Colorado, I plan to conduct an exploration program at the mine and it is estimated that the program will require $49,031.00 to complete. I would like to make application for a loan in the amount of $36,775.00 to complete this program. I would like to borrow the money for a term of 5 years to be repaid at the rate of $613.00 per month, plus interest.

I have a 20 year lease on the property with option to purchase and own in fee nine patented mining claims, which can be given as security. Your consideration in this matter would be appreciated.

Very truly yours,

Loren E. Smith

LES/md

1.(a)

September 16, 1966

The Central Bank and Trust
15th and Arapahoe
Denver, Colorado

ATTENTION: Mr. Marvin F. Owens

Dear Mr. Owens:

In reference to the proposed exploration program at the Forrest Hill Mine, Gunnison County, Colorado, I plan to conduct an exploration program at the mine and it is estimated that the program will require $49,031.00 to complete. I would like to make application for a loan in the amount of $36,775.00 to complete this program. I would like to borrow the money for a term of 5 years to be repaid at the rate of $613.00 per month, plus interest.

I have a 20 year lease on the property with option to purchase and own in fee nine patented mining claims, which can be given as security. Your consideration in this matter would be appreciated.

Very truly yours,

Loren E. Smith

LES/md

1. (a)

MAX G. BROOKS
CHAIRMAN OF THE BOARD AND PRESIDENT

THE CENTRAL BANK AND TRUST CO.
ESTABLISHED 1892 Central Park DENVER • PHONE 825-3181

September 30, 1966

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

Dear Mr. Smith:

We have given consideration to the request contained in your letter of September 16 for a loan in the amount of $36,775 for the purpose of exploration in the Forest Hill Mine located in Gunnison County, Colorado.

We regret to inform you that we have no funds available for this type of loan. With the money situation as it is today, we do not even have a suggestion to offer to you. Nevertheless, we take this opportunity to offer you our best wishes for success in this endeavor.

Yours very truly,

THE CENTRAL BANK AND TRUST COMPANY

Marvin F. Owens
Senior Vice President

MFO:dh

1. (a)

BANK OF DENVER
1534 CALIFORNIA ST. · DENVER, COLORADO 80202 · 244-8121

September 21, 1966

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

Dear Mr. Smith:

The Bank of Denver has reviewed your request for a loan of $36,775.00 to be repaid over a period of five years, to be used for the purpose of your exploration program in the Forrest Hill Mine, Gunnison County, Colorado.

We are unable to grant a loan of this size for an extended period of five years at this time.

If we can be of further banking service to you, please feel free to contact us.

Sincerely yours,

Lyle F. Meyer
Asst. Cashier

LFM:ay

3. (c)

UNITED STATES SMELTING REFINING AND MINING COMPANY

NINTH FLOOR NEWHOUSE BUILDING

Salt Lake City, Utah, August 1, 1941

Final Settlement

Tolle

Day L. G. CAVINE, Almont, Colorado

Ore Tolle Lot No. 2 Gold License No.

Sampled by Ridvle Received Sampled 7-24-41 Assayed 7-25-41

Metal Quotations—Gold 34.9125 Silver 70.625 Copper, N. Y. and Lead, N. Y. 5.05 Zinc 7.25

AGENTS	GOLD OZS. PER TON	SILVER OZS. PER TON	PER CENT COPPER WET	PER CENT LEAD	PER CENT INSOLUBLE	PER CENT IRON	PER CENT ZINC	PER CENT SULPHUR	PER CENT LIME	PER CENT
S. S. Co.										
Umpire										
Settlement Assay	.02	15.2	1.15	8.5	30.0	24.7	16.4	26.5		

CAR NOS.	WET WEIGHT
03 3005 & RG 66979	
Total Wet Weight	
Cks	
Weight	21810
Less H_2O 10.0 %	218

METAL VALUE		
Gold 100% @ 22.4613		15
Silver 100% @ 70.625	9	32
Copper		
Lead	5	20
Zinc	5	93
Total Metal Value	21	03
Less 30% of value of silver	2	80
Gross Value	18	23
Less Working Charge	2	95

WORKING CHARGE		
Treatment Base 30% Lead		
Credit Acc't Over 30% Pb.		
Debit Acc't Under 30% Pb.		
Insoluble		
Zinc Charge, excess over 6%		
Sulphur Charge, excess over 2%		
Arsenic Charge, excess over 2%		
Total Debit		
Iron Credit		
Net Working Charge		

Dry Weight, lbs. 21593 Payment for 12.296 tons @ 15 28 per ton 187.68

Freight advanced @ 15.75 per ton 13.69 ton mining 78.72 78.72

Handling Charge Acct. Less Than 10 Tons

Assay Charges

Sampling Charges

Hauling Charges:

Checked by

Amount Withheld Pending Receipt of Silver Affidavit X

Net Payment

No Drift

Yale vein

FORM C.O.-97-2

UNITED STATES SMELTING REFINING AND MINING COMPANY

NINTH FLOOR NEWHOUSE BUILDING

Final Settlement
7069-a

Salt Lake City, Utah, August 19, 1941

Pay L. G. CAVEAR, Almont, Colorado
Sta Ghantaan, Colorado

Ore Crude Lot No. 3 Gold License No.

Sampled by Midvale Received 8-12-41 Sampled 8-16-41 Assayed 8-18-41

Metal Quotations—Gold Silver 70.625 Copper, N.Y. 9mi Lead, N.Y. 5.85 Zinc 7.25

ASSAYS	GOLD OZS. PER TON	SILVER OZS. PER TON	PER CENT COPPER WET	PER CENT LEAD	PER CENT INSOLUBLE	PER CENT IRON	PER CENT ZINC	PER CENT SULPHUR	PER CENT LIME	PER CEN.
U. S. S. Co.										
Umpire										
Settlement Assay	.015	20.70	2.30	8.60	30.2	17.1	12.7	26.3		

CAR NOS.	WET WEIGHT
BG 31,682 + BG 61,600	
Total Wet Weight	
Sacks	
Net Weight	45600
Less H_2O 1.1 % dur	

METAL VALUE	
Gold 100% @	
Silver 100% @ 70.625	14 34
Copper	
Lead	5 78
Zinc	4 62
Total Metal Value	24 54
Less 25% of value of silver	3 59
Gross Value	20 95
Less Working Charge	2 65

WORKING CHARGE	
Treatment Base 30% Lead	
Credit Acc't Over 30% Pb.	
Debit Acc't Under 30% Pb.	
Insoluble	
Zinc Charge excess over 6%	
Sulphur Charge, excess over 2%	
Arsenic Charge, excess over 2%	
Total Debit	
Iron Credit	
Net Working Charge	

Dry Weight, lbs. 44962 Payment for 22.481 tons @ 18 00 per ton 404.66

Freight advanced @ $5.75 per ton 131.10 131.10

Handling Charge Acct. Less Than 10 Tons

Assay Charges

Sampling Charges

Hauling Charges:

Amount Withheld Pending Receipt of Silver Affidavit

Checked by

Approved by

Net Payment 273.56

Yale vein

FORM C.O. 77-2 ©

UNITED STATES SMELTING REFINING AND MINING COMPANY

NINTH FLOOR NEWHOUSE BUILDING

Final Settlement

7069-a

Salt Lake City, Utah, September 10, 1941

Pay L. G. CAVIAH, Almont, Colorado

SP: Almont, Colorado

Ore Crude Lot No. 4 Gold License No.

Sampled by Mavale Received 9-10-41 Sampled 9-25-41 Assayed 9-10-41

Metal Quotations—Gold 34.9125 Silver 70.625 Copper, N. Y. Lead, N. Y. 5.85 Zinc 7.65

ASSAYS	GOLD OZS. PER TON	SILVER OZS. PER TON	PER CENT COPPER WET	PER CENT LEAD	PER CENT INSOLUBLE	PER CENT IRON	PER CENT ZINC	PER CENT SULPHUR	PER CENT LIME	PER CENT CO
U. S. S. Co.										
Umpire										
Settlement Assay	.025	19.70	2.50	5.90	31.4	16.2	13.9	25.60		

CAR NOS.	WET WEIGHT
EG 3176 x BG 62315	
Tons Wet Weight	
Sacks	
Net Weight	48260
Less H_2O 2.9 %	1400

METAL VALUE		
Gold 100% @ 22.4625		56
Silver 100% @ 70.625	13	91
Copper		
Lead	4	15
Zinc	4	84
Total Metal Value	23	76
Less 25% of value of silver	3	48
Gross Value	25	28
Less Working Charge	2	99

WORKING CHARGE		
Treatment Base 30% Lead		
Credit Acc't Over 30% Pb.		
Debit Acc't Under 30% Pb.		
Insoluble		
Zinc Charge, excess over 6%		
Sulphur Charge, excess over 2%		
Arsenic Charge, excess over 2%		
Total Debit		
Less Credit		
Net Working Charge		

Dry Weight, lbs. 46860 Payment for 23.430 tons @ 17 33 per ton 406.01

Freight advanced @ $5.75 per ton 138.75

Handling Charge Acct Less Than 10 Tons

Assay Charges

Sampling Charges

Hauling Charges

Checked by

Approved by

Amount Withheld Pending Receipt of Silver Affidavit

Net Payment 267.26

Yale vein

FORM C.O. 77-2

Final Settlement
[illegible] 1162

UNITED STATES SMELTING REFINING AND MINING COMPANY

NINTH FLOOR NEWHOUSE BUILDING

Salt Lake City, Utah, September 30, 1941

Pay L. C. CAVHAN, Almont, Colorado

SP: Almont, Colorado

Ore Crude Lot No. 5 Gold License No.

Sampled by Hidvale Received 9-22-41 Sampled 9-23-41 Assayed 9-29-41

Metal Quotations—Gold Silver 70.625 Copper, N. Y. and Lead, N. Y. 5.85 Zinc 7.25

ASSAYS	GOLD OZS. PER TON	SILVER OZS. PER TON	PER CENT COPPER WET	PER CENT LEAD	PER CENT INSOLUBLE	PER CENT IRON	PER CENT ZINC	PER CENT SULPHUR	PER CENT LIME	PER CENT
U. S. S. Co.										
Umpire										
Settlement Assay	.015	17.10	2.0	8.5	28.9	14.7	15.9	24.6		

CAR NOS.	WET WEIGHT
NG 5239 x RG 63254	
Total Wet Weight	
Sacks	
Net Weight	40840
Less H_2O 2.6 %	1062

METAL VALUE		
Gold 100% @		
Silver 100% @ 70.625	12	08
Copper		
Lead	5	57
Zinc	5	70
Total Metal Value	23	35
Less 25 % of value of silver	3	02
Gross Value	20	33
Less Working Charge	2	95

WORKING CHARGE		
Treatment Base 30% Lead		
Credit Acc't Over 30% Pb.		
Debit Acc't Under 30% Pb.		
Insoluble		
Zinc Charge, excess over 6%		
Sulphur Charge, excess over 2%		
Arsenic Charge, excess over 2%		
Total Debit		
Iron Credit		
Net Working Charge		

Dry Weight, lbs. 39778 Payment for 19.889 tons @ 17 38 per ton 345.67

Freight advanced @ 5.75 per ton 117.42

Handling Charge Acct. Less Than 10 Tons

Assay Charges

Sampling Charges

Hauling Charges:

Checked by

Approved by

Amount Withheld Pending Receipt of Silver Affidavit

Net Payment 228.25

Yale vein

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VA. 22092

June 21, 1979

In Reply Refer To:
Mail Stop 953

Memorandum

To: Branch of Financial Reports

From: Chief, Office of Minerals Exploration

Subject: Recording of realized losses on OME contracts

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

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

Harold Kirkemo

Harold Kirkemo

One Hundred Years of Earth Science in the Public Service

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

June 21, 1979

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

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

Dear Mr. Smith:

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

June 21, 1979

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

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

Dear Ms. Skeel:

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

June 21, 1979

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

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

Dear Dr. Irish:

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To;
Mail Stop 953

June 21, 1979

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

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

Dear Mr. Aitken:

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

June 21, 1979

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

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

Dear Dr. Irish:

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

June 21, 1979

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

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

Dear Ms. Irish:

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

June 21, 1979

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

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

Dear Ms. Duncan:

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Recd 11/23/77
HK 11/27/77

United States Department of the Interior

GEOLOGICAL SURVEY
Box 25046
Denver Federal Center
Denver, Colorado 80225
STOP 932

IN REPLY REFER TO:

MEMORANDUM

November 17, 1977

TO : Chief, OME

FROM : Field Officer, Region III

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

An annual inspection was made at the Forest Hill Mine, Gunnison County, Colorado on October 23, 1977. The only work completed on the property during the last year was the required annual assessment work on their unpatented claims. There has been no further exploration work nor any production from the property. Mr. Smith, the Operator, informed me that a considerably higher price for silver and other metals is required before the Forest Hill mine can be mined at a profit.

J. William Hasler

J. William Hasler
Field Officer, Region III
Office of Minerals Exploration

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

October 6, 1977

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

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

Dear Mr. Smith:

Legislation enacted in October 1976 established new requirements concerning unpatented mining claims and affidavits of annual assessment work. Owners of unpatented claims must comply by October 22, 1979, with new procedures described in Section 314, Public Law 94-579, October 21, 1976, and in Federal Register--Title 43, Part IV of January 27, 1977. Copies of these documents are enclosed for your information. Simply stated, the new legislation requires that mining claims be rerecorded by October 22, 1979, and that certain information be filed with affidavits of assessment work.

We bring this matter to your attention so that you may take proper action if you intend to retain these claims after October 22, 1979. The Government's interest in the land and in royalty on possible production therefrom under terms of the subject contract terminate before that date. In the meantime, this interest is protected under provisions cited in the contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

Copy to: Mr. John R. Aitken (Attorney for Vivian Duncan, heir to J. P. Irish estate)
First National Bldg.
Davenport, Iowa 52801

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

November 18, 1976

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

Dear Mr. Aitken:

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

Dear Mr. Aitken:

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

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

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

AMERICAN REVOLUTION BICENTENNIAL 1776-1976 ®

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploraiton

Enclosures

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

HKirkemo/gpw

11/16/76 Rec'd

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

MAX H. CHRISTIE
JOHN R. AITKEN

November 12, 1976

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

Dear Mr. Kirkemo:

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

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

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

Thank you very much for your assistance in this matter.

Very truly yours,

John R. Aitken

John R. Aitken
Attorney at Law

JRA/kr

enclosure

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

October 4, 1976

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

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

Dear Dr. Irish:

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

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

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

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

Copy to: Loren E. Smith

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

October 4, 1976

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

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

Dear Mr. Smith:

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

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

HKirkemo/gpw

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

October 4, 1976

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

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

Dear Dr. Irish:

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

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

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

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

Copy to: Loren E. Smith

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

HKirkemo/gpw

United States Department of the Interior

GEOLOGICAL SURVEY
Box 25046
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO:

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 27 1976

INITIALS	CODE
HK	HK

MEMORANDUM

September 23, 1976

To : Chief, Office of Minerals Exploration

From : Field Officer, Region III

Subject: OME 6577 (Cu-Ag-Au)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2204

Transmitted herewith are two copies of the new lease agreement dated April 1, 1976 between the Irish estate and Loren E. Smith concerning the claims involving the Forest Hill mine, Tin Cup Mining District, Gunnison County, Colorado.

I have reviewed the lease agreement and note that the Government's lien on the Forest Hill mine appears to be adequately protected. Mr. Smith's letter dated September 14, 1976 additionally acknowledges the lien on the property as well. Royalty obligations are in effect until July 31, 1979.

J. William Hasler

J. William Hasler
Field Officer, Region III
Office of Minerals Exploration

Enclosures

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

LOREN E. SMITH

1844 Valley View Road

Boulder, Colorado 80301
303-444-5252

RECEIVED
SEP 20 1976
REGIONS I AND III
OFFICE OF MINERALS EXPLORATION
DENVER, COLORADO

✓ HR 9/20/76

14 September 1976

U.S. Dept of the Interior
attn: J. William Hasler, Field Officer, Region III
Office of Minerals Exploration
Building 53, Box 25046, Mail Stop 953
Denver Federal Center
Denver, Colorado 80225

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

Dear Mr. Hasler:

In reference to your letter of August 13, enclosed herewith are 3 copies of a new lease on the Forest Hill Mine from the heirs of Dr. J. P. Irish. The original lease expired under the basic term of 10 years.

I hereby acknowledge that the U.S. Government has a lien on the Forest Hill Mine under the above loans(OME 6577 and 6227) and the property is subject to royalty obligations from mineral production until July 31, 1979.

Very truly yours,

Loren E. Smith/w

Loren E. Smith

enc

AIK 8/24/76

Building 53 Mail Stop 953

August 13, 1976

Mr. Loren E. Smith
1844 Valley View Road
Boulder, Colorado 80302

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

Dear Mr. Smith:

Pursuant to our telephone conversation the other day concerning the royalty obligations on the subject contracts, as a result of exploration work completed under them. Would you please send this office three true copies of the new lease from the J. P. Irish Estate as well as your acknowledgement as to lien and royalty obligation from mineral production from the properties which are in effect until July 31, 1979. Please refer to Article 2 (c) of the subject contract as well as referring to the Special Agreement Concerning Land in Annex I of Contract 2264 (OME 6577), has any land within 1500 feet of any part of the land described in this contract been acquired.

Sincerely yours,

J. William Hasler

J. William Hasler
Field Officer, Region III
Office of Minerals Exploration

cc: OME 6577
Chief OME
OME Chron
Hasler Chron

HR 8/24/76

United States Department of the Interior

GEOLOGICAL SURVEY
Building 53 Box 25046 Mail Stop 953
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO:

Memorandum

August 13, 1976

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME 6577 (Silver)
Loren E. Smith
Forest Hill Mine-Park Vein
Gunnison County, Colorado

An annual inspection of the subject property from which there is an outstanding royalty obligation was made on July 29, 1976.

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

It was ascertained during the annual inspection that the Operator has kept up the minimum assessment work required under the law to hold the claims, but that there has been no production from the mine since the exploration work was completed under the subject contract.

It was also ascertained that the lease with Dr. J. P. Irish, had expired and that Dr. Irish has since passed away. However, the estate has been settled and the lease has been renegotiated and is now in effect. The Operator has been contacted and was directed to send the government 3 copies of the new agreement. The Operator is aware of the royalty obligations which are in effect until July 31, 1979.

J. William Hasler

J. William Hasler
Field Officer, Region III
Office of Minerals Exploration

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

United States Department of the Interior

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

IN REPLY REFER TO: Office of Minerals Exploration

November 27, 1974

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

INITIALS	CODE

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

and

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

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

Dear Mr. Smith:

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

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

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

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

Purchaser *(name and address)*	Quantity	Value

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

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

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name Leon E Smith	*Title* Agent
Address 1844 Valley View Rd Boulder Co	*Date* 1/3/75

4/29/74

United States Department of the Interior

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

IN REPLY REFER TO: Office of Minerals Exploration

November 30, 1973

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

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

Dear Mr. Smith:

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

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

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

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

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

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

Purchaser *(name and address)*	Quantity	Value

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

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

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name [illegible]	*Title*
Address 1844 Valley View Dr Berkeley Calif	*Date* 4/25/75

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO:
COPY
O. M. E.
RECEIVED
MAR 15 1973

INITIALS	CODE
HK	120

Office of Minerals Exploration

November 21, 1972

AIRMAIL

Mr. Loren E. Smith
~~5401 Western Avenue~~ 1844 Valley View Rd.
Boulder, Colorado 80303

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

Dear Mr. Smith:

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

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to Region III

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT
OR PROJECT UNDER ROYALTY AGREEMENT

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

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

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

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

Purchaser *(name and address)*	Quantity	Value

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

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

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name Lorin E Smith	*Title* Lessee
Address 1844 Valley View Rd Butler Co 80303	*Date* 3/9/72

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 200

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 26 1971

INITIALS	CODE
Jlc	130
HK	~~120~~
	220

July 22, 1971

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Chief, Office of Minerals Exploration

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

Transmitted herewith is the final field report on the above-stated OME exploration project.

William L. Emerick

William L. Emerick,
Assistant Chief,
Office of Minerals Exploration

Enclosure

FINAL FIELD REPORT - OME EXPLORATION PROJECT

By W. L. Emerick

July 22, 1971

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

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

   Property: Consisted of ten (10) patented lode mining claims and four (4) unpatented lode mining claims, including all rights pertaining thereto, in secs. 10, 11, 14, and 15, T. 13 S., R. 83 W., 6th Principal Meridian, Tin Cup mining district, Gunnison County, Colorado. A map showing the area of the claims was attached to the contract.

   Ownership: The Operator was in possession of the patented and unpatented claims under the terms of a Mining Lease with Option to Purchase, dated March 25, 1965, from Dr. J. P. Irish, the owner.

2. Purpose of Project: The purpose of the project was to explore by crosscutting and drifting on an adit level for copper-silver-gold-bearing ore bodies in and along a vein in granite.

3. Contract: Dated July 31, 1968, for a term of 8 months, later extended by amendment to 15 months.
   Original contract amount - $44,800.00.
   Government participation - 62-1/2 percent, $28,000.00.

   Amendments - No. 1 - December 23, 1968, to suspend work under the contract for 6-1/2 months, to extend the time for completion of the work from 8 to 15 months, and to extend the maximum period for royalty payments from 10 to 11 years.

4. Project Work: Started September 4, 1968. Completed in August 1969.

FINAL FIELD REPORT

Cost Items	Authorized Units	Authorized Rate	Authorized Amount	Completed Units	Completed Amount
Leveling for surface plant	20 hours	$15.00/hr.	$300.00	20 hours	$300.00
Construction compressor house, including labor and material	-----	-----	$725.00	-----	$426.96
Rehabilitating Yale adit, including labor and materials	-----	-----	$3,675.00	-----	$3,675.00
Crosscutting and drifting	670 feet	$48.50/ft.	$32,495.00	670 feet	$32,495.00
Timbering	150 feet	$12.00/ft.	$1,800.00	150 feet	$1,800.00
Assaying for gold, silver, copper, lead and zinc	80 samples	$10.00/sample	$800.00	7 samples	$37.50
Supervisor-geologist-engineer	5 months	$850.00/mo.	$4,250.00	5 months	$4,250.00
Outside Consultant	5 days	$75.00/day	$375.00	3 days	$225.00
Per diem	15 days	$16.00/day	$240.00	-----	-----
Mileage	1,400 miles	$0.10/mile	$140.00	700 miles	$70.00
Total Costs of the Project			$44,800.00		$43,279.46
Government Participation at 62-1/2%			$28,000.00		$27,049.66
Paid to the Operator					$27,049.66

The Government retained no equity in any of the equipment or materials used.

Effectiveness of the Work - The target areas of the project were adequately explored along the vein.

Efficiency of Operation - The work progressed satisfactorily and in an efficient manner.

5. Reports:

Operator's Final Report - An acceptable Final Report was received in December 1969.

Cost Review - A Report of Review was issued by the Office of Survey and Review in January 1970.

5. Reports (Continued):

Final Audit - A final audit was not requested because no additional vouchers were submitted or paid after the Report of Review. The final voucher was paid on December 12, 1969.

Royalty Review - There was no production sold and no royalty was due the Government on the date of this report. A Royalty Review was not requested.

6. Project Results:

Discoveries - The project work did not result in the discovery of any minable ore.

Certification - A certification was issued because the Government holds a lien on the premises to secure repayment on a prior OME contract. Additionally, if the Operator does work on another vein from which there was previous production, haulage of the ore would be through the just completed OME project.

Production - There was no production as a result of the OME work.

Royalties - There was no ore or concentrate sold during the period of the exploration project and no royalties were paid or due the Government.

7. Geologic Summary - The ore deposits occur in veins traversing granite of Precambrian age. The veins strike northeast and have dips that may be to the southeast, vertical, or to the northwest. Vein zones range from 5 to 30 feet in width and the ore bodies appear to have been localized in the veins by changes in both the strike and dip. Ore minerals are argentiferous galena, galena, sphalerite, chalcopyrite, bornite, and free gold associated with pyrite. Gangue minerals are pyrite, vein quartz, and clay minerals. Old records indicate that 122.5 tons of crude ore were shipped directly from the mine to the smelter during the period 1897 to 1900. A mill was constructed in 1901 and a total of 33 tons of concentrates were produced before it closed down. A total of 145 tons of concentrates were produced from 870 tons of crude ore mined and milled during the period 1914 to 1917.

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

April 12, 1971

Mr. Loren E. Smith

5401 Western Avenue

Boulder, Colorado 80302

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

Dear Mr. Smith:

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

COPY
O. M. E.
RECEIVED
APR 19 1971
INITIALS | CODE
gls | 1 30
HK | 1 20

Copy to R-III

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

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

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

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

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

Purchaser (*name and address*)	Quantity	Value

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

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

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name Loren E. Knell	*Title* Lessee
Address 5401 Western Ave. Bowie Md	*Date* 4-15-71

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/6/70	Emerick	120
		120
		120M
		220

Memorandum APR 7 1970

To: Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

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

Enclosed is a copy of the Field Officer's letter of April 3, 1970, forwarding a copy of the Report of Review issued in January 1970 to the subject Operator. Also enclosed is a copy of the report for your files.

Harold Kirkemo (GLA)

Harold Kirkemo

Enclosures

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

GLAult/a 4-6-70

Office of Minerals Exploration
Building 53 Room 200

April 3, 1970

APR 6
INITIALS | DATE
glu 1/30
~~#20~~
120

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

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

Dear Mr. Smith:

Enclosed is an Operator's Copy of a Report of Review on the subject contract for your files. The review was prepared in January, 1970 by the Audit Operations, Office of Survey and Review. I have reviewed the report and concur in the facts stated therein.

If, for any reason, you do not agree with the facts stated in the Report of Review the Operator's Copy should be returned to this office with appropriate comments.

Sincerely yours,

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosure

cc: Chief, OME (2)
OME-6577
OME chron
Mr. Hasler

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/3/70	Emerick	120
		120
2/4	cal	220
		120M

130

AIRMAIL

FEB 4 1970

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

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

Enclosed are two copies of a Report of Review issued January 1970.

If you concur in the facts in the report, the Operator should be sent its copy with appropriate comments. As evidence of your concurrence, two copies of your letter transmitting the Operator's copy of the report should be furnished this office. If for any reason you do not agree, both copies of the report should be returned to this office with your comments.

Harold Kirkemo (glc)
Harold Kirkemo

Enclosures

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

WLEmerick/bsl 2/3/70

FORM 9-1648
MARCH 1968

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

OK - WRE 12/18/69

OPERATOR'S MONTHLY VOUCHER

For Month of August, 1969

Docket No OME 6577
Contract ~~14-08-0001~~ 2264
Contract Amount $ 44,800.00
Gov't. Participation % 62½ $28,000.00

Operator's Name Loren E. Smith
Address 5401-B Western Avenue, Boulder, Colorado 80302

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Levelling for Surface Plant		$	20	$ 300.00		$	20	$ 300.00
Compressor House, L&M			1	426.96			1	426.96
Rehab. L&M			1	3,675.00			1	3,675.00
Supervision	½	425.00	5	4,250.00	1/2	425.00	5	4,250.00
X-Cut & Drifting	125	6,062.50	670'	32,495.00	125	6,062.50	670	32,495.00
Timbering			150'	1,800.00			150	1,800.00
Consulting Geologist	1	75.00	3	225.00	1	75.00	3	225.00
Mileage	350	35.00	700	70.00	350	35.00	700	70.00
Assaying	7	37.50	7	37.50	7	37.50	7	37.50
TOTALS		$ 6,637.00		$ 43,279.46		$ 6,625.00		$ 43,279.46

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

Date Nov 17 69 *Payee Loren E. Smith

Per _____ Title _____

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example "John Doe Company per John Smith Secretary" or "Treasurer," as the case may be

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense (U S Code, Title 18, Sec 1001)

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit

Signature J. William Hasler OME Field Officer 12/15/69 Date

(63)

Approved for: $ 4146.88 (SUBJECT TO AUDIT)

Signature MS

Date 12/19/69 Vou. No. 3821

(SEE OTHER SIDE)

FINAL REPORT

August, 1969

DOCKET OME-6577

CONTRACT 14-23-090-Cu., Ag., and Au.

INTRODUCTION

This final report covers all the work done under the above contract and also the work accomplished during the month of August, 1969.

TUNNELLING

The cross-cut and drift to the north to by-pass the heavy ground in the tunnel, where the vein was intersected, was extended 125 feet. The total length of cross-cut and drift is 670 feet, the maximum allowed under the contract. The vein was exposed by 15 feet of drift (see attached map). The vein strikes north 53 degrees east where exposed in the drift and the dip steepens from 48 degrees to 67 degrees in the back of the drift. The vein consists of 1.5' of clay gouge and pyrite with at least 2' of chlorite alteration with disseminated pyrite on either side of the fault gouge. Chlorite alteration in the granite and disseminated pyrite are present in the cross-cut at least 20' from the vein. A 1.5' channel sample of the gouge zone was assayed and contains 1.8 ounces Ag and a trace of Au, Pb, Zn, and Cu. All assays are shown on the attached map.

Geologic mapping of the cross-cut and drift to the north was completed and is shown on the attached map.

CONCLUSIONS

The vein encountered by the cross-cut is probably the Compromise vein, as indicated by projecting the dip of the vein exposed in the tunnel to the surface.

It could also be a split between the Paymaster and the Compromise vein. The vein, where exposed in the cross-cut and drift, does not contain ore mineralization, however these exposures could be barren zones within the vein.

Because of the size and alteration associated with this vein, additional drifting should be done to the north and south of the cross-cut.

STATEMENT

From: B. Leo Searle
264 E. 7200 South
Midvale, Utah 84047

To: Loren E. Smith
5401 Western Avenue
Boulder, Colorado

Footage from August 15 to September 1, 1969
125 feet drift at $48.50 per foot.

Total $6,062.50

SKYLINE LABS, INC.
SPECIALISTS IN GEOCHEMICAL EXPLORATION
12090 WEST 50TH PLACE, WHEAT RIDGE, COLORADO 80033 TEL.: (303) 424-7718

INVOICE

No. 1852
Job No. 46030
August 30, 1969

Sold To: Mr. Loren E. Smith
5401-B Western Avenue
Boulder, Colorado 80302

Analysis of 1 Rock Chip and 1 Iron Mineral Sample

1 Silver @ $1.50	$ 1.50
1 Lead (quant) @ $1.50	$ 1.50
1 Zinc (quant) @ $1.50	$ 1.50
1 Total Iron @ $2.00	$ 2.00
1 Sample Crushed, split and Pulverized @ $1.00	$ 1.00
Total	$ 7.50

ORIGINAL

SKYLINE LABS, INC.
SPECIALISTS IN GEOCHEMICAL EXPLORATION
12090 WEST 50TH PLACE, WHEAT RIDGE, COLORADO 80033 TEL.: (303) 424-7718

REPORT OF ANALYSIS

Job No. 46030
August 30, 1969

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

1 Rock Chip and 1 Iron Mineral Sample

Item	Sample No.	Ag (ppm)	Pb (ppm)	Zn (ppm)	Fe (%)
1.	1009	<.2	20	280	-
2.	1010	-	-	-	42.4
	1009	0.006 Ozs.	0.0020%	0.0280%	
	1010				42.4%

Edwin V. Post
for Charles E. Thompson
Chief Chemist

#1009 – Channel across 8' shear zone – in new turn-out.

#1010 – Specimen sample – bright metallic granular mineral. Resembles specularite – no red streak

SKYLINE LABS, INC.
SPECIALISTS IN GEOCHEMICAL EXPLORATION
12090 WEST 50TH PLACE, WHEAT RIDGE, COLORADO 80033 TEL.: (303) 424-7718

INVOICE

No. 1700
Job No. 46028
August 11, 1969

Sold To: Mr. Loren E. Smith
5401-B Western AVenue
Boulder, Colorado 80302

Analysis of 3 Ore Samples

3 Gold (.02 ppm) @ $2.00	$ 6.00
3 Silver @ $1.50	$ 4.50
3 Lead (quant) @ $1.50	$ 4.50
3 Samples crushed, split and pulverized @ $1.00	$ 3.00
Total	$ 18.00

ORIGINAL

SKYLINE LABS, INC.
SPECIALISTS IN GEOCHEMICAL EXPLORATION
12090 WEST 50TH PLACE, WHEAT RIDGE, COLORADO 80033 TEL.: (303) 424-7718

REPORT OF ANALYSIS

Job No. 46028
August 11, 1969

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

3 Ore Samples

Item	Sample No.	Pb (%)	Au (oz/ton)	Ag (oz/ton)
1.	1006	.060	<.0006	<.006
2.	1007	.012	.0009	.082
3.	1008	.002	<.0006	<.006

Edwin V. Post
for Charles E. Thompson
Chief Chemist

#1006 - Cuttings from 82' long hole - straight ahead of X-Cut face.

#1007 - 3" - Heavy black gouge on H.W side of fault

#1008 - 36" - altered granite below #1007. Sparse pyrite is present.

2114 CURTIS STREET

TELEPHONE 623-1852

CHEMISTS • ASSAYERS • ENGINEERS

DENVER, COLORADO 80205

Folio 9557A

Date Sept. 26, 1969.

L. E. Smith,
[illegible]
5401 B Western Ave.,
Boulder, Colorado. 80301

We hereby Certify, that the samples assayed for you gave the following results:

DESCRIPTION	GOLD OUNCES PER TON	SILVER OUNCES PER TON	COPPER PER CENT (WET)	LEAD PER CENT (WET)	ZINC PER CENT	IRON PER CENT	INSOLUBLE PER CENT	VALUE PER TON
Sample:	TRACE	1.80	TRACE	TRACE	TRACE			

Gold at _____ per ounce Copper at _____ per unit

Silver at _____ per ounce Zinc at _____ per unit

Lead at _____ per unit _____

Charge $ 7.00

CHARLES O. PARKER & CO.

CHEMISTS, ASSAYERS and ENGINEERS

2114 CURTIS STREET

TELEPHONE 623-1852

CHEMISTS • ASSAYERS • ENGINEERS

DENVER, COLORADO 80205

Folio 9514

Date August 11, 1969.

L. E. Smith,
5401 B Western Ave.,
Boulder, Colorado. 80301

We hereby Certify, that the samples assayed for you gave the following results:

DESCRIPTION	GOLD OUNCES PER TON	SILVER OUNCES PER TON	COPPER PER CENT (WET)	LEAD PER CENT (WET)	ZINC PER CENT	IRON PER CENT	INSOLUBLE PER CENT	VALUE PER TON
#397	0.03	0.37		0.04	TRACE			

Forest Hill
3.0' Channel on south side of cross-cut in vein

Gold at _____ per ounce Copper at _____ per unit

Silver at _____ per ounce Zinc at _____ per unit

Lead at _____ per unit _____

Charge $ 5.00

CHARLES O. PARKER & CO.
CHEMISTS, ASSAYERS and ENGINEERS

ALLAN G. BIRD
CONSULTING GEOLOGIST

LOREN SMITH
5401 Western Ave.
Boulder, Colorado

For geologic services at the Forrest Hill Mine.

Geologic Mapping on Sept. 7, 1969	$75.00
Travel expense..350 miles @ 10¢/mile	~~35.00~~ 70.00
Previous bill in arrears	$185.00
Total Due	$295.00

Allan G. Bird
23 So. Depew Drive
Denver, Colorado 80226

OME Region III
RECEIVED
NOV 19 1969
Denver, Colorado

November 17, 1969

U. S. Department of the Interior
Geological Survey
Office of Minerals Exploration
Denver Federal Center
Denver, Colorado

Attention: Mr. William Hasler

Subject: August Report
OME 6577 - copper, silver, gold
Loren E. Smith
Forest Hill Mine - Park vein
Gunnison County, Colorado
Contract 2264

Dear Mr. Hasler:

Transmitted herewith is Form 9-1648, Operator's Monthly Voucher for costs incurred under the terms of the subject OME contract, and the final report. If any additional information or supporting data is needed, please let me know.

Very truly yours,

Loren E. Smith

Loren E. Smith

LES/md
Encls.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 200

December 16, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 18 1969
INCOMING DOCS
gen 130
Geol 120
HK 120
WE 120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

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

Transmitted herewith is an original and two copies of the Operator's Monthly Voucher for August, 1969 as well as his final geologic and engineering report which is adequate and acceptable.

No ore reserves of copper, silver, or gold were discovered as a result of exploration work performed under the subject contract. The Operator has expended a total of $43,279.46 of a total amount allowable of $44,800.00, leaving a balance of $1,520.54.

It is recommended that the subject contract be terminated, and that no certification be made, unless it be a pseudo-certification in case additional work is done by the Operator on either of the other northeast-trending veins such as the Compromise, Goldfield, Giltedge or the Springfield. The Operator indicated that he may later explore along the Springfield vein that has had some production in the past. If this came to pass, haulage of ore would be through the Yale crosscut just completed to the Compromise vein (?).

The Government presently holds a lien on the premises to secure repayment of OME-6227, Contract No. 2154 in the amount of $12,740.71. (See lien and subordination agreement accompanying OME Docket 6577, Contract 2264.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosures

OFFICIAL
COPY
O. M. E.
RECEIVED
OCT 22 1969

INITIALS	CODE
[illegible]	130
[illegible]	120
HK	120
WE	100

Office of Minerals Exploration
Building 53 Room 200

October 21, 1969

Mr. Loren E. Smith
Suite 2111, 1700 Broadway
Denver, Colorado 80202

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

Dear Mr. Smith:

Enclosed is a copy of assay results obtained from the samples you and I cut during my interim inspection of the Forest Hill Mine.

We are awaiting your final report so that we can begin to close out the subject contract. The Forest Hill project was a most interesting one and we hope we may be of assistance to you again at a later date.

Sincerely yours,

William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME
OME chron
OME-6577
Mr. Hasler

ROOT & SIMPSON, Inc.

TEL. 244-3223

METALLURGICAL CHEMISTS AND ASSAYERS

DENVER, COLORADO 80218

P. O. BOX 18329

SPECIMEN ASSAY

ASSAYED FOR	MARKS
J. W. Kaelor U. S. G. S.	DE 6577-399,402

GOLD OZS. PER TON	SILVER OZS. PER TON	WET LEAD PER CENT	COPPER PER CENT	ZINC PER CENT	V_2O_5 PER CENT	U_3O_8 PER CENT	PER CENT	PER CENT
0.001	0.04	0.05	None	None	399			
0.001	0.1	0.05	None	None	400			
0.001	0.03	0.05	None	0.05	401			
0.001	0.04	0.12	0.01	None	402			

DATE 9/10/69 CHARGES $ 56.00

Root & Simpson, Inc.

Office of Region III
RECEIVED
SEP 10 1969
Denver, Colorado

FORM 9-1643
MARCH 1968

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

OK-0782
9/5/69

OPERATOR'S MONTHLY VOUCHER

For Month of July, 1969

Docket No. OME- 6577
Contract 14-08-0001 2264
Contract Amount $ 44,800.00
Gov't. Participation % 62½ $ 28,000.00

Operator's Name Loren E. Smith
Address 5401-B Western Avenue, Boulder, Colorado 80302

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Levelling for surface plant		$	20	$ 300.00		$	20	$ 300.00
Compressor House, L & M			1	429.96			1	426.96
Rehab. Adit, L & M			1	3,675.00			1	3675.00
Supervision	1	850.00		3,825.00	1	850.00	4½	3825.00
-Cut & Drifting	132'	6,402.00	545	26,432.50	132	6,402.00	545	26,432.50
imbering	32'	384.00	150	1,800.00	32	384.00	150	1,800.00
onsulting Geologist	2	150.00	2	150.00	2	150.00	2	150.00
ravel Allowance	350M	35.00	350M	35.00	350	35.00	350	35.00
TOTALS		$ 7,821.00		$ 36,647.46		$ 7,821.00		$ 36,644.46

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COPY
O. M.
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SEP 18 1969
INITIALS | CODE
130
6-11 PM
7120
WE 1208

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

Aug 22, 69 *Payee Loren E. Smith

Title

er is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate s the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treas- e may be.

tatement or representation to any department or agency of the United States as to any matter within its jurisdiction is a (U. S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature J. William Hassler OME Field Officer Date 9/5/69

(63) 14X0804

Approved for: $ 4,888.13 (SUBJECT TO AUDIT)

Signature Sg

Date SEP 17 [redacted]

Vou. No. 01693

(SEE OTHER SIDE)

FOR OPERATOR'S USE	FOR GOVERNMENT USE REMARKS

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

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

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

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Field Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

NARRATIVE REPORT

July, 1969

DOCKET OME-6577

CONTRACT 14-23-090-Cu., Ag., and Au.

INTRODUCTION

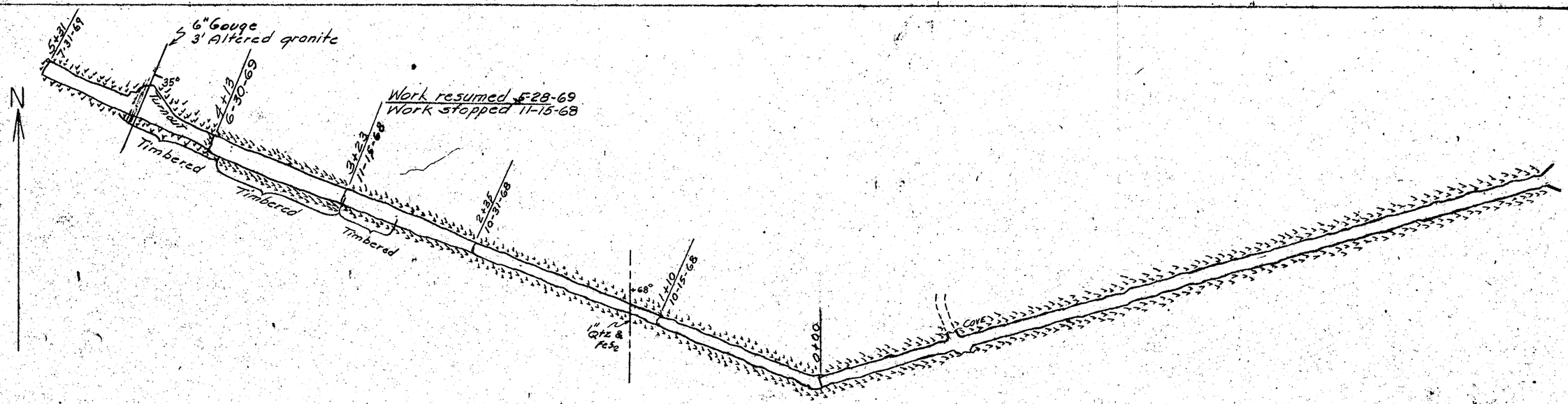
This report covers work performed at the Forest Hill Mine, Gunnison County, Colorado, as approved under the above contract for the month of July, 1969.

TUNNELLING

The Yale Adit was extended 118' during the month. This makes a total advance of 531' from the starting point. The total length of the Yale Adit is 983' from the new portal. (See map attached)

An additional 14' advance was made in an endeavor to turn to the north on a fault structure that may be the Compromise Vein. The fault strikes N 23° E; the dip is 35° SE. The structure shows 4"-6" of heavy black gouge on the hanging wall side. In the footwall, adjacent to the gouge, the granite country rock has been highly altered and crushed, but not silicified. There is a sparse pyrite mineralization in the altered granite.

The turn-out was abandoned due to heavy ground. It will be necessary to enter the vein from the footwall side which will require 30'-40' of curved cross-cut. A possible alternative is a slusher drift.



Fault

Mineralized Structure

Granite - Pre-Cambrian

O.M.E. 6577
CONTRACT 14-08-001-2264.1

FOREST HILL MINE
YALE ADIT
GUNNISON COUNTY, COLO.

1" = 50'

OCT. 31, 1968

C.R. BOYLE

OME Region III
RECEIVED
AUG 26 1969
Denver, Colorado

August 20, 1969

U. S. Department of the Interior
Geological Survey
Office of Mineral Exploration
Denver Federal Center
Denver, Colorado

Attention: Mr. William Hasler

Subject: July, 1969 Report
OME 6577 - copper, silver, gold
Loren E. Smith
Forest Hill Mine - Park vein
Gunnison County, Colorado
Contract 2264

Dear Mr. Hasler:

Transmitted herewith is form 9-648, Operator's Monthly Voucher for costs incurred under the terms of the subject OME contract. If any additional information or supporting data are needed, please let me know.

Very truly yours,

Loren E. Smith

LES/ob

Encls.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration
Building 53 Room 200

September 5, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 8 1969

INITIALS	CODE
gla	120M
HK	120
WE	~~120E~~

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

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

An interim inspection was made on the subject property on August 14 and 15th. The Field Officer was accompanied by the Operator, Mr. Loren E. Smith. The exploration program was reviewed and examined in detail, especially with respect to the large fault encountered at a point 463 feet from the starting point of the OME work. The Operator attempted to drift northward on the structure but the ground became too heavy to hold. After the inspection it was concluded that the structure may be either the Park Vein or even the Compromise Vein and that it should be explored further, consequently it was recommended that the crosscut be extended through the fault and that the fault be approached from the opposite direction to prevent opening up any more ground on the footwall side. The exploration northward on the fault was just completed, only because the total amount of allowed footage for crosscutting and drifting was utilized. The Operator's Engineer, Mr. Clyde Boyle, informed me on September 4, 1969 that the fault had probably been cut off by a northwest-trending fault and this may be a fault that offset the Park Vein. The geology will be studied shortly and forwarded to us in a later report by the Operator. The work completed to date (9-5-69) under the subject contract essentially exhausts all the funds allowed in the contract, and it will be terminated, possibly upon request by the Operator.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 200

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 8 1969

INITIALS	CO. E
Gla	130
	120 M
HK	~~120~~
	120 E

September 5, 1969

TO B+F 9/9

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6577 (Copper, silver, gold)
Loren E. Smith
Forest Hill Mine - Park vein
Gunnison County, Colorado
Contract 2264

Transmitted herewith are the original and two copies of Form 9-648 (Operator's Monthly Voucher) for July, 1969 on the above-stated subject recommended for payment.

J. William Hasler
mc

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 200

August 1, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 4 1969
INITIALS CODE
A30
GR 120
HK 120
WE 120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6577 (Cu-Ag-Au)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264

Transmitted herewith are the original and two copies of the Operator's Monthly Voucher for June, 1969 with the recommendation that payment be made.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosure

TO B+F 8/5

FORM 9-1648
MARCH 1968

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

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 15 1969
INITIALS CODE
120 M
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OE Region III
RECEIVED
JUL 21 1969
Denver, Colorado

OK-WRE
8/5/69

OPERATOR'S MONTHLY VOUCHER

For Month of JUNE 1969

Docket No. OME- 6977
Contract 14-08-0001- 2264
Contract Amount $ 44,800.00
Gov't. Participation % 62 1/2 $28,000.00

Operator's Name Loren E. Smith
Address 5401 Western Avenue - Boulder, Colorado 80302

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
		$		$		$		$
Leveling for surface plant			20	300.00			20	300.00
Compressor House Labor & Mat.			1	429.96			1	426.96
Rehabilitation Adit L&M			1	3,675.00			1	3,675.00
Supervision	1	850.00		2,975.00	1	850.00	3 1/2	2,975.00
Cross-Cut 5' x 7'	90'	4,365.00	413	21,335.00	90'	4,365.00	413	20,830.50
Timbering	82'	~~894.00~~ 984.00	118	1,326.00	82	984.00	118	1,416.00
TOTALS		$ ~~6,109.00~~ 6,199.00		$ 29,168.46		$ 6,199.00		$ 28,823.46

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

Date 7-7-69 *Payee Loren E. Smith

Per _____ Title _____

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U. S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature J. William Hasler, OME Field Officer Date 8/1/69

see other side
3874.38 (63) 14X0804
1200.00 14X6875 (08)
4074.38

Approved for: $ (SUBJECT TO AUDIT)

Signature [illegible]

Date AUG 12 1969 Vou. No. 00898

(SEE OTHER SIDE)

FOR OPERATOR'S USE

REMARKS

062787

RECEIVED
U.S. GEOLOGICAL SURVEY
AUG 6 11 52 AM '69
BUDGET BUREAU

FOR GOVERNMENT USE

REMARKS

Refund $200.00 suspended Nov. 1969 for winter recess.
JWH

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

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

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

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Field Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: Loren E. Smith
5401 Western Ave.
Boulder, Colorado 80302

Amount Claimed:	Differences (Explained Below)	Amount Approved
6,199.00	200.00	6,199.00 3,874.38 Gov. Part. Plus 200.00 * 4,074.38
Eu. Voucher No.	Payee's Invoice No.	Period
	Docket #6577 Contract #2264	June, 1969

EXPLANATION

* Refunding $200.00 withheld pending resumption of work.

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

ms

Branch of Budget and Finance

NARRATIVE REPORT

June, 1969

DOCKET OME-6577

CONTRACT 14-23-090-Cu., Ag., and Au.

INTRODUCTION

This report covers work performed at the Forest Hill Mine, Gunnison County, Colorado, as approved under the above contract for the month of June, 1969. In 1968, work under this contract was stopped November 15, due to heavy snow. Mr. Leo Searle, the contractor, moved back on the property May 28, 1969.

TUNNELLING

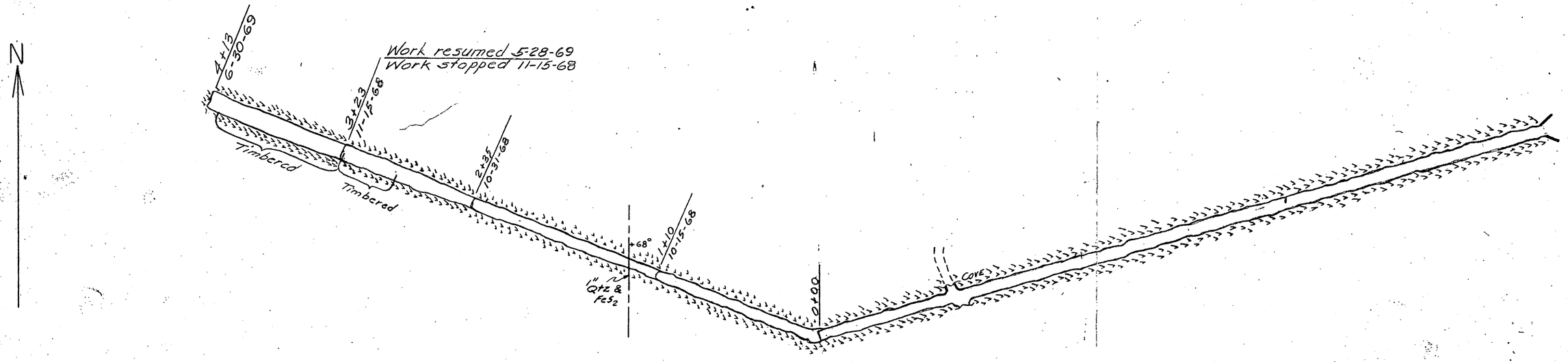
An advance of 90' was made in the Yale Adit during June, 1969. The heading continued on the bearing of N. 68°30'W. The ground has become very heavy due to two sets of fractures, open enough to permit considerable water discharge, and timber support has been used throughout the current advance. Timbering consists of either round or squared posts and caps on 6' centers with top lagging. Fore-poling is used by drilling sloping holes above the back of the next round and driving pipe or old drill steel in these holes. The contractor employs one helper.

The adit is still in the Pre-Cambrian granite and no veins have been encountered. Three items are worth noting:

1. The increased widening of the fractures.
2. A slip in the right wall starting a 3 + 50 and continuing with the heading. The slip is coated with a soft carbonate (not gouge) and

emits considerable water. The hanging wall of the slip may fall;in large (4' - 5') blocks.

3. Segregations in the granite, roughly spheroidal, have become more abundant and larger in diameter, (1' - 2'). The segregations have a coarse granitic texture similar to the surrounding rock but are bleached to a light gray providing a definite contrast to the normal granite. Pyrite is noticeable but not abundant in the segregations. A specimen sample assayed 0.015 Au. and 0.38 Ag.



O.M.E. 6577
CONTRACT 14-08-001-2264

FOREST HILL MINE
YALE ADIT
GUNNISON COUNTY, COLO.

1" = 50'

OCT. 31, 1968

C.R. BOYLE

——— Mineralized Structure

Granite – Pre-Cambrian

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/5/69	Emerick	120
		120
		220

120M

AUG 5 1969

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

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

As the Operator under the subject contract has resumed work on the contract, the $200.00 withheld from the November 1968 voucher may be paid to the Operator.

Harold Kirkemo (jr)

Harold Kirkemo

Enclosure

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Re;gion III
Mr. Emerick

WLEmerick/bsl 8/5/69

LOREN E. SMITH
MINING GEOLOGIST
5401 WESTERN AVENUE
BOULDER INDUSTRIAL PARK
BOULDER, COLORADO
303-444-5252

OME Region III
RECEIVED
JUN 19 1969
Denver, Colorado

June 18, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 25 1969
INITIALS | CODE
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U. S. Department of the Interior
Geological Survey
Office of Minerals Exploration
Building 53 Room 203
Denver Federal Center
Denver, Colorado 80225

ATTN: Mr. William Hasler

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

Dear Mr. Hasler:

In reference to the above OME-6577, work was resumed at the Forest Hill Mine on May 28, 1969. Due to inclement weather and lack of accessibility, progress in the tunnel was not started until June 4, 1969. As of June 15th the tunnel has been advanced 18 feet. Square set timbering with top lagging has been required throughout this advance.

Very truly yours,

Loren E. Smith
Loren E. Smith Mining M.D.

LES/md

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 200

January 17, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 21 1969

INITIALS	CODE
	130
	20
	40
	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

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

Transmitted herewith are the original and two copies of the November monthly report on the above-stated subject.

J. William Hasler
mc

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosures

LOREN E. SMITH
MINING GEOLOGIST
5401 WESTERN AVENUE
BOULDER INDUSTRIAL PARK
BOULDER, COLORADO
303-444-5252

OME Region III
RECEIVED
JAN 3 - 1969
Denver, Colorado

December 27, 1968

U. S. Department of the Interior
Geological Survey
Office of Mineral Exploration
Denver Federal Center
Denver, Colorado

Attention: Mr. William Hasler

Subject: November Report
OME 6577 - copper, silver, gold
Loren E. Smith
Forest Hill Mine - Park vein
Gunnison County, Colorado
Contract 2264

Dear Mr. Hasler:

Transmitted herewith is form 9-648, Operator's Monthly Voucher for costs incurred under the terms of the subject OME contract. If any additional information or supporting data is needed, please let me know.

Very truly yours,

Loren E. Smith

LES/ob
Encls.

RM-9-1648
ARCH 1968

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 28 1969
INITIALS CODE

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

OK-WHE
1/22/69

OPERATOR'S MONTHLY VOUCHER

For Month of November 1968

Docket No. OME- 6577
Contract 14-08-0001 2264
Contract Amount $ 44,800.00
Gov't. Participation % 62 1/2 $28,000.00

Operator's Name Loren E. Smith
Address 5401 Western Avenue - Boulder, Colorado 80302

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Leveling for surface plant		$	20	$ 300.00		$	20	$ 300.00
Compressor House L&M			1	429.96	—	—	1	426.96
Rehabilitation Adit L&M	470'		1	3675.00	—	—	1	3675.00
Supervision	1/2	425.00	25	2125.00	1/2	425.00	2.5	2,125.00
Cross-cut 5' x 7'	88'	4,700.00		16097.50	88	4268.00	323	15,665.50
Timbering	36'	432.00	36'	432.00	36	432.00	36	432.00
TOTALS		$ 5,557.00		$ 23,059.46		$ 5,125.00		$ 23,624.46

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

Date December 27, 1968 Payee Loren E. Smith

Per _____ Title _____

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U. S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature J. Williams Hobbs OME Field Officer Date 1/15/69

See Office (63) 14X0804
3203.13
200.00 14X6875(08)

Approved for: $ 3003.13
(SUBJECT TO AUDIT)

Signature MS

Date JAN 27 1969 Vou. No. 94363

(SEE OTHER SIDE)

FOR OPERATOR'S USE	FOR GOVERNMENT USE
REMARKS	REMARKS Amount of $200.00 pending disposition of work not performed OMF

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

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

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

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Field Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: Loren E. Smith
5401 Western Ave.
Boulder, Colorado 80302

Amount Claimed:	Differences (Explained Below)	Amount Approved
5,557.00	432.00	5,125.00 3,203.13 Cov. Part -200.00 * 3,003.13
Ru. Voucher No.	Payee's Invoice No.	Period
	Docket #6577 Contract #2264	November 1968

Explanation

Claimed $4,700.00 for cross-cut Statement shows $4,268.00 432.00

* Withholding $200.00 pending resumption of work.

Any credit for items deducted must be entered as a separate item on subsequent monthly voucher and separately identified on the invoice.

RB

December 27, 1968

U. S. Department of the Interior
Geological Survey
Office of Mineral Exploration
Denver Federal Center
Denver, Colorado

Attention: Mr. William Hasler

Subject: November Report
OME 6577 - copper, silver, gold
Loren E. Smith
Forest Hill Mine - Park vein
Gunnison County, Colorado
Contract 2264

Dear Mr. Hasler:

Transmitted herewith is form 9-648, Operator's Monthly Voucher for costs incurred under the terms of the subject OME contract. If any additional information or supporting data is needed, please let me know.

Very truly yours,

Loren E. Smith

LES/ob
Encls.

NARRATIVE REPORT
November, 1968

Docket OME - 6577
Contract 14-23-090 - Cu. Ag. Au.

INTRODUCTION

This report covers work performed at the Forest Hill Mine, Gunnison County, Colorado, as approved under the above contract for the month of November, 1968.

TUNNELLING

An advance of 88' was made in the Yale Adit during November, 1968. The heading was continued on the bearing of N 68° - 30' W.

The above advance was made during the period of November 1-15. On November 15th, Mr. Leo Searle, the contractor, stopped work due to heavy snowfall. Mr. Searle had previously interviewed the Gunnison County Commissioners requesting the road be kept open to the Mine. The Commissioners informed Mr. Searle they were unable to do this unless the mine was actually in production and employing a number of men. Mr. Searle plans to resume work in the Spring of 1969, as soon as weather permits.

The progress map submitted October 31 showed the assumed downward projection of the Park Vein to the Yale Adit level to be approximately 35' ahead of the breast of that date (at 2+70). The present breast is at 3+23 and no vein has been found. It may be of importance that the jointing in the granite has become more frequent in the last 35' of the heading; sufficiently so to require square set timbering.

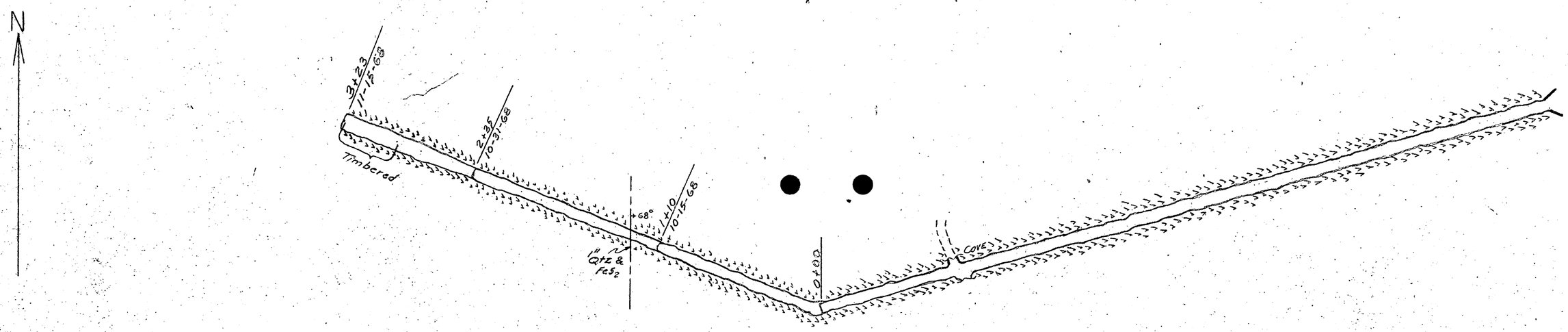
STATEMENT

R. Leo Searle
Forrest Hills Mine
Gunnison, Colorado - Box 224
Leo Smith
5401 Western Ave.
Boulder, Colorado 80302
Footage to Nov. 15 - 1968

36' timber @ $12.00 per ft. 432.00

88' drift @ $48.50 per ft. 4,268.00

total $4,700.00



O.M.E. 6577
CONTRACT 14-08-001-2264

FOREST HILL MINE
YALE ADIT
GUNNISON COUNTY, COLO.

1" = 50'

OCT. 31, 1968

Mineralized Structure

Granite - Pre-Cambrian

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration
Building 53 Room 203

January 3, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 6 1969

INITIALS	CODE
gla	130
fol	120
fej	40
WE	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

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

Transmitted herewith are the Government's Copy, the Budget and Finance Copy of Amendment No. 1 of the subject contract executed by the Government and the Operator. The Operator retained his copy of the Amendment No. 1 and I have retained the Field Office Copy of the executed amendment.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosures

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 31 1968

INITIALS	CODE
	130
	170
	170
	120

Office of Minerals Exploration
Building 53 Room 203

December 27, 1968

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

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

Dear Mr. Smith:

Enclosed are the original and three copies of proposed Amendment No. 1 (two pages), to the subject contract, signed for the Government.

If the proposed amendment is satisfactory to you, all four copies should be signed by you, retain the "Operator's Copy" and return the others to this office.

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

Sincerely yours,

J. William Hasler
mc.

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME
OME-6577
OME chron
Mr. Hasler

ME Form 7
2/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/17/68	Emerick	120
12/17/68	Kirkemo	120
"	Johnson	110
12/18	Kilgard	
12/10	Lepp	
12/23	Cal	220
		120M

AIRMAIL

DEC 23 1968

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

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

Enclosed are the original and three copies of proposed Amendment No. 1 (two pages), to the subject contract, signed for the Government. An extra copy of the amendment is also enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by the Operator and distributed in the usual manner.

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

FRANK E. JOHNSON (glr)
Frank E. Johnson

Enclosures

cc; Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Mr. Emerick
130

BSLong/1 12/17/68

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 200

December 3, 1968

DEC 5

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6577 (Cu, Ag, Au)
Loren E. Smith
Forest Hill Mine -- Park Vein
Gunnison County, Colorado
Contract 2264

An interim examination was made on the subject property on November 15 and 16, 1968. The Field Officer was accompanied by Mr. Loren E. Smith, Operator.

Considerable time was required to get into the property as a result of recent snowfalls in the general area, as the elevation of the mine portal is at approximately 10,208 feet above sea level.

The crosscut leading to the Park Vein had been driven for a total of 320 feet from the face of the Yale adit. The face of the new crosscut appears to be some 90 feet beyond the surface trace of Park Vein. The rock in the face of the crosscut was becoming highly sheared and shattered and trended generally N. 30° E. corresponding to the strike of the Park vein as though the downward projection of the Park vein was near the face. The Park Vein has been traced largely by float on the surface from the area near the Pittinger tunnel to the northeast on southwestward, beyond the Yale adit area. The actual original portal of the Yale adit may be some distance further northeastward, and the Park Vein may in fact have a flatter dip than supposed, to account for the fact that the Park Vein had not yet been penetrated.

The leveling for the surface plant had been completed as had the compressor house and the rehabilitation of the Yale adit. Total costs for the work completed for the month of September have been approved totaling $5,251.96. The following items under the general

Provisions of the subject contract have met required specifications: crosscut dimension, mine rails, air lines, water lines and vent lines. The Operator has utilized roof bolts in lieu of timbering, as the cost was less than timbering and roof bolting proved adequate to hold the small amount of ground required for stabilization. The October 1968 voucher was received in this office after my interim inspection and is currently being processed.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 200

December 4, 1968

DEC 5 1968
MATERIALS CODE

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6577 (Copper, silver, gold)
Loren E. Smith
Forest Hill Mine - Park vein
Gunnison County, Colorado
Contract 2264

Transmitted herewith are the original and two copies of the October 1968 monthly report with substantiating documents on the above-captioned subject.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

FORM 9-1648
MARCH 1968

OK-CORE
12/6/68

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

OFFICIAL COPY O. M. E. RECEIVED DEC 13 1968 MINERALS CO

OPERATOR'S MONTHLY VOUCHER for Month of October 1968

Docket No. OME- 6577
Contract 14-08-0001 2264
Contract Amount $44,800.00
Gov't. Participation %62 1/2 $28,000.00

Operator's Name Loren E. Smith
Address 5401 Western Avenue - Boulder, Colorado 80302

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
		$		$		$		$
Leveling for surface plant			20	300.00	–	–	20	300.00
Compressor House L&M			1	426.96	–	–	1	426.96
Rehabilitation Adit L&M 470'			1	3675.00	–	–	1	3,675.00
Supervision			1	850.00	1	850.00	2	1,700.00
Cross-cut 5' x 7'	235'	11,397.50	235'	11,397.50	235'	11,397.50	235'	11,397.50
Supervision	1	850.00		1700.00				
TOTALS		$12,247.50		$18,349.46		$12,247.50		$17,499.46

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

Date 11-8-68 *Payee Loren E. Smith

Per _____ Title _____

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U. S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature J. William Haslar 12/3/68
OME Field Officer Date

(63) 14X0804

Approved for: $ 7,654.69
(SUBJECT TO AUDIT)

Signature _____

Date DEC 13 1968 Vou. No. 93542
(SEE OTHER SIDE)

FOR OPERATOR'S USE	FOR GOVERNMENT USE
REMARKS	REMARKS

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

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

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

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Field Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

NARRATIVE REPORT
October, 1968

Docket OME- 6577
Contract 14-23-090- 2264 - Cu. Ag. Au.

INTRODUCTION

This report covers work performed at the Forest Hill Mine, Gunnison County, Colorado, as approved under the above contract for the month of October, 1968.

TUNNELLING

An advance of 235' was made in the Yale Adit during October, 1968.

This advance permitted the installation of 220' of track, 3" Compressed Air Pipe, 1" Galv. Water Pipe and 12" Nylon Vent Pipe. Roof Bolts were installed where required.

The required change in direction of the heading to N68-30W, was arranged in the first three rounds.

The wall rock in the Yale Adit continues to be the Pre-Cambrian granite. A small fracture crosses the adit at Portal + 598'. The fracture strikes N-S and dips 68°E. On the north wall the fracture widens to approximately 2" and shows pyrite and quartz in gouge. The widening extends for 10" in the plane of the dip.

LOREN E. SMITH
MINING GEOLOGIST
5401 WESTERN AVENUE
BOULDER INDUSTRIAL PARK
BOULDER, COLORADO
303-444-5252

OME Region
RECEIVED
NOV 15 1968
Denver, Colorado

November 11, 1968

U. S. Department of the Interior
Geological Survey
Office of Mineral Exploration
Denver Federal Center
Denver, Colorado

Attention: Mr. William Hasler

Subject: October Report
OME 6577 - copper, silver, gold
Loren E. Smith
Forest Hill Mine - Park vein
Gunnison County, Colorado
Contract 2264

Dear Mr. Hasler:

Transmitted herewith is form 9-648, Operator's Monthly Voucher for costs incurred under the terms of the subject OME contract. If any additional information or supporting data is needed, please let me know.

Very truly yours,

Loren E. Smith

LES/md
Encls.

November 5, 1968

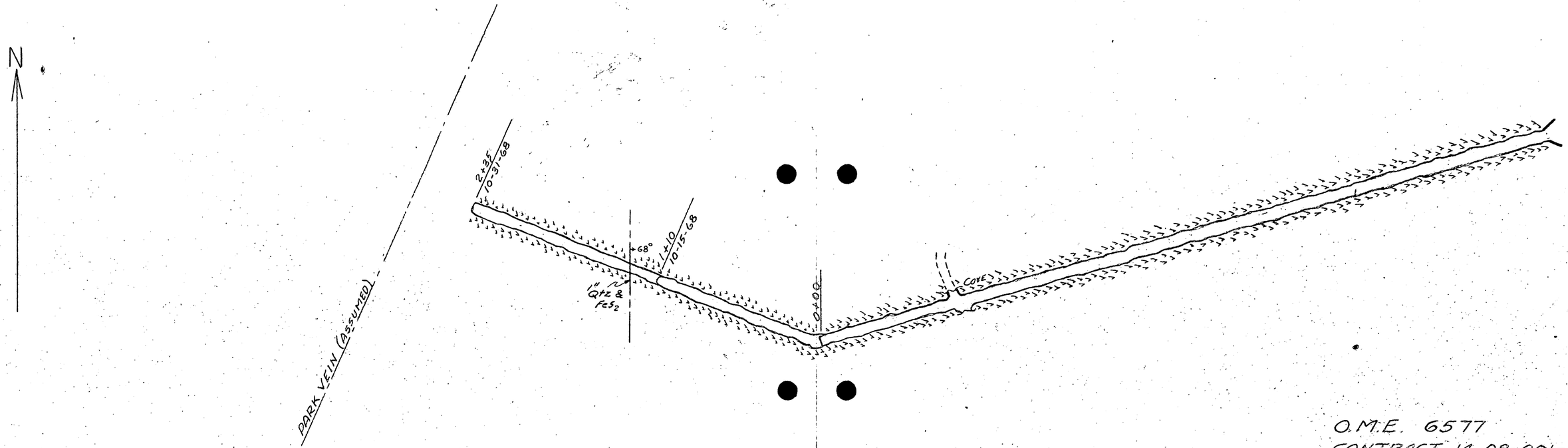
S T A T E M E N T

From: R. Leo Searle
264 East 7200 South
Midvale, Utah

To: Loren E. Smith
5401 Western Avenue
Boulder, Colorado

Cross-cut 5' x 7' with track, ties, airline
and vent line installed - 235' @ $48.50/ft = $11,397.50

R. Leo Searle



O.M.E. 6577
CONTRACT 14-08-001-2264

FOREST HILL MINE
YALE ADIT
GUNNISON COUNTY, COLO.

1" = 50'

OCT. 31, 1968

— - — Mineralized Structure

Granite - Pre-Cambrian

REFERENCE SLIP

OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Assoc. Solr.-MR, Room 6554 (through Room 6042)		
2. Mr. W. L. Emerick, Room 4457		
3.		
4.		
5.		
FROM: Chief, OME		

FOR: Check items for action desired

___ Action ___ Reply for signature of ___

x Approval ___ Investigate ___ Surname

___ Comment ___ Recommendations ___ Signature

___ Conference x Rewrite ___ File

___ Instructions ___ Your information

REMARKS:

FROM SOLICITOR
DEC 13 1968

FOR SIGNATURE
RECEIVED
DEC 11 1968
Division of Mineral Resources
General Legal Services

SOLICITOR
DEC 11 1968
INTERIOR DEPT.
L-68-2066.3/92

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

To Legal 12/10/68

120 Emerick
120 Kirkemo
~~110~~ JLP
120M

WLEmerick/bsl
DRAFT 10/9/68

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

AMENDMENT NO. 1

It is agreed this _____ day of _____, 1968, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government", and Loren E. Smith, hereinafter referred to as the "Operator", that Exploration Contract No. 2264 (OME-6577), dated July 31, 1968, is amended effective November 16, 1968, as follows:

1.(a) Work under the contract shall be suspended during the period beginning November 17, 1968, and ending not later than June 1, 1969.

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

(c) The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of work.

(d) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

2. The date fixed by Article 1 of the Contract for completion of the work is extended from 8 to ~~14-1/2~~ 15 months from the date of the contract, or until ~~October 15~~ November 1, 1969.

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

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

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Chief, Office of Minerals Exploration

LOREN E. SMITH

By_____

Title_____

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 200

December 5, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6577 (Cu, Ag, Au)
Loren E. Smith
Forest Hill Mine - Park Vein
Gunnison County, Colorado
Contract 2264

The Operator, in a letter dated December 3, 1968 (attached) informed us that exploration work under the subject contract was suspended on November 17, 1968 because of adverse weather conditions and increasingly amounts of snow from successive snow storms. The portal of the Yale tunnel is at an elevation of 10,208 feet above sea level.

The Operator requested that the above contract be amended to allow for a suspension of time of five months.

My recommendation would be to recess the contract from November 17, 1968 until June 1, 1969. This extra time should allow for an unusually long winter period. The road between the Taylor Reservoir and the Forest Hill Mine should be accessible by the middle of May in my estimation.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

December 3, 1968

OME Region III
RECEIVED
DEC 4 - 1968
Denver, Colorado

U. S. Department of the Interior
Geological Survey
Office of Minerals Exploration
Building 53 Room 203
Denver Federal Center
Denver, Colorado 80225

ATTN: Mr. William Hasler

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

Dear Mr. Hasler:

In reference to the above OME-6577, work was terminated at the Forest Hill Mine on November 17 because of snow conditions. It is hereby requested that the above contract be amended to extend the time period for completion an additional five months.

No further work was done at the property after your visit November 15.

Very truly yours,

Loren E. Smith

Loren E. Smith

LES/odb

FORM 9-1648
MARCH 1968

OK
WRE
11/19/68

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

OFFICIAL COPY
NOV 22 1968
U.S. GEOLOGICAL SURVEY

OPERATOR'S MONTHLY VOUCHER

For Month of September 1968

Docket No. OME- 6577
Contract 14-08-0001 2264
Contract Amount $44,800.00
Gov't. Participation 62 1/3 $28,000.00

Operator's Name Loren E. Smith
Address 5401 Western Avenue - Boulder, Colorado

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
		$		$		$		$
Leveling for surface plant	20hr	300.00	20	300.00	20	300.00	20	300.00
Compressor House Labor &Mat.	1	426.96	1	426.96	1	426.96	1	426.96
Rehabilitation Adit L&M 470'	1	3675.00	1	3675.00	1	3675.00	1	3,675.00
Supervision	1	850.00	1	850.00	1	850.00	1	850.00
TOTALS		$5,251.96		$5,251.96		$5,251.96		$5,251.96

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

Date 11-1-68 *Payee Loren E. Smith

Per _____ Title _____

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U. S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature J. William Hosler, OME Field Officer — Date 11/13/68

(63) 14X0804

Approved for: $ 3282.48
(SUBJECT TO AUDIT)

Signature _____

Date NOV 22 1968 Vou. No. 4105

(SEE OTHER SIDE)

FOR OPERATOR'S USE	FOR GOVERNMENT USE
REMARKS	REMARKS

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

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

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

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Field Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

NARRATIVE REPORT
September, 1968

Docket OME- 6577
Contract 14-23-090- 2264 - Cu. Ag and Au.

FOREST HILL MINE
GUNNISON COUNTY, COLORADO

INTRODUCTION

This report covers work performed at the Forest Hill Mine, Gunnison County, Colorado, as approved under the above Contract for the month of September, 1968.

LEVELLING FOR SURFACE PLANT

This includes mobilization - demobilization of the tractor equipment required. The work performed included removal of the cave at the Yale Adit Portal, also levelling of the existing dump to permit the laying of 200 feet of dump track and the construction of a 10' x 16' frame compressor house.

REHABILITATION OF YALE ADIT

This work included the following items:

1. Installation of new timbered portal, including top lagging and side lagging where required.
2. Barring down loose and removal of caved rock and debris.
3. Removal of old track. (8# rail)
4. Installation of 460' of new track. (24" gauge - 25# rail)
5. Retimbering caved portion at Portal + 370' to 382'.

6. Installation of 450' of:

   (a) 3" Compressed Air Pipe

   (b) 1" Galv. Water Pipe

   (c) 12" Nylon Vent Pipe

7. Installation of Roof Bolts where required.

Regcon III Copy

LOREN E. SMITH

MINING GEOLOGIST

5401 WESTERN AVENUE
BOULDER INDUSTRIAL PARK
BOULDER, COLORADO
303-444-5252

November 1, 1968

U. S. Department of the Interior
Geological Survey
Office of Mineral Exploration
Denver Federal Center
Denver, Colorado

Attention: Mr. William Hasler

Subject: September Report
OME 6577 - copper, silver, gold
Loren E. Smith
Forest Hill Mine - Park vein
Gunnison County, Colorado
Contract 2264

Dear Mr. Hasler:

Transmitted herewith is form 9-648, Operator's Monthly Voucher for costs incurred under the terms of the subject OME contract. If any additional information or supporting data is needed, please let me know.

Very truly yours,

Loren E. Smith

Loren E. Smith

LES/md
Encls.

LOREN E. SMITH
MINING GEOLOGIST
8401 WESTERN AVENUE
BOULDER INDUSTRIAL PARK
BOULDER, COLORADO
303-444-5252

OME RECEIVED
SEP 12 1968
Denver Colorado

September 11, 1968

U. S. Department of the Interior
Geological Survey
Office of Minerals Exploration
Building 53 Room 203
Denver Federal Center
Denver, Colorado 80225

ATTN: Mr. William Hasler

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

Dear Mr. Hasler:

In reference to the above OME, work was started September 4, 1968, on this project.

Very truly yours,

Loren E. Smith

Loren E. Smith

LES/md

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 16 1968
INITIALS | CODE
130
120M
HK 120
(Smith)

Office of Minerals Exploration
Building 53 Room 203

August 12, 1968

OFFICIAL COPY
C. M. E.
RECEIVED
AUG 15 1968
INITIALS | CODE
130
Gal 120 K
110
HK 120 K
130 S

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

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

Dear Mr. Smith:

Transmitted herewith is a supply of Form 9-1648, Operator's Monthly Voucher, for claiming costs allowed and incurred under the terms of the subject OME contract.

The instructions are self-explanatory, however should you have any questions concerning the forms or other items pertaining to the contract work please feel free to call or visit us.

Sincerely yours,

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosures

cc: Chief, OME
OME chron
Mr. Hasler
OME-6577

OFFICIAL COPY

Office of Minerals Exploration
Building 53 Room 203

August 8, 1968

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

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

Dear Mr. Smith:

Transmitted herewith is the "Operator's Copy" of the subject contract for your signature and retention. Will you kindly inform us in writing of the day you begin work on the exploration program outlined in the contract.

Sincerely yours,

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosure

CC-Cheif, OME
OME-6577
OME chron
Mr. Hasler

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 203

See left side

August 8, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 12 1968
INITIALS | CODE
Coc | 270
Jla | 130
Jbl | 120 M
FD | 110
Rms | 120-5

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

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

Transmitted herewith are the "Government's Copy", and the "Budget and Finance Copy" of the subject contract signed and executed by the Operator. The "Operator's Copy" has been sent to Mr. Loren E. Smith. The "Field Office Copy" and "Extra Copy for Field Use" have been retained in this office.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosure

Office of Minerals Exploration
Building 53 Room 203

August 5, 1968

OFFICIAL COPY
O. M. E.
AUG 7 1968
CODE
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60 120 NC
Rmd 120 S

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

Subject: OME-6577 (Copper, Silver, Gold)
Loren E. Smith
Forest Hill Mine--Park Vein
Gunnison County, Colorado

Dear Mr. Smith:

Enclosed are the original and two copies of a proposed contract for the subject property. The contract consists of MME Form 51 (five pages), Annex I (two pages), one Lien and Subordination Agreements, Annex II (one page), Exhibit A (three pages), Exhibit B (one page), and one map (Figure 1).

If the proposed contract is satisfactory to you, all three copies should be signed by you and returned to us. Your Operator's copy will then be sent to you for your signature and retention. You should insert the date for commencement of the work.

Please be advised that the 7-3/4 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

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

Sincerely yours,

J. William Hasler
BL

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosure

CC-Chief, OME ✓ OME-6577 OME chron Mr. Hasler

SURNAME COPY

7/30/68 RM Smith 120

Kerkhamo 120

7/30 Johnson 110

7/30 Lovelo 130

Clark 7/31/68

110

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120M

AIRMAIL

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine--Park Vein
Gunnison County, Colorado

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 51 (five pages), Annex I (two pages), one Lien and Subordination Agreements, Annex II (one page), Exhibit A (three pages), Exhibit B (one page), and one map (Figure 1). Also enclosed is an extra copy of the contract for field use. You should insert the date for commencement of the work.

If the proposed contract is satisfactory to you and the Applicant, all four copies should be signed by the Applicant. Thereafter, please distribute the copies in the usual manner.

Please advise the Applicant that the 7-3/4 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval or that of the Applicant, the original and all copies should be returned to this office together with the proposed changes for consideration.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

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

GLAult/a 7-30-68

RM 6 REFERENCE SLIP

-59 OFFICE OF MINERALS E ORATION

TO:	DATE	INITIALS
1. ~~Assoc, Sol.--MR, Room 6554 (Through Room 6042)~~		
2. Mr. Smith, Room 4459		
3.		
4.		
5.		
FROM: Chief, OME		

FROM: SOLICITOR

FOR: Check items for action desired

7-23-68

____ Action ____ Reply for signature of ____ Surname

____ Approval ____ Investigate ____ Signature

____ Comment ____ Recommendations FOR SIGNATURE

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS

RECEIVED JUL 10 1968 Division of Mineral Resources and General Legal Services

SOLICITOR

H-67-20153192

JUL 10 1968

INTERIOR DEPT.

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

To Legal 7/9/68

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MME Form 51
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME -6577	Copper-Silver-Gold		Gunnison	Colorado

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

Loren E. Smith, an individual

whose mailing address is 5401 Western Avenue, Boulder Industrial Park, Boulder, Colorado 80302 hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before _____ (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 8 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $ 44,800.00. The Government will contribute 62½ percent of the total fixed unit costs of the work performed, not in excess of $ 28,000.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest at the rate of _____ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

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

See Annex I

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the Lien Agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

See Annex I

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

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

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

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

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

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with three copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as two copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

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

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

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used in integrated manufacturing or fabricating operations (for instance if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 6(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. Termination of the Government's Obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to pay on account of units of work not then performed; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 11.

ARTICLE 8. Notices to be given by the Government may be delivered to the Operator or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. Nondiscrimination in Employment.--The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961, as amended and supplemented, are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 12. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 13. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 14. Changes and added provisions.--

Executed in quadruplicate the day and year first above written.

LOREN E. SMITH
(Operator)

By

Title

THE UNITED STATES OF AMERICA

By
Director, U. S. Geological Survey

I, _____ (Name), certify that I am the _____ secretary of the corporation named as Operator herein; that _____ (Name), who signed this contract on behalf of the Operator, was then _____ (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

CORPORATE SEAL

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

ANNEX I

The land, including all rights thereto, referred to in Article 2 of the contract, consists of ten patented lode mining claims and four unpatented lode mining claims in secs. 10, 11, 14, and 15, T. 13 S., R. 83 W., 6th P.M., in the Tin Cup mining district, Gunnison County, Colorado. It is shown outlined in green on Figure 1 entitled, "Forest Hill Mine, Gunnison County, Colorado," attached and made part hereof.

The patented claims are as follows:

Name	U. S. Patent No.
Springfield	9,508
Springfield No. 1	9,508
Compromise No. 1	13,235
Compromise No. 2	13,235
Goldfield	13,235
Goldfield No. 1	13,235
Goldfield No. 2	13,235
Goldfield No. 3	13,235
Goldfield No. 4	13,235
Carbonate Prince	4,451

The unpatented claims are recorded in the office of the County Clerk and Recorder, Gunnison, Colorado, as follows:

Name	Book	Page
Harvard	260	205
Yale	260	205

Princeton	260	206
Columbia	260	206

The Operator is in possession of the patented and unpatented claims under the terms of a Mining Lease with Option to Purchase, dated March 25, 1965, from Dr. J. P. Irish, the owner.

A Lien and Subordination Agreements executed September 1, 1966, by the owner is attached and made part hereof.

Special Agreement Concerning Land

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

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

ANNEX II

WHEREAS, the land referred to in Article 2 of the contract is a portion of the land subject of a previous contract dated June 27, 1962, Contract 2154, OME-6227, between the Government and Gaddis Mining Company, hereinafter called the "Prior Contract"; and

WHEREAS, said Prior Contract has been performed and the Government's contribution thereunder determined at the sum of $12,740.71 and Certification of Possible Production has been issued under the provisions of said Prior Contract under date of January 20, 1964; and

WHEREAS, the work now provided for in this contract is an extension and continuation of the work under the Prior Contract;

NOW THEREFORE, it is agreed that:

1. The contribution of the Government under the Prior Contract in the sum of $12,740.71 plus accrued interest, shall be added to the contribution of the Government under this Contract for repayment to the Government under the provisions of this contract. Any royalty accruing under either contract shall be applied first to the payment of said $12,740.71, plus accrued interest.

2. The Certification of Possible Production under the Prior Contract shall be considered to extend to this contract with the same force and effect as if a Certification of Possible Production had been duly issued by the Government under this contract, i.e., the project under this contract shall be considered to have been certified as of the date of this contract.

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

EXHIBIT A

The purpose of the project is to explore the Forest Hill Mine property by crosscutting and drifting on the Yale (Lower) adit level for copper-silver-gold-bearing ore bodies in and along the Park vein in granite.

General Provisions

A front end loader no smaller than the equivalent of a Trojan 124 shall be used for leveling the portal site.

All drifts and crosscuts shall be not less than 5 by 7 feet in cross section and shall be timbered as necessary. Drift sets shall be of not less than 8- by 8-inch timber, or equivalent round timber.

Mine rails shall be not less than 20-pound size, air lines not less than 2-inch diameter, water lines not less than 1-inch diameter, and vent lines not less than 12-inch diameter.

All significantly mineralized areas traversed by the drifts or crosscuts shall be sampled normal to the trends of the deposits at intervals not exceeding 5 feet.

All samples, from whatever source, shall be split as necessary and one split assayed. The Operator shall store one split of each sample in a suitable container properly labeled.

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

All splits of samples for assay shall be analyzed for gold, silver, copper, lead, and zinc.

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

The Operator shall provide such supervision, labor, and technical services as may be required to perform the work in a satisfactory manner.

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

Description of the Work

The work shall consist of leveling near the portal of the Yale adit for a compressor house, constructing a compressor house, rehabilitating the Yale adit (470 feet), crosscutting to the Park vein, drifting both ways on the vein, timbering the drift as warranted, and evaluating the mineral deposits discovered in the workings.

It is estimated that 270 feet of crosscutting and 400 feet of drifting will be required to reach and explore the vein, that 150 feet of the drift will require timber, and that 80 samples will be required to evaluate the mineral showings. The approximate locations of the proposed crosscut and drifts are shown in red on the above-mentioned Figure 1.

Estimated Costs of the Work

Fixed Unit Costs 1/

Leveling for surface plant, including mobilization-demobilization of equipment, 20 hours @ $15.00/hour	$ 300.00
Constructing compressor house, including labor and materials 2/	725.00
Rehabilitating Yale adit, including labor and materials 2/	3,675.00
Crosscutting and drifting, 670 feet @ $48.50/foot	32,495.00
Timbering, 150 feet @ $12.00/foot	1,800.00
Assaying samples for gold, silver, copper, lead and zinc, 80 samples @ $10.00/sample	800.00
1 Supervisor-geologist-engineer, 5 months @ $850.00/month	4,250.00

Outside consultant, 5 days @ $75.00/day	$ 375.00
15 days per diem @ $16.00/day	240.00
1400 miles travel @ $0.10/mile	140.00
Total Estimated Fixed Unit Costs	$44,800.00
Government Participation @ 62½ percent	$28,000.00

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

2/ The unit of work is the completed job.

LOREN E. SMITH

MINING GEOLOGIST

5401 WESTERN AVENUE
BOULDER INDUSTRIAL PARK
BOULDER, COLORADO
303-444-5252

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 24 1968

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FSD	110
RJd	120 S
HK	120

June 21, 1968

Mr. Frank E. Johnson
Chief, Office of Minerals Exploration
U. S. Department of the Interior
Geological Survey
Washington, D. C. 20242

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine - Park Vein
Gunnison County, Colorado

Dear Mr. Johnson:

In reference to the above OME program, I would like for you to consider reinstatement of the above loan with a starting date of July 15, 1968. There have been no changes in the property rights since the first contract was written.

As a result of the increased price in silver, is it possible that this loan can be considered a silver loan whereby I could obtain 75% participation by the Government? If not, I am prepared to go ahead as originally planed.

Principal Value is in Ag-Au, but Cu is a major constituent

Thanking you in advance

Very truly yours,

Loren E. Smith

Loren E. Smith

Au - 0.06 $2.46
Ag - 9.5 22.80
Cu - 1.16 8.35

LES/md

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/21/67	R M Smith	120
12/21/67	Kathawa	120
		110
		220

AIRMAIL

DEC 22 1967

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

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill-Mine--Park Vein
Gunnison County, Colorado

Dear Mr. Smith:

Thank you for your letter of December 4, 1967, and for returning the "Operator's Copy" of the proposed contract.

In accordance with your request, we shall consider a request for a contract with a starting date no later than June 1, 1968. We regret, however, that for fiscal reasons we cannot prepare such a contract this far in advance of the expected starting date.

In order to assure that the proposed contract is executed in time to meet your requirements, will you please notify us about mid-March whether you still wish to proceed with the exploration project. If there have been any changes in your property rights or in your plan of exploration, please explain them in detail at that time. Otherwise the typewritten parts (Annex I and Exhibit A) in the previous contract proposal will remain unchanged except as necessary to reflect any changes in the OME regulations.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
Branch of Budget and Fin.
OME Docket
OME Reading File
OME Region III
Mr. Smith

RMSMith/bsl 12/21/67

23263

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER 25, COLORADO

Office of Minerals Exploration
Building 53 Room 203

December 12, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 13 1967

INITIALS	CODE
BSL	120 M
HG	~~110~~
	120 S

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine--Park Vein
Gunnison County, Colorado

Transmitted herewith are the "Field Office's Copy"and the "Extra Copy for Field Office" of the contract which has been recinded on the above-stated subject. These are being returned in response to the request of Mr. Roscoe Smith December 11, 1967.

J. William Hasler
mc.

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosure

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER 25, COLORADO
Office of Minerals Exploration
Building 53 Room 203

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 11 1967

gfa	130
gfa	120 MC
	110
	120 S

December 7, 1967

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine -- Park Vein
Gunnison County, Colorado
Contract 2246

Pursuant to your request in a letter to the above-mentioned applicant dated November 30, 1967 to return the subject contract, the applicant has returned the "Operator's Copy" of the exploration contract to this office; and it is hereby enclosed.

The applicant will request that the contract be executed in June, 1968, as he was unable to obtain a contractor that would do the work outlined in the contract, late in the fall and on into the winter months.

J. William Hasler
mc.

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosure

FORM 6 REFERENCE SLIP

DEFENSE MINERALS EXPLORATION ADMINISTRATION

	INITIALS	DATE
1. ~~Asso. Sol., MR, Room 6554 (Through Room 6042)~~ Mr. Smith, Room 4457		
2.		
3.		
4.		
5.		
FROM: Chief, OME		

FOR: Check items for action desired

____ Action ____ Reply for signature of _____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

RECEIVED
DEC 18 1967
Division of Mineral Resources
FROM SOLICITOR and General Legal Services

~~L-67-1067-3124~~
INTERIOR DEPT.
DEC 15 1967
SOLICITOR

12-20-67
FOR SIGNATURE

H-67-2015.3192

INT.-DUP. SEC., WASH., D.C. M25803

DRAFT 12/13/67

RMSmith/bsl

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

RESCISSION OF EXPLORATION CONTRACT

It is agreed this _____ day of _____, 1967 between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, and Loren E. Smith, parties to that certain Exploration Contract No. 2246 (OME-6577), dated August 10, 1967, that said Contract is hereby rescinded, revoked, and cancelled as of the date thereof, without obligations whatever one party to the other, the same as if the contract had never been entered into.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Chief, Office of Minerals Exploration

LOREN E. SMITH

By_____
(Operator)

No action necessary.
12/20/67

LOREN E. SMITH

MINING GEOLOGIST

5401 WESTERN AVENUE
BOULDER INDUSTRIAL PARK
BOULDER, COLORADO
303-444-5252

December 4, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 8 1967

INITIALS	CODE
Jla	120
[illegible]	120
[illegible]	110
RMA	120

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
U. S. Department of the Interior
Geological Survey
Washington, D. C. 20242

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine - Park Vein
Gunnison County, Colorado
Contract 2246

Dear Mr. Johnson:

In reference to the above contract and your letter of November 30, 1967, enclosed is a copy of the letter whereby my copy of the contract was forwarded to Mr. Hasler.

The request is hereby made that this contract be reconsidered with a starting date no later than June 1, 1968. The reason for this request is that I was unable to get a contractor to do the work starting in the fall and continuing during the winter months, however, he has agreed to do the work starting as soon as he can get in in the spring and continuing thru the summer and fall.

Your consideration of this matter will be appreciated.

Very truly yours,

Loren E. Smith

Loren E. Smith

LES/md

December 4, 1967

Mr. J. W. Hasler
U. S. Geological Survey
Room 203 - Building 53
Denver Federal Center
Denver, Colorado 80225

Re: OME (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine - Park Vein
Gunnison County, Colorado
Contract 2246

Dear Mr. Hasler:

In reference to the above loan and Mr. Johnson's letter of November 30, 1967, enclosed is my copy of the contract as requested by Mr. Johnson.

Very truly yours,

Loren E. Smith

LES/md
Encl.
cc: Mr. Frank Johnson

Form 7's of 11/21/67 and

11/27/67 placed in file

because of surnames,

gla

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/30/67	R M Smith	120
11/30/67	Kirkemo	120
		110
11/30	[illegible]	220
		120M

NOV 30 1967

AIRMAIL

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

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine--Park Vein
Gunnison County, Colorado
Contract 2246

Dear Mr. Smith:

We have received the Government's copies of the referenced contract which you signed and submitted to our Denver office October 31, 1967.

The terms of the contract as offered by the Government state that the exploration work toward which the Government will contribute 62-1/2 percent shall be completed within 8 months from the date of the contract. The contract is dated August 10, 1967. Thus the work must be completed no later than April 10, 1968. Under Article I of the contract you inserted the date, June 1, 1968, as being the date on which you plan to begin the work described in the contract. This date, June 1, 1968, is nearly two months later than the completion date of the contract. Thus your proposed starting date makes execution of the contract, by its terms, impossible. This constitutes a rejection by you of our offer and renders the contract null and void. Therefore, we will appreciate prompt return of your copy of the contract to Mr. J. W. Hasler, Room 203, Building 53, Denver Federal Center, Denver, Colorado 80225.

Upon your request a new contract showing corrected dates and reflecting regulations in effect at that time will be considered.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

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

RMSmith/bsl 11/21/67 rewritten by: Solicitor's Office 11/27/67 -
rewritten: Mr. Kirkemo/bsl 11/30/67 23263

H-67-2015.3192

11/21	RMSmith	120
11/21	Kirkemo	120
11/21	Johnson	110
	Bliss	140
		140
		110
		220
		120M

AIRMAIL

Rewritten by:

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

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine--Park Vein
Gunnison County, Colorado
Contract 2246

Dear Mr. Smith:

We have received the Government's copies of the referenced contract which you signed and submitted to our Denver office October 31, 1967.

The terms of the contract as offered by the Government state that the exploration work toward which the Government will contribute 62 1/2 percent shall be completed within 8 months from the date of the contract. The contract is dated August 10, 1967. Thus the work must be completed no later than April 10, 1968. Under Article I of the contract you inserted the date, June 1, 1968, as being the date on which you plan to begin the work described in the contract. This date, June 1, 1968, is nearly two months later than the completion date of the contract. Thus your proposed starting date makes execution of the contract, by its terms, impossible. This constitutes a rejection by you of our offer and renders the contract null and void. Therefore, we will appreciate your promptly returning your copy of the contract to Mr. J. W. Hasler, Room 203, Building 53, Denver Federal Center, Denver, Colorado 80225.

Upon your request a new contract showing corrected dates and reflecting regulations in effect at that time will be considered.

Sincerely yours,

28

Frank E. Johnson
Chief, Office of
Minerals Exploration

RBliss/jfg:11-27-67

cc: Director's Rdg file
Division file
Economic Geology file
OME Dkt
OME Rdg file
Mr. Smith
Region III

120
110

120
120
110

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/21/67	R M Smith	120
11/21/67	Kirkham	120
"	Johnson	110
		~~130~~ 140
		110
		220
		120M

H-67-2015-3193

AIRMAIL

INTERIOR DEPT.
NOV 22 1967
SOLICITOR

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

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine--Park Vein
Gunnison County, Colorado
Contract 2246

Dear Mr. Smith:

We have received the Government's copies of the referenced contract which you signed and submitted to our Denver office October 31, 1967.

As now written, the expiration date of the contract is April 10, 1968, and the date you inserted for starting the work is June 1, 1968. We are aware of the conditions which necessitate the delay, but since this counter-proposal to our offer invalidates the contract, it will be necessary to rescind it. Therefore, will you promptly return your copy to Mr. J. W. Hasler, Room 203, Building 53, Denver Federal Center, Denver, Colorado 80225.

Upon your request a new contract showing corrected dates and reflecting regulations in effect at that time will be considered.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

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

RMSmith/bsl 11/21/67

23263

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration

November 6, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 14 1967

Cac 210
Zla 130
BSL 120
KLJ 110
130 S

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6577 (Copper, silver, gold)
Loren E. Smith
Forest Hill Mine--Park Vein
Taylor Park
Gunnison County, Colorado
Contract 2246

Transmitted herewith are the Government's copy and Budget and Finance's copy of the contract on the above-stated subject.

Mr. Smith erroneously inserted "6-1-67" as the starting date and asked me to change it to "6-1-68".

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosure

MME Form 51
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

Government's copy

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME 6577	Copper-Silver-Gold	2248	Gunnison	Colorado

It is agreed AUG 10 1967 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Loren E. Smith, an individual

whose mailing address is 5401 Western Avenue, Boulder Industrial Park, Boulder, Colorado 80302 hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before C-1-68 (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 8 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $44,800.00. The Government will contribute 62½ percent of the total fixed unit costs of the work performed, not in excess of $28,000.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest at the rate of 7 percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

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

See Annex I

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the Lien Agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

See Annex I

NOTE: Operator's, Field Office's, and Extra copy for Field Office copies returned with R-III memoranda 12/7/67 and 12/12/67, destroyed.
3 copies each of Figure 1 map, and orig. and 2 copies Lien and Sub.Agt., signed by Dr. J. P. Irish, Nucla, Colo., dated Sept. 1, 1966, retained.
1 copy Lien and Subordination Agreements, dated Septem er 1, 1966 (address not shown), and 1 copy map, Figure 1) removed from this copy.

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

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

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

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

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

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with three copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as two copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

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

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

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used in integrated manufacturing or fabricating operations (for instance if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 6(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. Termination of the Government's Obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to pay on account of units of work not then performed; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 11.

ARTICLE 8. Notices to be given by the Government may be delivered to the Operator or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. Nondiscrimination in Employment.--The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961, as amended and supplemented, are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 12. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 13. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 14. Changes and added provisions.--

Executed in ~~xxxxxxxxx~~ quadruplicate the day and year first above written.

Loren E. Smith

LOREN E. SMITH
(Operator)

~~XX~~ _____

~~Xxxxx~~ _____

THE UNITED STATES OF AMERICA

By John O Baker
ACTING DIRECTOR

Long
Appd. Sol. Office
R.M. Smith
Stephens
Johnson
Dove
Invest

I, _____ (Name), certify that I am the _____ secretary of the corporation named as Operator herein; that _____ (Name), who signed this contract on behalf of the Operator, was then _____ (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____

[CORPORATE SEAL]

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

ANNEX I

The land, including all rights thereto, referred to in Article 2 of the contract, consists of ten patented lode mining claims and four unpatented lode mining claims in secs. 10, 11, 14, and 15, T. 13 S., R. 83 W., 6th P.M., in the Tin Cup mining district, Gunnison County, Colorado. It is shown outlined in green on Figure 1 entitled, "Forest Hill Mine, Gunnison County, Colorado," attached and made part hereof.

The patented claims are as follows:

Name	U. S. Patent No.
Springfield	9,508
Springfield No. 1	9,508
Compromise No. 1	13,235
Compromise No. 2	13,235
Goldfield	13,235
Goldfield No. 1	13,235
Goldfield No. 2	13,235
Goldfield No. 3	13,235
Goldfield No. 4	13,235
Carbonate Prince	4,451

The unpatented claims are recorded in the office of the County Clerk and Recorder, Gunnison, Colorado, as follows:

Name	Book	Page
Harvard	260	205
Yale	260	205

Princeton	260	206
Columbia	260	206

The Operator is in possession of the patented and unpatented claims under the terms of a Mining Lease with Option to Purchase, dated March 25, 1965, from Dr. J. P. Irish, the owner.

A Lien and Subordination Agreements executed September 1, 1966, by the owner is attached and made part hereof.

Special Agreement Concerning Land

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

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

ANNEX II

WHEREAS, the land referred to in Article 2 of the contract is a portion of the land subject of a previous contract dated June 27, 1962, Contract 2154, OME-6227, between the Government and Gaddis Mining Company, hereinafter called the "Prior Contract"; and

WHEREAS, said Prior Contract has been performed and the Government's contribution thereunder determined at the sum of $12,740.71 and Certification of Possible Production has been issued under the provisions of said Prior Contract under date of January 20, 1964; and

WHEREAS, the work now provided for in this contract is an extension and continuation of the work under the Prior Contract;

NOW THEREFORE, it is agreed that:

1. The contribution of the Government under the Prior Contract in the sum of $12,740.71 plus accrued interest, shall be added to the contribution of the Government under this Contract for repayment to the Government under the provisions of this contract. Any royalty accruing under either contract shall be applied first to the payment of said $12,740.71, plus accrued interest.

2. The Certification of Possible Production under the Prior Contract shall be considered to extend to this contract with the same force and effect as if a Certification of Possible Production had been duly issued by the Government under this contract, i.e., the project under this contract shall be considered to have been certified as of the date of this contract.

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

EXHIBIT A

The purpose of the project is to explore the Forest Hill Mine property by crosscutting and drifting on the Yale (Lower) adit level for copper-silver-gold-bearing ore bodies in and along the Park vein in granite.

General Provisions

A front end loader no smaller than the equivalent of a Trojan 124 shall be used for leveling the portal site.

All drifts and crosscuts shall be not less than 5 by 7 feet in cross section and shall be timbered as necessary. Drift sets shall be of not less than 8- by 8-inch timber, or equivalent round timber.

Mine rails shall be not less than 20-pound size, air lines not less than 2-inch diameter, water lines not less than 1-inch diameter, and vent lines not less than 12-inch diameter.

All significantly mineralized areas traversed by the drifts or crosscuts shall be sampled normal to the trends of the deposits at intervals not exceeding 5 feet.

All samples, from whatever source, shall be split as necessary and one split assayed. The Operator shall store one split of each sample in a suitable container properly labeled.

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

All splits of samples for assay shall be analyzed for gold, silver, copper, lead, and zinc.

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

The Operator shall provide such supervision, labor, and technical services as may be required to perform the work in a satisfactory manner.

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

Description of the Work

The work shall consist of leveling near the portal of the Yale adit for a compressor house, constructing a compressor house, rehabilitating the Yale adit (470 feet), crosscutting to the Park vein, drifting both ways on the vein, timbering the drift as warranted, and evaluating the mineral deposits discovered in the workings.

It is estimated that 270 feet of crosscutting and 400 feet of drifting will be required to reach and explore the vein, that 150 feet of the drift will require timber, and that 80 samples will be required to evaluate the mineral showings. The approximate locations of the proposed crosscut and drifts are shown in red on the above-mentioned Figure 1.

Estimated Costs of the Work

Fixed Unit Costs 1/

Leveling for surface plant, including mobilization-demobilization of equipment, 20 hours @ $15.00/hour	$ 300.00
Constructing compressor house, including labor and materials 2/	725.00
Rehabilitating Yale adit, including labor and materials 2/	3,675.00
Crosscutting and drifting, 670 feet @ $48.50/foot	32,495.00
Timbering, 150 feet @ $12.00/foot	1,800.00
Assaying samples for gold, silver, copper, lead and zinc, 80 samples @ $10.00/sample	800.00
1 Supervisor-geologist-engineer, 5 months @ $850.00/month	4,250.00

Outside consultant, 5 days @ $75.00/day	$ 375.00
15 days per diem @ $16.00/day	240.00
1400 miles travel @ $0.10/mile	140.00
Total Estimated Fixed Unit Costs	$44,800.00
Government Participation @ 62½ percent	$28,000.00

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

2/ The unit of work is the completed job.

EXHIBIT B

NONDISCRIMINATION IN EMPLOYMENT

(Section 202, Executive Order 11246, September 24, 1965)

"During the performance of this contract, the contractor agrees as follows:

'(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

'(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

'(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

'(4) The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

'(5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

'(6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

'(7) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.'"

LOREN E. SMITH
MINING GEOLOGIST
5401 WESTERN AVENUE
BOULDER INDUSTRIAL PARK
BOULDER, COLORADO
303-444-5252

OME Region III
RECEIVED
NOV 2 X 1967
Denver, Colorado

October 31, 1967

U.S. Geological Survey
Office of Minerals Exploration
Federal Center
Denver, Colorado 80225

Re: OME 6577 (copper, silver, gold)
Loren E. Smith
Forest Hill Mine-
Park Vein
Gunnison C. Colo.

Dear Sirs:

Enclosed are three executed copies of Contract 2246. As you will note, I have inserted June 1, 1968 as the starting date. I was unable to get a contractor to start work this fall with the possibility of not being able to complete the job because of weather.

Very truly yours,

Loren E. Smith

Loren E. Smith

LES/sj
Encs: 3

Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 15 1967

INITIALS	CODE
[illegible]	120 M
[illegible]	110
[illegible]	120 S

August 14, 1967

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

Subject: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine--Park Vein
Gunnison County, Colorado

Dear Mr. Smith:

Enclosed are the original and three copies of a proposed contract to explore the subject property. The contract consists of MME Form 51 (five pages), Annex I (two pages), a Lien and Subordination Agreement, Annex II (one page), Exhibit A (three pages), Exhibit B (one page), and one map (Figure 1). The date for commencement of the work should be inserted.

Please fill in the address of Dr. J. P. Irish on the Lien and Subordination Agreement form.

If the proposed contract is satisfactory, please sign all copies, retain the "Operator's Copy" and return the other three to this office.

Please be advised that the 7 percent interest accrues from the dates on which the individual payments are made by the Government and like the principal is repayable from royalty on production.

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

Sincerely yours,

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME
Hasler chron
OME chron
OME-6577

Enclosures

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/8/67	[illegible]	120
8/8/67	[illegible]	120
"	[illegible]	110
8/9	[illegible]	220
8/9	[illegible]	
8/9	[illegible]	
		110
8/16	[illegible]	220

120M

AIRMAIL

AUG 10 1967

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine--Park Vein
Gunnison County, Colorado

Enclosed are the original and three copies of a proposed contract to explore the subject property. The contract consists of MME Form 51 (five pages), Annex I (two pages), a Lien and Subordination Agreements, Annex II (one page), Exhibit A (three pages), Exhibit B (one page), and one map (Figure 1). The date for commencement of the work should be inserted. An extra unsigned copy of the contract is enclosed for field use.

Please request the Applicant to fill in the address of Dr. J. P. Irish on the Lien and Subordination Agreements form.

If the proposed contract is satisfactory to you and the Applicant, all four copies should be signed by the Applicant. Thereafter, please distribute the copies in the usual manner.

Please advise the Applicant that the 7 percent interest accrues from the dates on which the individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval or that of the Applicant and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division file
Economic Geology File
OME Docket
OME Reading File
Mr. Smith
130

GLAult/a 8-8-67

23263

MME FORM 6 REFERENCE SLIP
REV. 2-5 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~Assoc Sol. - MR, Rm. 6554~~ ~~Through Rm. 6042~~		
2. Mr. Smith, Rm. 4459		
3.		
4. A-67-2015.3192		
5. 8-2-67 FROM SOLICITOR		
FROM: Chief, OME		

AUG 7

FOR: Check items for action desired

FOR SIGNATURE

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

REMARKS:

Please note that three dockets are referred:

OME-6577 Loren E. Smith
OME-6439 Loren E. Smith (denied)
OME-6227 Gaddis Mining Company (Executed)

Please return the map

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

DRAFT 7/28/67
RMSmith/gla

to Legal 8/9/67

RMS, 120
HK 120
~~HP 110~~
120M

MME Form 51
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME-6577	Copper-Silver-Gold		Gunnison	Colorado

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

Loren E. Smith, an individual

_____, 80302

whose mailing address is **5401 Western Avenue, Boulder Industrial Park, Boulder, Colorado**, hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before _____ (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within **8** months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $ **44,800.00** The Government will contribute ~~25~~ 62½ percent of the total fixed unit costs of the work performed, not in excess of $ ~~28,000.00~~ in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest at the rate of _____ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

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

See Annex I

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold legal title) the Lien Agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

See Annex I

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

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

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

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

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

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with three copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as two copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

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

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

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used in integrated manufacturing or fabricating operations (for instance if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 6(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. Termination of the Government's Obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to pay on account of units of work not then performed; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 11.

ARTICLE 8. Notices to be given by the Government may be delivered to the Operator or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. Nondiscrimination in Employment.--The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961, as amended and supplemented, are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 12. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 13. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 14. Changes and added provisions.--

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

(Operator)

By

Title

By Arthur A. Baker

ACTING DIRECTOR

I, quadruplicate ~~XXXXXXXXXX~~ (Name), certify that I am the LOREN E. SMITH ~~XX~~ (Name) secretary of the corporation named as Operator herein; that ~~XXXX~~ (Title), who signed this contract on behalf of the Operator, was then of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

[CORPORATE SEAL]

INT.-DUP. SEC., WASH., D.C. 31011

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

ANNEX I

The land, including all rights thereto, referred to in Article 2 of the contract, consists of eight (8) patented lode mining claims and four (4) unpatented lode mining claims in secs. 10, 11, 14, and 15, T. 13 S., R. 83 W., 6th P.M., in the Tin Cup mining district, Gunnison County, Colorado. It is shown outlined in green on Figure 1 entitled, "Forest Hill Mine, Gunnison County, Colorado," attached and made part hereof.

The patented claims are as follows:

Name	U. S. Patent No.
Springfield	9,508
Springfield No. 1	9,508
Compromise No. 1	13,235
Compromise No. 2	13,235
Goldfield No. 2	13,235
Goldfield No. 3	13,235
Goldfield No. 4	13,235
Carbonate Prince	4,451

The unpatented claims are recorded in the office of the County Clerk and Recorder, Gunnison, Colorado, as follows:

Name	Book	Page
Harvard	260	205
Yale	260	205
Princeton	260	206
Columbia	260	206

The Operator is in possession of the patented and unpatented claims under the terms of a Mining Lease with Option to Purchase, dated March 25, 1965, from Dr. J. P. Irish, the owner.

A Lien and Subordination Agreements executed September 1, 1966, by the owner is attached and made part hereof.

Special Agreement Concerning Land

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

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

ANNEX II

WHEREAS, the land referred to in Article 2 of the contract is a portion of the land subject of a previous contract, dated June 27, 1962, Contract 2154, OME-6227, between the Government and Gaddis Mining Company, hereinafter called the "Prior Contract,"; and

WHEREAS, said Prior Contract has been performed and settled and the Government's contribution thereunder determined at the sum of $12,740.71 and Certification of Possible Production has been issued under the provisions of said Prior Contract under date of January 20, 1964; ~~November 30, 1963~~; and

WHEREAS, the work now provided for in this contract is an extension and continuation of the work under the Prior Contract;

NOW THEREFORE, it is agreed that:

1. The contribution of the Government under the Prior Contract in the sum of $12,740.71 plus accrued interest, shall be and is hereby added to the estimated contribution of the Government under this contract as indicated in Exhibit A, for repayment to the Government under the provisions of this contract. Any royalty accruing under this contract shall be applied first to the payment of said $12,740.71, plus accrued interest.

2. The Certification of Possible Production under the Prior Contract shall be considered to extend to this contract with the same force and effect as if a Certification of Possible Production had been duly issued by the Government under this contract, i.e., the project under this contract shall be considered to have been certified as of the date of this contract.

EXPLORATION CONTRACT
LOREN E. SMITH
OME-6577

EXHIBIT A

The purpose of the project is to explore the Forest Hill Mine property by crosscutting and drifting on the Yale (Lower) adit level for copper-silver-gold-bearing ore bodies in and along the Park vein in granite.

General Provisions

A front end loader no smaller than the equivalent of a Trojan 124 shall be used for leveling the portal site.

All drifts and crosscuts shall be not less than 5 by 7 feet in cross section and shall be ~~xxxxxxx~~ timbered as necessary. Drift sets shall be of not less than 8- by 8-inch timber, or equivalent round timber.

Mine rails shall be not less than 20-pound size, air lines not less than 2-inch diameter, water lines not less than 1-inch diameter, and vent lines not less than 12-inch diameter.

All significantly mineralized areas traversed by the drifts or crosscuts shall be sampled normal to the trends of the deposits at intervals not exceeding 5 feet.

All samples, from whatever source, shall be split as necessary and one split assayed. The Operator shall store one split of each sample in a suitable container properly labeled.

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

All splits of samples for assay shall be analyzed for gold, silver, copper, lead, and zinc.

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

The Operator shall provide such supervision, labor, and technical services as may be required to perform the work in a satisfactory manner.

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

Description of the Work

The work shall consist of leveling near the portal of the Yale adit for a compressor house, constructing a compressor house, rehabilitating the Yale adit (470 feet), crosscutting to the Park vein, drifting both ways on the vein, timbering the drift as warranted, and evaluating the mineral deposits discovered in the workings.

It is estimated that 270 feet of crosscutting and 400 feet of drifting will be required to reach and explore the vein, that 150 feet of the drift will require timber, and that 80 samples will be required to evaluate the mineral showings. The approximate locations of the proposed crosscut and drifts are shown in red on the above-mentioned Figure 1.

Estimated Costs of the Work

Fixed Unit Costs 1/

Leveling for surface plant, including mobilization-demobilization of equipment, 20 hours @ $15.00/hour	$ 300.00
Constructing compressor house, including labor and materials 2/	725.00
Rehabilitating Yale adit, including labor and materials 2/	3,675.00
Crosscutting and drifting, 670 feet @ $48.50/foot	32,495.00
Timbering, ~~120~~ 150 feet @ $12.00/foot	1,800.00
Assaying samples for gold, silver, copper, lead and zinc, 80 samples @ $10.00/sample	800.00
1 Supervisor-geologist-engineer, 5 months @ $850.00/month	4,250.00
Outside consultant, 5 days @ $75.00/day	375.00
15 days per diem @ $16.00/day	240.00
1400 miles travel @ $0.10/mile	140.00
Total Estimated Fixed Unit Costs	$44,800.00
Government Participation @ 62½ percent	$28,000.00

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

2/ The unit of work is the completed job.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration

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INITIALS	CODE
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RMH	120 S

August 4, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6577 (Silver)
Loren E. Smith
Forest Hill Mine--Park Vein
Taylor Park
Gunnison County, Colorado

Transmitted herewith is an original of a report of examination on the subject property recommending approval for the proposed exploration work herein outlined.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

UNITED STATES

DEPARTMENT OF THE INTERIOR

STEWART L. UDALL, SECRETARY

U. S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION III

OME DOCKET 6577 (SILVER)

LOREN E. SMITH

FOREST HILL MINE -- PARK VEIN
GUNNISON COUNTY, COLORADO

By

J. William Hasler

August 1967

ON-SITE REPORT

Contents

	Page
Introduction and summary	1
History and Production	8
Mineral deposits	12
Applicant's proposed exploration program	18
Conclusions and recommendations	22

Illustrations

Figure 1. Claim map--Forest Hill Mine -- Park Vein.

Introduction and Summary

Mr. Loren E. Smith, an individual applied to the Office of Minerals Exploration for financial assistance in minerals exploration to explore for silver at the Forest Hill Mine, Gunnison County, Colorado. The applicant first applied in April 1965, which was for an estimated total cost of $250,600.00. The project was proposed to follow a former OME contract, OME-6227, Contract 2154. The review from the Washington Office showed that the principal value of the ore occurs in the base metals, lead, zinc and copper which were removed from the list of commodities eligible for exploration assistance on July 1, 1962. The application was therefore denied. Copper was replaced on the list of eligible minerals on July 1, 1966 and the applicant then reapplied for possible exploration assistance. A field examination was made by J. William Hasler accompanied by Mr. Loren E. Smith on November 18 and 19th, 1966. An alternate exploration program was proposed and the applicant submitted additional data and bids during the winter of 1966. This is the third of three successive applications for three separate projects on six of the seven known veins on the Forest Hill property. The first application resulted in a contract, and the second was denied. Salient features of the three applications are summarized as follows:

OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine (Springfield vein)
Gunnison County, Colorado
Contract 2154, dated June 27, 1962
Total cost 3,200 feet of drilling in 7 holes $25,481.42
(An eigth hole - 360 feet - drilled at Operator's expense.)
Government participation @50% $12.740/71
Certified: Royalty and 6% interest until June 27, 1973.
Ore reserves - Operator's estimate, November 1963:

Tons	Au	Ag	Cu	Pb	Zn	Total, including old assays
140,500	0.07 oz.	10.4 oz.	0.7%	6.8%	11.7%	
Prices 1963	$35	$1.26	30¢	10.5¢ 13	11.5¢ 13½	
Value 1963	$2.45	13.10	$4.20	14.28	26.91	$60.94
67	2.45	2.48 26.00	5.88	17.68	31.57	83.55

Operator's conclusion: ". . . The reserves indicated by the (OME) drilling program and the old workings are large enough to amortize the cost of developing the mine and constructing a mill, but . . . not sufficient to . . . return a reasonable profit . . . . It is indicated that additional exploration of other nearby veins will be required to develop sufficient ore reserves to justify . . . operation . . . ."

OME-6439 (Silver)
Loren E. Smith
Forest Hill Mine (Park, Compromise, Goldfield, Gilt Edge veins)
Gunnison County, Colorado
Project proposed by Applicant consisted of extending the existing 470-foot lower tunnel an additional 1,600 feet northwest to crosscut the four veins, drifting an aggregate of 1,500 feet along the veins, and raising 500 feet where indicated.

Application denied without a field examination May 7, 1965. Principal value of the ore was in base metals which were not eligible for OME assistance. The Applicant requested reconsideration on the basis that the potential of the property is 400,000 tons containing 4,000,000 oz. silver, that silver is the principal product in the Park vein and also in the upper (mined out) part of the Springfield vein, and that silver represents 28% of the recoverable value ($46.83) the foregoing factors provide no basis for eligibility of the proposed project. The Applicant was informed by letters and also orally at the OME Washington office that if additional work indicates a greater potential for the discovery of new or undiscovered silver deposits on the property, we shall be glad to reopen the application.

Copper was added to the list of minerals eligible for OME assistance July 17, 1966.

The subject application, OME-6577, received October 11, 1966, presents a more modest project to explore the Park vein at a depth of about 100 feet, which is probably still in the oxide zone where silver values are commonly higher. The high ratio of silver to base metals in the Park vein is confirmed by two samples, one from the Pittenger tunnel and one from the upper tunnel dump. The dump sample is from the vein above the area to be explored and assayed as follows:

	Au	Ag	Cu	Pb	Zn	Total
	0.06 oz.	9.5 oz.	1.16%	0.7%	4.7%	
Prices 1966	$35.	$1.29	36¢	15¢	15¢	
Value 1966	$ 2.10	$12.25	$8.35	$2.10	$14.10	$38.90
Total Au, Ag, Cu		24	42	13	13½	$22.70

Additional but indirect confirmation that silver may be the principal mineral in the area to be explored is found in the four settlement sheets accompanying the application, all of which indicate that silver is more than half the gross value of the shipments. All of these shipments were from the oxide zone of the Yale vein which, although in the same area, is not the vein to be explored.

The project proposed by the Applicant consists of rehabilitation of the 470-foot lower adit, crosscutting about 270 feet northwest to the Park vein, drifting 400 feet along the vein, and sampling at 5-foot intervals along the vein. An alternative method of exploration by surface trenching on the Park and Compromise veins was attempted in 1963 but was unsuccessful due to the depth of overburden and weathering.

Location

The Forest Hill Mine is located on the western side of Taylor Park in the Elk Mountain Range 12.5 miles northwest of the Trading Post at the Taylor Park Reservoir In Sections 10 and 15, Township 13 South, Range 83 West, Sixth Prime Meridian, Gunnison County, Colorado (Figure 2) of application.

Accessibility

The property can be reached by traveling north 34 miles from the town of Gunnison on State Highways 135 and 306 to the Taylor Park Trading Post at Taylor Reservoir. From the Trading Post it is 12.5 miles northwest along the Taylor River to the Forest Hill

property. State Highway 135 is paved to the town of Almont and Highway 306 to Taylor Park is presently being improved and gravel surfaced. There are 10.5 miles of graded and gravel surfaced road from the Trading Post to the property.

During the summer months the property can also be reached by traveling 36 miles from Buena Vista to Taylor Park over the Cottonwood Pass road. The highway from Gunnison to the Taylor Park Dam is maintained by the County during the winter. The County does not maintain the road in Taylor Park during the winter months but has in the past. The roads on the property are suitable for mining purposes and are easily constructed and maintained.

The nearest year around rail points are Salida and Montrose, both a distance of 113 miles from the mine. During the summer months the ore can be shipped to the rail point at Buena Vista a distance of 48 miles from the mine. The closest smelters are in Utah and Texas.

Topography, Climate, Vegetation

The collar elevation of the Forest Hill shaft is 10,738 feet and the mine is located on the northeast slope of Forest Hill Mountain, which rises to an elevation of 12,432 feet in a distance of 2.5 miles southwest from the mine. The variation in relief on the property is moderate with slopes of 15 to 20 degrees and the hills are rounded with very little rock outcrop.

The climate is mild during the summer months with moderate rainfall and cold in the winter with snow up to 4 feet deep on the level. Mining operations have been conducted year around at the

property in the past, and winter operation would not present any problems other than those normally anticipated at an elevation of 9,000 feet to 10,000 feet.

There is a heavy growth of timber on the property consisting of pine, spruce, fir, and balsam, which would be adequate for any mining operation.

OWNERSHIP

Dr. J. P. Irish of Nucla, Colorado, is the owner of 10 patented claims and 5 unpatented lode locations. Charles A. Gilman of Tulsa, Oklahoma, is the owner of 3 patented claims and one unpatented lode location. Nine individuals own one patented claim, and Loren E. Smith is the owner of nine patented claims. Ownership data is contained in Table 1 and shown on Figure 3. The proposed underground exploration will be done on the Princeton, Yale, Harvard lode locations and on the Goldfield 2, 3 and 4, Compromise 1 and 2, Gilt Edge, and Carbonate Prince patented claims.

TABLE 1. OWNERSHIP DATA

Unpatented Claims	Recording Data Book	Recording Data Page	Ownership
Harvard	260	205	Dr. J. P. Irish
Princeton	260	206	Dr. J. P. Irish
Yale	260	205	Dr. J. P. Irish
Columbia	260	206	Dr. J. P. Irish
Jenny Lous	312	311	Charles H. Gilman

TABLE 1. OWNERSHIP DATA - Continued

Patented Claims	Patent Number	Ownership
Springfield	9508	Dr. J. P. Irish
Springfield No. 1	9508	Dr. J. P. Irish
Carbonate Prince	4451	Dr. J. P. Irish
Compromise No. 1	13235	Dr. J. P. Irish
Compromise No. 2	13235	Dr. J. P. Irish
Goldfield	13235	Dr. J. P. Irish
Goldfield No. 1	13235	Dr. J. P. Irish
Goldfield No. 2	13235	Dr. J. P. Irish
Goldfield No. 3	13235	Dr. J. P. Irish
Goldfield No. 4	13235	Dr. J. P. Irish
Taylor River 3, 4, 5, 6	13359	Loren E. Smith
Compromise No. 3 & 4	13215	Loren E. Smith
Sunset No. 1	13215	Loren E. Smith
Spring	13215	Loren E. Smith
Paymaster No. 1, 2, & 3	13235	Charles H. Gilman
Gilt Edge	4451	James H. Alkire, et al

The following claims are owned by the applicant:

Tourist	9508
Sunset No. 2	9508
Sunset No. 1	13235
Spring	13215
Compromise No. 3 and 4	13215
Taylor River No. 3, 4, 5, 6 & 7	13359

Financial Eligibility:

The applicant has applied to two loan institutions for financial assistance to explore the Forest Hill Mine area. Letters to the loan institution are included in the application. There are no affiliated companies or organizations. The applicant's share of the cost will be furnished by the applicant.

Applicant's Rights in Land:

(a) The Applicant has a lease on fifteen claims from Dr. J. P. Irish whose address is P. O. Box 115, Nucla, Colorado. A true copy

of the lease was previously submitted with OME application #6439 and is in full force and effect, Recorded in Book 379, Pages 492 - 498 in the County Clerk and Recorder's Office, Gunnison County, Colorado. The Applicant has a lease on the Gilt Edge claim from James Alkire, et al, c/o Donald S. Graham, 1200 American National Bank Building, Denver, Colorado. This lease is recorded in Book 378, Pages 352 - 365, and was received by an assignment recorded in Book 379, Page 491, of the County Clerk and Recorder's Office, Gunnison County, Colorado. The Applicant has a lease on Paymaster and Jenny Lou claims from Charles H. Gilman of 1640 South Elwood, Tulsa, Oklahoma. This lease is recorded in Book 372, Pages 459-466, and was received by an assignment recorded in Book 379, Page 490, of the County Clerk and Recorder's Office, Gunnison County, Colorado. The Applicant is the owner, in Fee, of nine patented mining claims. The United States of America holds a lien to secure repayment of a loan made by the Department of the Interior, under OME-6227, Contract No. 2154 in the amount of $12,740.71, plus interest. There are no other mortgages or other encumbrances on the land. Legal description and ownership data contained in OME Application #6439 report. The exploration work will be done on the Princeton, Yale, Harvard lode locations and on the Goldfield No. 3 and 4 patented claims, all held under the lease from Dr. J. P. Irish. Lien and Subordination Agreements signed by Dr. J. P. Irish accompany this report (Sent to R. M. Smith, OME 7/26/67).

History and Production

The first claims were staked in the Forest Hill area during 1880, and the Springfield claims were located in 1882. From 1880 to 1886 a number of test pits, trenches, shallow shafts and tunnels were dug to explore for silver and gold. During this early period there were no roads into the area and all equipment and supplies were brought in by pack train, consequently development of the area progressed slowly. In 1897 the Springfield or Forest Hill shaft was started and eventually sunk to a depth of 360 feet. By 1906 some 5,000 feet of drifting, crosscutting, and raising had been completed and the vein exposed on five levels.

Old company records indicate that 122.5 tons of crude ore were shipped direct to the smelter from 1897 to 1900 when shipments were stopped. In an effort to eliminate some of the haulage and zinc penalty costs, a small mill was constructed in 1901 consisting of a crusher, a set of stamps, and a Wilfley table. The mill was operated during the summer of 1902, producing a total of 33 tons of concentrates and then closed down. The old reports mention that development work continued until 1906 when the mine was closed because of the high zinc content of the ore encountered in the lower working.

The mine was reopened and a new mill constructed in 1914 when the price of zinc and other metals increased. The mill reportedly produced 145 tons of concentrates from 870 tons of crude ore and was then shut down in 1917.

In 1933 the shaft was unwatered to the 332 foot level and then allowed to flood because of the lack of operating capital. A tunnel,

located 2,000 feet east and at an elevation 500 feet lower than the collar of the shaft, was started in 1939 and driven in a total distance of 529 feet. The purpose of the tunnel was to explore, at depth, other parallel veins found on the surface and eventually intersect the Springfield vein 200 feet below the 332 foot level.

Minerals Engineering Company started a diamond drilling program in 1955, but it was never completed.

Colorado Exploration Company leased the property in 1956 and did some surveying, resistivity work and started to retimber the shaft collar, then abandoned the project for lack of funds. In July 1961, Gaddis Mining Company obtained a lease on the property and opened the caved portal of the lower tunnel.

During the summer and fall of 1962 and 1963, Gaddis Mining Company completed 3,560 feet of diamond drilling in 8 holes. This drilling was done to explore the Springfield vein at depth. Surface tranching with a dozer was done on parallel veins during the summer of 1963 in an attempt to determine thickness and grade of these veins, but in general was unsuccessful because of depth of overburden and weathering.

Geology

Regional Geology

The Forest Hill Mine is located near the western edge of the Sawatch Range batholith which is a large positive structure extending 80 miles north-south and 40 miles east-west composed of pre-Cambrian granite and schist that has been intruded by Tertiary stocks. The contact between the Paleozoic sediments and the pre-Cambrian granite

and schist has been intruded by Tertiary stocks. The contact between the Paleozoic sediments and the pre-Cambrian granite is exposed several miles west of the mine where there are both thrust and normal faults. These Paleozoic sediments which are the producing formations in the Aspen, Red Cliff and Leadville districts, also contain silver, lead and zinc in the Star Mine on Italian Mountain west of Forest Hill.

Local Geology

Detailed surface geologic mapping on the Forest Hill property has been difficult because of overburden and timber cover. Scattered outcrops along the veins and granite country rock were found in sufficient quantity to enable reconnaissance mapping of the area. The course of the veins between outcrops can be traced by vein quartz float. The country rock is a medium to coarse grained granite except north of the Springfield shaft where outcrops of a Tertiary rhyolite porphyry stock are exposed. Radiating out from the stock are rhyolite porphyry dikes that are visible on the surface and were found by the underground work. Core holes also encountered porphyry dikes. Mineralization in the Forest Hill area is probably related to the Tertiary intrusive. One of the most significant geologic features of the area is the abundance of vein quartz float found throughout the area, indicating intense and extensive mineralization.

Veins

Seven veins that strike generally northeast have been mapped by outcrop quartz float and alteration of the granite, they are: the Tourist, Springfield, Gilt Edge, Goldfield, Compromise, Park, and Yale. More information is available on the Springfield vein because

of past development, but surface outcrops, alteration of the granite, and the abundance of quartz float indicate the other veins are of comparable grade, width, and strike length. Core drilling, surface outcrops, alteration of the granite, and the abundance of quartz float indicate the other veins are of comparable grade, width, and strike length. Core drilling, surface outcrops, and the old reports describing the underground workings indicate the veins or vein zones are 5 feet to 30 feet wide. Dump specimens and core samples show several periods of mineral deposition and movement in the shear zones.

The ore minerals are argentiferous galena, galena, sphalerite, chalcopyrite, bornite and free gold, associated with pyrite. The gangue minerals are pyrite, vein quartz, and clay minerals formed by alteration of the granite. The zone of oxidation is reported to extend to a depth of 100 feet in the Springfield vein, and the same conditions can be anticipated in the other veins.

The higher grade sulphide mineralization occurs on the foot or hanging wall or on both walls of the vein zones with mineralization in cross-fractures and smaller veins in the shear. Change in both strike and dip have undoubtedly caused localization of the ore bodies.

Springfield vein - The country rock in the area of the shaft and to the south is granite cut by rhyolite dikes, whereas 300 feet northwest of the shaft, in the Tourist shaft, and underground workings is the rhyolite porphyry stock. In the rhyolite porphyry stock the vein splits into narrow stringers with scattered pods and lenses of mineralization.

The Springfield vein strikes north northeast and is vertical from the surface to the 192-foot level where there is a change in dip to 45 degrees southeast. South of the shaft 200 feet, the change in dip occurs between the 145-foot level and the 192-foot level. The Springfield vein is a vein zone 5 to 30 feet wide, intensely fractured and altered with abundant clay, gouge and sulphide mineralization on cross-fractures within the vein zone.

Other Veins - The Tourist, Gilt Edge, Goldfield, Compromise, Park and Yale veins strike northeast with dips to the northwest and also southeast. The Gilt Edge vein is near the rhyolite-granite contact and is better exposed than the other veins, surface outcrops are 10 to 20 feet wide. The width of the other veins is unknown. All of the veins appear to have the same mineralogy as the Springfield but can be traced by outcrop and quartz float for greater distances. The alteration of the granite, the abundance of vein quartz float and the width of vein outcrops indicate that the veins are at least comparable to the Springfield in width and strike length. Change in strike and dip will undoubtedly control mineral deposition in these veins also.

MINERAL DEPOSITS

Exploration and Development

Springfield Vein - The Forest Hill or Springfield shaft is a vertical shaft sunk to a depth of 360 feet. The shaft followed the vein to a depth of 192 feet where there is a change in dip from 90 degrees to 45 degrees southeast. The zone of oxidation extends to a depth of 75 to 100 feet and the sulphide minerals have been removed

with no indication of secondary enrichment.

On the 145-foot level and the 192-foot level it is indicated that the average width of the vein is 5 feet and on the 332-foot level the average width is 16 feet.

Other Veins - Very little exploration has been done on the other known veins. The shaft on the Tourist vein is 150 feet deep with several hundred feet of underground workings. The Gilt Edge vein as exposed in the two shallow pits on the Gilt Edge claims is 10 feet wide, strikes northeast and has a vertical dip. The shallow shafts on the Goldfield vein are caved, however, the vein can be traced by quartz float and one outcrop was sampled on the Sunset No. 2 claim. A dozer cut was made on the Compromise vein in an attempt to establish the strike, dip and width, but was unsuccessful because of depth of overburden and weathering. An outcrop of the Compromise vein was sampled on the Compromise No. 1 claim (Figure 1).

The Park vein has been explored by drifting in the Pittenger Tunnel and the upper tunnel on the Yale claim, but both are now caved. A dozer cut was made above the upper tunnel but here again the overburden and weathered zone was too deep to establish strike, dip and width. Channel samples reported from the underground workings are shown on Figure 7 and in Table 3 and 4. The Yale vein has been explored by 400 feet of drift north from the lower tunnel, but is caved and timbered and could not be examined underground. No information is available as to width and grade of the Yale vein.

Results of Diamond Drilling Program

All of the core holes drilled on the Forest Hill property encountered mineralization in the Sprigfield vein. Six of the eight core holes encountered mineralization of minable width and grade. The width of the Springfield vein zone as determined by drilling is 6 to 30 feet wide with ore grade, mineralization occurring in widths of 0.5 to 9.7 feet. The drilling program on the Springfield vein confirmed the assays taken in the old workings that are shown on the old maps and contained in the early reports on the property. The drilling program also found additional reserves below the 332-foot level and north and south of the present workings.

Sample Data

Table 3 is a summary of the assays shown on the vertical section of the Springfield vein giving the average grade for each level (Figure 6) applicant's report. It should be noted that lead and zinc assays were not run on all of the samples and there are no copper assays.

TABLE 3. Summary of Assays on Vertical Section (Figure 6), applicant's report

Location	Gold oz.	Silver oz.	Lead %	Zinc %
145 Level	0.12 (59 samples)	10.04 (59 samples)	10.40 (24 samples)	14.84 (51 samples)
192 Level	0.05 (55 samples)	7.15 (55 samples)	10.99 (16 samples)	16.36 (47 samples)
243 Level	0.20 (4 samples)	19.3 (4 samples)	5.5 (4 samples)	10.0 (4 samples)
243 Winze	0.05 (1 sample)	11.0 (1 sample)	-	22.0 (1 sample)
332 Level	0.18 (1 sample)	22.00 (1 sample)	8.0 (1 sample)	32.0 (1 sample)
Average	0.09 (121 samples)	9.1 (121 samples)	10.13 (46 samples)	15.85 (105 samples)

No record of other sampling on the 332-foot level has been found, but it was reported that the ore shoot has a pitch of 45 degrees to the south which would explain the lack of sampling. The plan map of the underground workings indicates that several hundred feet of the drift was not on the vein, hence the lack of samples.

Although none of the samples taken were assayed for copper, the shipments made from 1897 thru 1900 (Table 2) contained an average of 4.3 percent copper which is an important consideration in evaluating the property.

Ore reserves

Based on the diamond drilling program, Elftman sampling and the vertical section assay map, it is estimated that there are 95,000 tons of minable reserves in the Springfield vein with the following average grade and value:

Metal	Average Grade	Price	Value per Ton
Gold	0.07 oz./ton	$35.00/oz.	$ 2.45
Silver	10.4 oz./ton	1.82/oz.	18.92
Lead	6.8%	14¢/lb.	19.04
Copper	0.7%	38¢/lb.	5.32
Zinc	11.7%	.135¢/lb.	31.59
			77.32/ton

The ore shoots occur in lenses and will vary in width from 0.5 feet to 10 feet with an average width of 5 feet. The 95,000 tons is located above the adit level in the area of the present workings and it is estimated that there are 45,000 tons to the north and south.

In addition to the reserves in the Springfield vein, there is a geologic potential of 150,000 to 300,000 tons of the same grade and width in the parallel veins between the Springfield and the lower tunnel. The Forest Hill property could possibly produce 4,000,000 ounces of silver.

APPLICANTS' CONCLUSIONS

The early engineering reports and old assay maps of the Forest Hill mine indicated minable reserves of silver, zinc, lead, copper, and gold in the Springfield vein. The diamond drilling program conducted in 1962-1963 on the Springfield vein confirmed the sampling done by Dr. Elftman, and indicates that the assays shown on the vertical section assay map are valid. From the sample and assay

data available, it is estimated that there are 95,000 tons of minable reserves in the Springfield vein, with an average assay value of $77.32 per ton at present (7-28-67) metal prices. These reserves cannot be classified as "proven ore" until the size and shape of the ore bodies is determined by drifting and raising.

There is a geologic potential of 45,000 tons in the Springfield vein, and 150,000 to 300,000 tons of an equivalent grade in the five veins between the Springfield vein and the lower tunnel. The Gild Edge, Goldfield, and Park vein zones appear to be as wide as the Springfield and can be traced for a greater distance on the surface.

Operation of the Forest Hill mine will require the construction of a flotation mill, therefore, an underground exploration program should be conducted on the Gilt Edge, Goldfield, Compromise, Park and Yale veins in order to establish additional reserves. The estimated reserves in the Springfield vein are adequate to amortize mine development costs, but additional reserves are necessary to justify construction of a mill and return a reasonable profit to the investor.

APPLICANT'S PROPOSED EXPLORATION PROGRAM

Park Vein

Forest Hill Mine

It is proposed that the lower tunnel at the Forest Hill Mine be rehabilitated and extended 270 feet to intersect the Park Vein. Upon completion of the cross-cut, 400 feet of drifting will be done to explore the Park Vein.

Geology of Park Vein

The Park Vein can be traced on the surface by float for over 3000 feet and was exposed in a short adit on the Yale claim and also in the Pittenger tunnel on the Paymaster No. 2 claim. Both of these tunnels are now caved and intersect the vein less than 75 feet below the surface. The vein as described in the old reports is a fault zone, with mineralization on the foot and hanging walls of the fault. Dump specimens from the vein contain galena, sphalerite and chalcopyrite, no silver minerals were identified but is probably contained in the galena.

Samples from the Yale vein are as follows:

Paymaster Claim Channel Samples

Width	Au	Ag	Pb	Cu
5'	0.02	31.3	-	3.9
4'	0.06	18.8	-	3.5
2'	0.12	16.32	10.2	1.3
4'	0.02	6.5	-	1.4

Yale Claim Samples - Underground

Width	Au	Ag	Cu
Unknown	0.08	61.5	-
Unknown	0.10	38.5	9.8
Unknown	0.04	64.2	0.8

(These are probably picked samples)

Dump Sample by Gaddis Mining Co.

Au	Ag	Pb	Cu	Zn
0.06	9.5	0.07	1.16	4.7

Note: The Paymaster Channel sample information was obtained from the old reports but the location and description of the samples are not available. The Yale claim sample information is also from the old reports and no width of samples was given, indicating picked specimens.

Rehabilitation: There are no useable buildings on the property and a temporary compressor house will be necessary. The portal of the tunnel was cleaned out in 1961 but will require the removal of approximately 75 tons of rock and the installation of 5 sets of portal timber. Two hundred feet of track and ties are needed from the portal to the dump area. The tunnel is 470 feet and has two caves containing approximately 125 tons of rock. Neither of these caves will require spiling and can be held with 8 sets of timbers. There is old track in the tunnel but it has deteriorated and will require replacement. Air and vent lines will be required for the present tunnel. Figure 1.

Cross-Cut

A 5 x 7 foot cross-cut will be driven from the end of the present tunnel, 250 to 270 feet on a bearing of N. 70 W. to intersect the Park Vein. The dip of the Park Vein has not been accurately established, but is assumed to be near vertical. Figure 1.

Drifting

Upon intersection of the Park Vein by the cross-cut, it is proposed that 400 feet of drifting be done to explore the vein, 200 feet South of the cross-cut and 200 feet North. It is estimated that 150' of timbering will be required along the vein.

Estimate of Costs:

(a) Independent Contracts

1. Leveling for surface plant and removal of cave at portal. Includes mobilization and demobilization front-end loader 20 hours @ $15.00/hr — $300.00

2. Cross-cut, Drifting and Timbering

5' x 7' Cross-cut and drift, unit cost per foot includes all costs of labor and materials (track, air line and vent line installed)

Cross-cut 5' x 7'	270' @ $50.00/ft	$13,500.00
Drift 5' x 7'	400' @ $50.00/ft.	20,000.00
Timbering - Estimated 150'	@ 22.00/ft. 12	3,300.00
		$37,100.00

(b) Personal Services - Supervision

Full time 5 months @ $850.00/mo.	4,250.00
Consultant - Engineer or Geologist 5 days at $75.00/day	375.00
Per diem, 15 days @ $16.00/day	240.00
Mileage 265 miles 5 trips @ 10¢/mile	132.00
	$4,997.00

(c) Not applicable

(d) Not applicable

(e) Initial rehabilitation and repairs (including underground working)

Labor - Install 5 sets of portal timbers and remake 420'

of old rail, clean up 2 caves (125 tons) and install 8 sets of timbers.

Install 670 feet of rail, ties and air line (200' on surface)

Install 490 feet of vent line.

Miners 2 @ $3.00/hr - 200 hrs.	$1,200.00
Laborer 1 @ $2.50/hr - 200 hrs.	500.00
	1,700.00

Supplies

	salvage	
Track - 670 feet 30# @ $10.50 F.O.B. Pueblo	50%	1,474.00
Splice bars 45 pairs @ 85¢/pair F.O.B. Denver	50%	38.25
Bolts 5/8" x 2 1/2" 200 lbs @ $44.80/200 lb. keg	50%	44.80
Spikes 1/2" x 4" 1200 lbs @ $32.75/200 lb. keg		196.50
Ties 335 @ 50¢ each		160.00
Compressed air line 670' @ $90.00/100 ft. F.O.B. Denver	50%	603.00
Ventilation line 490', 12" metal, 24 gage F.O.B. Ft. Collins	50%	776.78
Freight		300.00
		$3.593.33

(f) New Buildings

Construction of temporary compressor house 15' x 20' (includes labor and materials) 50% 1,500.00

(g) Miscellaneous

Sample analysis 80 channel samples, includes Au, Ag, Pb, Cu, Zn @ $13.50 each	1,080.00
Contingencies - Insurance and Accounting	500.00
	1,580.00

TOTAL COST OF PROGRAM $50,470.33

49,800.00

CONCLUSIONS AND RECOMMENDATIONS

Assay results of sampling from the 192 foot level of the Springfield vein yielded an average of 0.054 oz. Au, 7.14 oz. Ag, 2.69% Pb and 13.12% zinc, and analyses from 41 samples of diamond drilling core and sludge from the Springfield vein yielded the following results: Average thickness 2.7 feet; 0.02 oz. Au, 2.03 oz. Ag, 3.06% Pb, 4.78% Zn, and 0.69% Cu.

Samples (bulk) taken from a drift on the 332 foot level of the Springfield vein assayed as follows:

Oz. Au	oz Ag	%Pb	%Zn
0.18	22.0	8.0	32.0
0.18	22.5	9.0	38.0
---	----	-----	34.0

Production from the Springfield vein indicated from settlement sheets on some 79 tons of ore showed an average grade of 0.18 oz Au; 17.5 oz. Ag, 2.06% Cu, 7.80% Pb, and 14.70% Zn. At current metal prices as of July 27, 1967 this ore would have a gross value of $111.02, of which 44 percent of the value would be in Au, Ag and Cu. Samples from the Yale Vein (fig. 7) applicant's report (Paymaster claim channel samples) had an average width of 3.7 feet that averaged .05 oz. Au, 15.70 oz. Ag, 2.55% Pb and 2.52% zinc; and some picked samples from underground workings averaged 0.07 oz. Au; 54.43 oz. Ag, and 3.53% copper, have a gross value of $122.30 per ton.

The Paymaster channel samples have a gross value of $54.66, of which $49.78 is in Au, Ag and Cu values, and based on the applicant's data presented in his application it appears that there

is a chance of discovering fair reserves of silver as a result of the proposed exploration program, and it is recommended that a contract be prepared to complete the proposed program at an estimated cost of $50,470.33.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration

IN REPLY REFER TO:

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 1967

INITIALS	CODE
gla	120 M
JWH	120 S

July 26, 1967

Memorandum

To: Roscoe Smith

From: J. William Hasler

Subject: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine--Park Vein
Gunnison County, Colorado

Enclosed please find Lien and Subordination Agreements and Bids on the above-mentioned subject as requested in our telephone conversation this morning.

J. William Hasler
J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosures

ASSAY PRICE LIST

CHARLES O. PARKER & COMPANY
2114 CURTIS ST., DENVER, COLORADO
MA 3-1852

GOLD	$ 1.~~50~~ 1.00
SILVER	1.50
GOLD & SILVER (SAME SAMPLE)	2.50
COPPER, LEAD, ZINC, EACH	1.50
ALUMINUM	5.00
ANTIMONY	5.00
ARSENIC	5.00
BARIUM	5.00
BERYLLIUM	7.50
BISMUTH	7.50
CHROMIUM	7.50
COBALT	7.50
COLUMBIUM - TANTALUM (COMBINED)	10.00
FLUORSPAR	4.50
IRON	2.50
INSOLUBLE	1.50
LIME	2.50
MAGNESIUM	3.00
MANGANESE	3.00
MERCURY	5.00
MOLYBDENUM	7.50
NICKEL	5.00
PHOSPHORUS	5.00
PLATINUM	7.50
SILICA	3.00
SULPHUR	2.50
THORIUM	10.00
TIN	7.50
TITANIUM	7.50
TUNGSTEN	7.50
URANIUM	7.50
VANADIUM	3.00
RARE EARTHS	10.00
FUSION, SILICA, LIME IRON, EACH	3.00
COMPLETE QUALITATIVE ANALYSIS	15.00

ONE POUND MAKES A GOOD SAMPLE

LOREN E. SMITH

MINING GEOLOGIST

5401 WESTERN AVENUE
BOULDER INDUSTRIAL PARK
BOULDER, COLORADO
303-444-5252

February 2[illegible], 196[illegible]

OME Region III
RECEIVED
FEB 28 1967
Denver, Colorado

Office of Mineral Exploration
U. S. Geological Survey
Denver Federal Center
Denver, Colorado

ATTN: Mr. Bill Hassler

RE: OME 6577 (Silver)
Forest Hill Mine
Gunnison County,
Colorado

Dear Mr. Hassler:

Enclosed herewith is the additional information requested for the above loan application. The following claims are owned by the applicant:

Tourist	Patent No. 9508
Sunset No.2	Patent No. 9508
Sunset No.1	Patent No. 13235
Spring	Patent No. 13215
Compromise No.3 & 4	Patent No. 13215
Taylor River No. 3, 4, 5, 6 & 7	Patent No. 13359

Under 7. Estimate of Costs is hereby ammended
(a) Independent Contracts

2. Cross-cut and drift

Cross-cut 5'x7' 270' @ $50.00/ft	$13,500.00
Drift 5'x7' 400' @ $50.00/ft	20,000.00
Timbering estimate 150' @ $22,00/ft	3,300.00

Requests for new bids on this project were submitted and received from Moreno Uranium Corporation, Hardrock Contractors and W. G. Sandell. Two copies of each bid are attached.

Under 7.

(g) Miscellaneous

Sample analysis, 80 samples including Au, Ag, Pb, Cu, Zn @ $7.00 ea.	$560.00
Sample sacks @ 50¢ ea.	40.00
Contingencies - Insurance & Accounting	500.00
	$1100.00

Attached are assay price lists by Charles O. Parker & Company (no discount for volume)

If any additional information is needed, please let me know.

Very truly yours,

Loren E. Smith

Loren E. Smith

LES/md
Encls.

Phone 247-3686

LETTER OF TRANSMITTAL

Hardrock Contractors, Inc.
P. O. Box 1407
DURANGO, COLORADO 81301

DATE	JOB NO. 56
ATTENTION	
RE: FOREST HILL MINE	

TO

MR. LOREN E SMITH
6401 WESTERN AVE
BOULDER, COLO

GENTLEMEN:

WE ARE SENDING YOU ☒ Attached ☐ Under separate cover via _____ the following items:

☐ Shop drawings ☐ Prints ☐ Plans ☐ Samples ☐ Specifications

☐ Copy of letter ☐ Change order ☐ BID ON DRIFTS @ FOREST HILL

COPIES	DATE	NO.	DESCRIPTION

THESE ARE TRANSMITTED as checked below:

☐ For approval ☐ Approved as submitted ☐ Resubmit _____ copies for approval

☐ For your use ☐ Approved as noted ☐ Submit _____ copies for distribution

☐ As requested ☐ Returned for corrections ☐ Return _____ corrected prints

☐ For review and comment ☐ _____

☐ FOR BIDS DUE _____ 19 _____ ☐ PRINTS RETURNED AFTER LOAN TO US

REMARKS SORRY TO BE LATE WITH THE BID, BUT I'VE BEEN OUT OF TOWN.

COPY TO _____

SIGNED: John H Fry

Form 240-T — New England Business Service, Inc., Townsend, Mass.

If enclosures are not as noted, kindly notify us at once.

FOREST HILL MINE

CROSSCUT AND DRIFT SPECIFICATIONS

An exploration program is anticipated at the Forest Hill Mine, Gunnison County, Colorado. The work will consist of approximately 270 feet of crosscut and 400 feet of drifting. The rock types are pre-Cambrian granite and tertiary rhyolite porphyry. The following are the specifications for the proposed work:

Specifications

Cross-cut	270'	5' x 7'	
Drift	400'	5' x 7'	
Timbering	150'	5' x 7'	(Estimate of timbering required in drift and cross-cut)

Material Specifications

Track 30#
Ties 24" c-c, 36" x 4" x 6"
Airline 3" diameter
Ventline 12" diameter,metal
Timber 8" diameter, 5' c-c with 2" lagging

Cross-cut and Drift

270 feet of cross-cut and 400' of drift, 5' x 7' in clear, install track, ties, compressed airline, and ventilation line.

Price per foot includes all costs of materials, supplies and labor.

Price per foot 74.25

Timbering

It is estimated that 150 feet of timbering will be required in the cross-cut and drift.

Price per foot includes all costs of timber and supplies and labor for installation.

Price per foot 22.06

HARDROCK CONTRACTORS, INC
John H Ferguson, PRES

FOREST HILL MINE

CROSSCUT AND DRIFT SPECIFICATIONS

An exploration program is anticipated at the Forest Hill Mine, Gunnison County, Colorado. The work will consist of approximately 270 feet of crosscut and 400 feet of drifting. The rock types are pre-Cambrian granite and tertiary rhyolite porphyry. The following are the specifications for the proposed work:

Specifications

Cross-cut	270'	5' x 7'	
Drift	400'	5' x 7'	
Timbering	150'	5' x 7'	(Estimate of timbering required in drift and cross-cut)

Material Specifications

Track 30#
Ties 24" c-c, 36" x 4" x 6"
Airline 3" diameter
Ventline 12" diameter, metal
Timber 8" diameter, 5' c-c with 2" lagging

Cross-cut and Drift

270 feet of cross-cut and 400' of drift, 5' x 7' in clear, install track, ties, compressed airline, and ventilation line.

Price per foot includes all costs of materials, supplies and labor.

Price per foot $50.00/foot

Timbering

It is estimated that 150 feet of timbering will be required in the cross-cut and drift.

Price per foot includes all costs of timber and supplies and labor for installation.

Price per foot $22.00/foot

This is an estimate only. A firm bid would require on the job study of the ground and locality. ~~before a firm~~ W. F. Sandell

Moreno Uranium Corporation

P. O. Box 2727 • Denver, Colorado 80201

Gold, Lead, Silver,
Zinc, Copper
and Uranium Properties

February 16, 1967

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

Dear Mr. Smith:

I herewith submit a bid on your Forest Hill Mine.

270 feet of cross-cut 5' x 7' in the clear, and 470 feet of drift; also 5' x 7' in the clear, including track ties, compressed air line, and ventilation line, price per foot - $60.00.

Timbering 150 feet, price per foot includes all costs of timber and supplies and labor of installation, at $20.00 per foot.

Very truly yours,

Ray A. Bennett

Ray A. Bennett
President

RAB:hr

FOREST HILL MINE

CROSSCUT AND DRIFT SPECIFICATIONS

An exploration program is anticipated at the Forest Hill Mine, Gunnison County, Colorado. The work will consist of approximately 270 feet of crosscut and 400 feet of drifting. The rock types are pre-Cambrian granite and tertiary rhyolite porphyry. The following are the specifications for the proposed work:

Specifications

Cross-cut	270'	5' x 7'	
Drift	400'	5' x 7'	
Timbering	150'	5' x 7'	(Estimate of timbering required in drift and cross-cut)

Material Specifications

Track 30#
Ties 24" c-c, 36" x 4" x 6"
Airline 3" diameter
Ventline 12" diameter, metal
Timber 8" diameter, 5' c-c with 2" lagging

Cross-cut and Drift

270 feet of cross-cut and 400' of drift, 5' x 7' in clear, install track, ties, compressed airline, and ventilation line.

Price per foot includes all costs of materials, supplies and labor.

Price per foot $60.00 ?, profit ?

Timbering

It is estimated that 150 feet of timbering will be required in the cross-cut and drift.

Price per foot includes all costs of timber and supplies and labor for installation.

Price per foot $20.00 ?, profit ?

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
23 1966

November 22, 1966

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6577 (Silver)
Forest Hill Mine - Park Vein
Gunnison County, Colorado

An on-site examination on the subject property was made November 18 and 19 by the Field Officer, Region III, who was accompanied by Mr. Loren E. Smith.

The proposed exploration was discussed thoroughly with Mr. Smith along the lines referred to in your memorandum of October 14, 1966. The proposed exploration and property appears to have considerable merit and the applicant was requested to furnish lien and subordination agreements as well as to submit a more current cost estimate since considerable time has elapsed since the last bids were furnished. A report of examination is in preparation.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/14	RMSmith	120
	On leave	120
		110
10/14	cal	220
		120M

Memorandum

OCT 1 4 1966

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine--Park Vein
Gunnison County, Colorado

The application is referred to Region III for review, a field examination if you consider it necessary, and recommendations.

Our review and your comments of October 5, 1966, suggest that possibly a more moderate project to explore the Park vein by crosscutting and drifting than that previously proposed by the Applicant might be eligible for Government assistance under the current OME criteria.

This is the third of three successive applications for three separate projects on six of the seven known veins on the Forest Hill mine property. The first application resulted in a contract, and the second was denied. Salient features of the three applications are summarized as follows:

OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine (Springfield vein)
Gunnison County, Colorado
Contract 2154, dated June 27, 1962
Total cost 3,200 feet of drilling in 7 holes $25,481.42
(An eighth hole - 360 feet - drilled at Operator's expense.)
Government participation @ 50% $12,740.71
Certified: Royalty and 6% interest until June 27, 1973.
Ore reserves - Operator's estimate, November 1963:

Tons	Au	Ag	Cu	Pb	Zn	Total, including old assays
140,500	0.07 oz.	10.4 oz.	0.7%	6.8%	11.7%	
Prices 1963	$35	$1.26	30¢	10.5¢	11.5¢	
Value 1963	$2.45	13.10	$4.20	$14.28	$26.91	$60.94

Operator's conclusion: ". . . The reserves indicated by the (OME) drilling program and the old workings are large enough to amortize the cost of developing the mine and constructing a mill, but . . .

23263

not sufficient to . . . return a reasonable profit . . . . It is indicated that additional exploration of other nearby veins will be required to develop sufficient ore reserves to justify . . . operation . . . ."

OME-6439 (Silver)
Loren H. Smith
Forest Hill Mine (Park, Compromise, Goldfield, Gilt Edge veins)
Gunnison County, Colorado
Project proposed by Applicant consisted of extending the existing 470-foot lower tunnel an additional 1,600 feet northwest to crosscut the four veins, drifting an aggregate of 1,500 feet along the veins, and raising 500 feet where indicated.

Application denied without a field examination May 7, 1965. Principal value of the ore was in base metals which were not eligible for OME assistance. The Applicant requested reconsideration on the basis that the potential of the property is 400,000 tons containing 4,000,000 oz. silver, that silver is the principal product in the Park vein and also in the upper (mined out) part of theSpringfield vein, and that silver represents 28% of the recoverable value($46.83) of the reserves at 1965 prices. The denial was reconfirmed because the foregoing factors provide no basis for eligibility of the proposed project. The Applicant was informed by letters and also orally at the OME Washington office that if additional work indicates a greater potential for the discovery of new or undiscovered silver deposits on the property, we shall be glad to reopen the application.

Copper was added to the list of minerals eligible for OME assistance July 17, 1966.

The subject application, OME-6577, received October 11, 1966, presents a more modest project to explore the Park vein at a depth of about 100 feet, which is probably still in the oxide zone where silver values are commonly higher. The high ratio of silver to base metals in the Park vein is confirmed by two samples, one from the Pittenger tunnel and one from the upper tunnel dump. The dump sample is from the vein above the area to be explored and assayed as follows:

	Au	Ag	Cu	Pb	Zn	Total
	0.06 oz.	9.5 oz.	1.16%	0.7%	4.7%	
Prices 1966	$35	$1.29	36¢	15¢	15¢	
Value 1966	$2.10	$12.25	$8.35	$2.10	$14.10	$38.90
Total Au, Ag, Cu						$22.70

Additional but indirect confirmation that silver may be the principal mineral in the area to be explored is found in the four settlement sheets accompanying the application, all of which indicate that silver is more than half the gross value of the shipments. All of these

shipments were from the oxide zone of the Yale vein which, although in the same area, is not the vein to be explored.

The project proposed by the Applicant consists of rehabilitation of the 470-foot lower adit, crosscutting about 270 feet northwest to the Park vein, drifting 400 feet along the vein, and sampling at 5-foot intervals along the vein. An alternative method of exploration by surface trenching on the Park and Compromise veins was attempted in 1963 but was unsuccessful due to the depth of overburden and weathering.

If you recommend a contract, the Applicant should be requested to list the nine patented claims owned in fee, and to furnish Lien and Subordination Agreements from Dr. J. P. Irish, James Alkire, and C. H. Gilman. Estimated costs should be detailed so that the cost of pipe, rail, and other salvageable items are itemized separately. The cost of assays should be separate from sampling. The bids in Docket OME-6439 are not applicable to the smaller project. New bids should be requested if you consider it advisable.

FRANK E. JOHNSON

Frank E. Johnson

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
~~OME Field Office Region~~
OME Reading File
Mr. Smith

RMSmith/gla 10-14-66

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/14	R M Smith	

OCT 24 1966

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

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine--Park Vein
Gunnison County, Colorado

Dear Mr. Smith:

The application for assistance in exploring the subject property has been reviewed by the Washington Office and referred to Mr. J. William Hasler, Field Officer, Region III, Office of Minerals Exploration, Room 2284 - Building 25, Denver Federal Center, Denver, Colorado 80225.

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

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

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

GLAult/a 10-14-66

23263

October 11, 1966

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

Subject: OME-6577

Dear Mr. Smith:

Your application for exploration assistance, dated September 26, 1966, submitted to our office at Denver, Colorado, has been assigned Docket No. OME-6577.

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

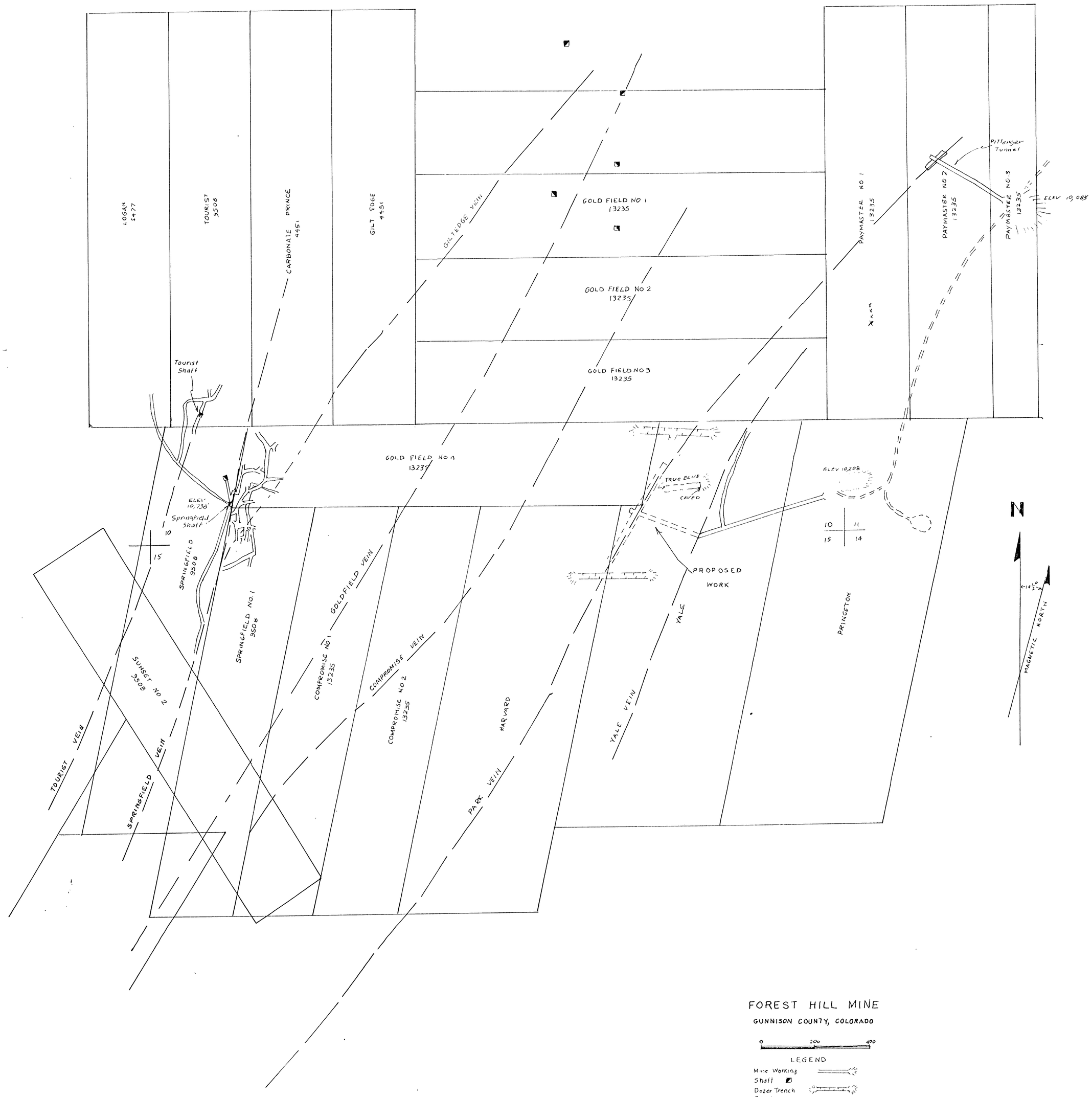
Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Region III

DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
DOCKET 6577



FOREST HILL MINE

GUNNISON COUNTY, COLORADO

0 200 400

LEGEND

Mine Working
Shaft
Dozer Trench
Road
Prospect Pit
Vein
Proposed Underground Workings

FIGURE 1

ADAPTED FROM APPLICANT'S MAP 8,9,67 by JWH

Geologic Plan

Forest Hill Mine

Scale 1" = 20'

0 20 40

Legend

Faults Showing dip

Joints Showing Dip

Kaolin Alt.

Gr. Coarse-Grained Genesis Granite

Timber

Brunton-Pocket Survey by Alex G. Dick 7/6/49

Geologic Plan

Forest Hill Mine

Scale 1" = 20'

0 10 20

Legend

Fault Showing dip

Joint Showing Dip

Realm Alt.

Gr. Coarse-Grained Gneissic Granite

Timber

Brunton-Tape Survey by Alva G. Hale 7/6/49

3.(a) (e) ~~FIGURE 7~~ 5.(a)

U. S. Geological Survey
Office of Minerals Exploration

OME-6577
LOREN E. SMITH

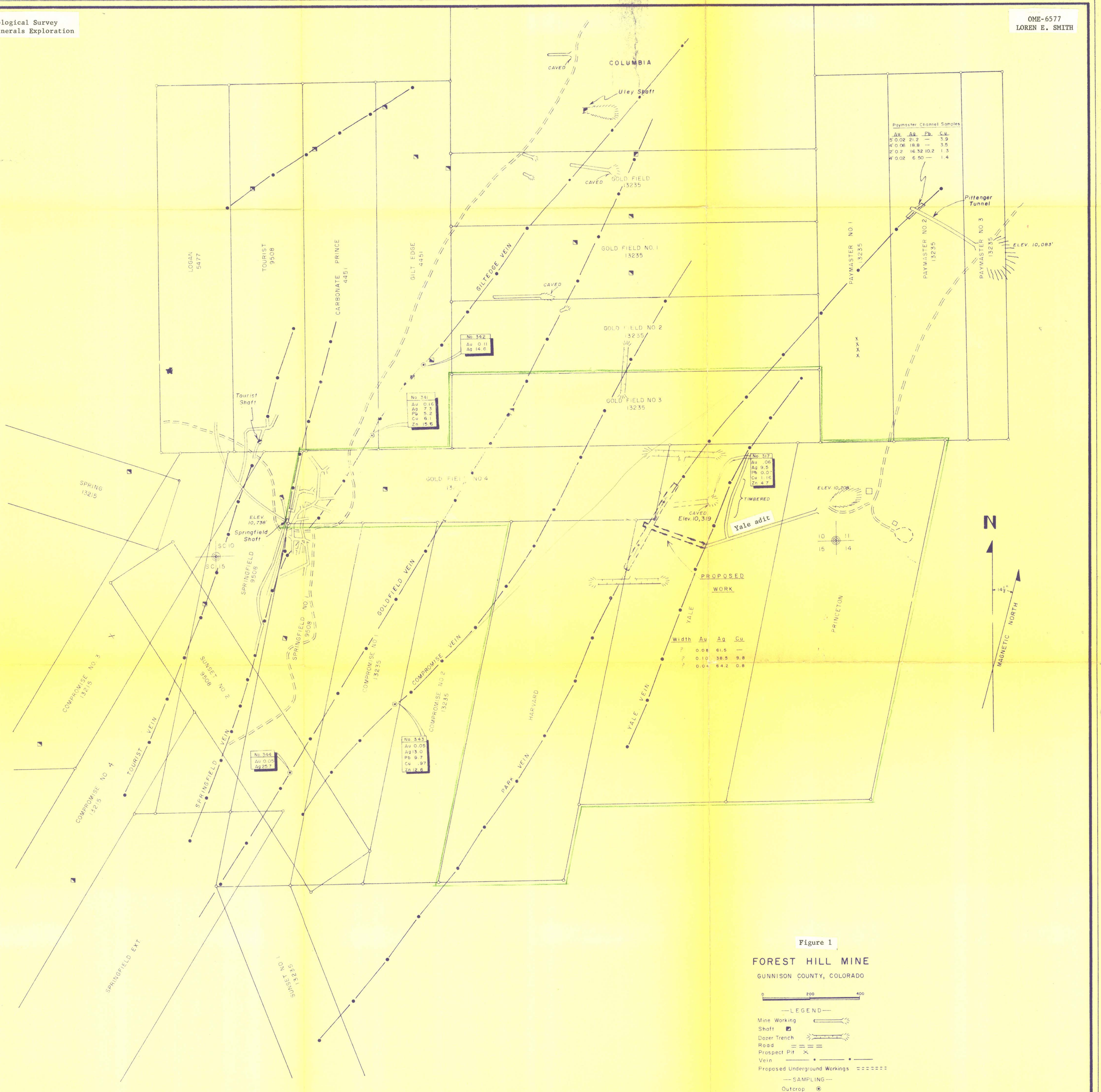


Figure 1

FOREST HILL MINE

GUNNISON COUNTY, COLORADO