MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE

Contract No. _____ Docket No. 6617

Application
- [ ] Denied
- [x] Withdrawn

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

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

Folder No. 1:

Left Side

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

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semiannual Report for Certified Project
- [ ] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam. Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. _____: Reports
- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

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

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

Folders No. _____: Settlement Sheets

Folders No. _____: Drill Logs

Folders No. _____: Royalty Material

72195-65

IN REPLY REFER TO:

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

Office of Minerals Exploration

OFFICIAL COPY
APR 6 1967

April 6, 1967

~~120 MS~~ 120

6617

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: American Mining and Dredging Company (Gold & platinum family, Mercury)
Mark Thomas Property
La Plata County, Colorado

Transmitted herewith is a mining lease which was inadvertently omitted when the application for financial assistance on the above-mentioned docket was forwarded to Washington 4/4/67. A copy of the mining lease has been reproduced and retained for the Region III Field Office files.

J. William Hasler

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

MEClark/mc/4/6/67

MINING LEASE

THIS LEASE entered into this 16th day of December, 1963, by and between MARK E. THOMAS, NELLIE B. THOMAS, DONNA L. THOMPSON, and COLLEEN J. BRYCE, as owners of the following described land, and R. J. KUHN, as optionee of the following described land, all of whom are hereinafter referred to as Lessors, and AMERICAN MINING & DREDGING CO., a Nevada Corporation, hereinafter referred to as Lessee,

WITNESSETH:

In consideration of the royalties hereinafter set forth to be paid, and of the covenants and agreements hereinafter undertaken by each party, and subject to the conditions hereinafter stated, Lessors lease and rent to Lessee and Lessee leases and takes from Lessors the following described lands situate in the County of La Plata, State of Colorado, to-wit:

> The Southwest Quarter of the Southeast Quarter (SW¼SE¼) of Section Twenty-five (25), the Northwest Quarter (NW¼), the Northwest Quarter of the Northeast Quarter (NW¼NE¼), and that part of the Southwest Quarter of the Northeast Quarter (SW¼NE¼) lying west of the Animas River of Section Thirty-six (36), all in Township Thirty-seven (37) North, Range Nine (9) West, N.M.P.M., containing 251 acres, more or less

for a term of five years from the date hereof and for so long thereafter as any mining development, exploration or prospecting is conducted upon any of the above lands.

THE TERMS, COVENANTS AND CONDITIONS OF THIS LEASE ARE AS FOLLOWS:

1. TITLE OF LESSORS. Lessors warrant and represent that they are the sole and exclusive owners of said mining properties and lands, free and clear of any right or claim of any other person. In the event Lessee is required to make any payment to any person or persons or to pay any reasonable legal fees in connection with perfection of Lessors' title to said lands, said sums shall be deducted from any amounts due Lessors under the terms of this agreement. If Lessors own a less interest in the above

described lands, or any part thereof, than the entire and undivided fee simple estate, then the royalties and other consideration herein provided for shall be paid Lessors only in the proportion which their interest bears to the whole and undivided fee of that portion of the leased lands from which the ore is extracted. Lessors agree that all royalty checks shall be made payable to Mark E. Thomas, Nellie B. Thomas, Donna L. Thompson and Colleen J. Bryce and delivered to Mark E. Thomas. Lessee shall never be required to determine the separate interest of each Lessor as to such royalties, nor to divide said royalties among Lessors, provided, however, Lessors may by a written instrument signed by each Lessor and delivered to Lessee, require Lessee to make all royalty checks payable to such person or persons as Lessors may desire and to deliver such checks to such person and at such address as Lessors designate.

If Lessors or any of them default in the payment of any sums due under any encumbrances on any part of the leased lands, Lessee shall have the right to make any and all such payments and to deduct such sums from royalty checks which thereafter become due. The term encumbrances as used in this paragraph shall include any taxes imposed on said lands or on Lessors which may be, or become, liens against said lands, but not including any taxes which are assessed to and under the terms of this lease payable by Lessee.

2. ROYALTIES. Lessee hereby agrees to pay to Lessors in the manner as herein provided a royalty of seven per cent (7%) of the gross proceeds received from the sale of mineral production of every kind and nature, mined and shipped from the leased lands. "Gross proceeds" as used herein is defined to be the gross amount received from all sources from the sale of any ores mined from the leased lands after deducting the actual cost of transporting the ore from the mining premises to the mill, plant or dock of the mineral purchasers. The said royalty payments shall be payable within fifteen days after receipt by Lessee of the money from the sale of said ore. Lessors may be present at

all cleanups and weighings, and Lessee shall notify Lessors of all cleanups and weighings at least twenty-four hours prior thereto. Each of said operations shall be conducted and completed solely on the leased premises, and not elsewhere without Lessors' consent. Such cleanups shall be made whenever and as often as necessary, but in no event less frequently than twice a month during mining operations. Lessee may comply fully with the notice requirement contained in this paragraph by giving notice to Mark E. Thomas, or to such other Lessor as Lessors may unanimously select and advise Lessee of, from time to time.

Within thirty days of the execution of this Lease, Lessee shall deliver to Lessors a check for $1,000.00 advance royalty, which sums shall be deducted from actual royalties as thereafter become due to Lessors.

3. RECORDS. Lessee agrees to keep a full, true and accurate account showing the weight or tonnage, and all shipments and sales, of all minerals, metals and other production from the said mining properties, and receipts therefrom in connection therewith, which books, records and accounts may be inspected by Lessors at any reasonable time.

4. MINING OPERATIONS. Lessee agrees to perform all mining operations in a good and workmanlike manner, for the safety of the workmen and the preservation of said premises as a mine in a manner commensurate with good and economical mining.

5. RESERVATION OF TITLE TO EQUIPMENT. It is agreed that the title to all mining machinery, equipment, fixtures and structures erected or placed upon the leased lands by Lessee shall be reserved to Lessee and remain the personal property of Lessee, subject to removal at its will and pleasure during the continuance of this agreement and ninety days thereafter, irrespective of the manner or method of attachment to said real property, provided that such right of removal shall not extend to foundations in place, unless

Lessors shall have given written consent thereto. If Lessee is hampered by snow drifts, washouts, inclement weather, or other climatic conditions from completing removal of said items within the specified time, then Lessors agree to extend the time by a reasonable period if required by Lessee.

6. INSURANCE. Lessee hereby agrees to carry adequate workmen's compensation insurance for the protection of all workmen employed on said mining premises and claims or in the mining operations. Lessee further agrees at all times during the term of this lease to carry $100,000 of public liability insurance for injury to persons and $50,000 of property damage insurance for property damaged on the premises.

7. TERMINATION. Lessee may cancel or terminate this lease upon ten (10) days notice in writing to that effect mailed to Lessors as provided under "Notice" at any time during the life of this lease. In the event of such termination, Lessee shall have the right to abandon his operation of the mining properties without the payment of any further sums, except rents and royalties required to be paid before expiration of said notice and without further penalty to the Lessee and sums of money paid to the Lessors prior to such termination shall be accepted by the Lessors and received by them in full and complete payment of all claims of every kind and nature which the Lessors may have against the Lessee.

8. DEFAULT. If Lessee fails, neglects or refuses to pay the rents and royalties each month as herein provided, or fails or neglects to perform the other terms, covenants, or conditions or any part thereof, as herein provided, and such default continues for sixty (60) days after notice to Lessee in writing to rectify such default, Lessors or their agents may re-enter and take possession of said mining claims

and premises and may remove all persons found thereon and thereupon this agreement and lease shall be forthwith terminated and all payments of every kind theretofore made to Lessors shall be retained as rental for the use and occupation of said premises by Lessee, and thereupon within ninety (90) days Lessee shall remove his personal property and other property from said premises provided that any such notice of default sent by Lessors to Lessee must be signed by the Lessors or by the attorney for the Lessors.

9. ASSIGNMENT. This lease may be assigned in whole or in part by Lessee and upon such assignment the assignee shall be solely responsible to Lessors for such assignee's pro rata protion of any or all of the obligations or liabilities under this lease and agreement, and Lessee shall proportionately be relieved of any or all of said obligations or liabilities.

10. NOTICE. Any notice required to be given to Lessors hereunder shall be given to them by registered or certified mail addressed to, Mark E. Thomas, Route 1, Durango, Colorado, or at such other address or addresses as they respectively may hereafter designate in writing from time to time. Any notice required to be given to Lessee hereunder shall be given to it by registered or certified mail addressed to it at

or at such other address or addressed as it may designate in writing from time to time.

11. COMPLIANCE WITH STATE LAWS. Lessee agrees that it will operate said mine in full compliance with all State mining laws.

12. CHANGES IN LEASE. None of the covenants, terms or conditions of this lease shall in any manner be altered, waived, changed, or abandoned, except by

a written instrument signed by the parties hereto.

13. LIABILITY AND NON-RESPONSIBILITY. Lessee shall pay, as due, all valid claims for work done, services rendered, or material furnished to the leased premises and shall hold Lessors harmless from any liability arising out of any operations under the lease. Lessee shall defend all suits or claims arising out of such operations at their own expense. Lessee agrees to post notice of non-responsibility signs upon the property for the protection of the Lessors.

14. FORCE MAJEURE. In the event Lessee is prevented from performing this agreement by labor strikes, fires, floods, explosions, riots, any unusual mining casualties, acts of God, government restrictions of orders, suspension of buying by the government where no commercial market is available, severe weather conditions or other extraordinary events beyond his control, then the time of performance of this agreement by Lessee shall be suspended during the continuance of such acts which prevent performance.

15. TRANSFERABILITY. This agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, assigns and successors in interest of either Lessors or Lessee.

16. TAXES. Lessee shall pay all state and county tax assessments upon any and all structures and other improvements, machinery, equipment, tools, supplies, and personal property whatsoever placed upon the leased premises by the Lessee. Lessee shall also pay all state and county "net proceeds" or production taxes assessed against Lessee and other taxes assessed against Lessee on account of its operations hereunder. Lessors shall pay all state and county net proceeds or production taxes assessed against Lessors on account of their receipts of rents and royalties of what-

ever nature provided herein to be paid to Lessors by the Lessee, as well as all state and county assessments upon the leased lands.

17. INSPECTION OF PREMISES. Lessors or their agents may at all reasonable times and at Lessor's risk enter upon and into the leased premises for inspection and to conduct survey or sampling operations; provided, that such activities shall not unreasonably interfere with the operations of the Lessee.

18. DREDGING. Lessee shall not dredge or remove any soil or gravel within 100 feet from the last Pine tree on any side of the group of Pines on the North line known as the Pine Grove. Lessee agrees to replace and repair all dikes to their present condition in the event any thereof be damaged. Lessee shall have no responsibility, however, to repair any other damage done to the surface of the leased lands nor to replace top soil in any area exposed by mining operations.

19. MINIMUM MINING REQUIREMENT. During each year of this lease, commencing with the date of this lease, Lessee agrees to process as a minimum, One Hundred Thousand (100,000) cubic yards of gravel from the leased lands. During the first year of this lease, Lessee shall have six (6) months within which to move in mining and dredging equipment, but the minimum processing as above set forth shall be completed during the second six (6) months of said first year.

Executed in triplicate at Durango, Colorado, the day and year first above written.

Donna L. Thompson
Donna L. Thompson, Lessor

R. J. Kuhn
R. J. Kuhn, Lessor

Mark E. Thomas
Mark E. Thomas, Lessor

Nellie B. Thomas
Nellie B. Thomas, Lessor

Colleen J. Bryce
Colleen J. Bryce, Lessor

D. WELLS
NOTARY PUBLIC - CALIFORNIA
COUNTY OF FRESNO

D. Wells
my com. exp. 8-15-67

AMERICAN MINING & DREDGING CO.

BY: Carl W. Weller
Carl W. Weller

STATE OF COLORADO)
) ss.
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 16th day of December, 1963, by Donna L. Thompson, ~~President~~, Mark E. Thomas, Nellie B. Thomas, Colleen J. Bryce, and by Carl W. Weller, an organizer and director and officer to be of, and for, American Mining & Dredging Co., a Nevada corporation.

My commission expires August 29, 1965.

Bertha Hamilton
Notary Public

AMENDMENT

It is agreed that the last sentence of Paragraph 18 on Page 7 of the lease hereinbefore set forth, is amended to read, as follows:

Except as hereinafter set forth, Lessee shall have no responsibility to repair any damage done to the surface of the leased lands:

a. Approximately eight or nine acres of the leased lands do have top soil covering. Lessee agrees to blade off this top soil and same same. After completion of operations, the said eight or nine acres shall be made reasonably level and the top soil shall be spread back over by use of a cat, and

b. The rest of the leased lands shall be left in a reasonably level condition.

MET
NBT
W.L.L.
A.N.
C.J.B.

Mark E. Thomas

Nellie B. Thomas

Donna L. Thompson

Colleen J. Bryce

AMERICAN MINING & DREDGING CO.

BY: _____
R. C. Gray, President

STATE OF COLORADO)
) ss.
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 14th day of Se[illegible], 1964, by Donna L. Thompson, Mark E. Thomas, Nellie B. Thomas, [illegible]ed by R. C. Gray, as President of and for American Mining [illegible], a Nevada corporation.

[illegible]ssion expires August 29, 1965.

NOTARY PUBLIC
STATE OF COLORADO

_____
Notary Public

SECOND AMENDMENT TO LEASE

WHEREAS, on December 16, 1963, Mark E. Thomas, Nellie B. Thomas, Donna L. Thompson and Colleen J. Bryce, as Lessors, entered into a certain mining lease with American Mining and Dredging Co., a Nevada corporation, as Lessee, and whereas it is the desire of said parties that said lease be amended in four respects, as follows:

1. That paragraph 19 of said lease be eliminated as to the minimum mining requirement for the first year under this lease but that said minimum mining requirement stay in effect for each of the other years under this lease.

2. That there shall be released from said lease all of the lands described in said lease which lie West of the Animas Consolidated Ditch as said ditch presently passes through said lands or part of said lands, but without prejudice to Lessee's access across said lands to the lands remaining under lease.

3. That the first amendment to this lease, wherein in sub-paragraph (a) thereof, it is stated that 8 or 9 acres of the leased lands had top soil covering, said paragraph shall be amended by striking the words 8 or 9 and adding in their place, the word 20.

4. That included within the leased lands are about six acres of pasture land directly in front of the home of Mark E. Thomas. Lessees agree that these six acres shall not be mined by them until all of the mining operations on all other lands under this lease, or such of said lands as Lessees desire to mine, shall have been mined, so that the last operations performed by Lessees shall be the mining of said pasture lands.

The parties hereto mutually covenant and agree to the above amendment and in witness thereof, affix their signatures this 14th day of September, 1964.

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
APR 5 1967

INITIALS	CODE

April 4, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: American Mining & Dredging Company (Gold & Platinum family, Mercury)

Transmitted herewith are the following documents on the above-mentioned subject:

1 copy of R. C. Gray's letter to the Office of Minerals Exploration, undated, received March 1, 1967.
1 MME Form 40, dated February 25, 1967
1 refusual to loan from C. I. T. Corporation, dated October 25, 1965
1 refusal to loan from Associates Commercial Finance Co., dated Nov. 23, 1965
1 listing of officers and Directors

The application is being forwarded for your attention and consideration. One copy each of the above-listed documents has been retained in the files of the Field Office, Region III. Also retained for Region III files is the only copy received of a mining lease"entered into the 16th day of December, 1963, by and between MARK E. THOMAS, NELLIE B. THOMAS, DONNA L. THOMPSON, and COLLEEN J. BRYCE, as owners of the land, and R. J. KUHN as optionee of the described land, all of whom are hereinafter referred to as Lessors, and AMERICAN MINING & DREDGING CO., a Nevada Corporation, hereinafter referred to as Lessee".

The applicant has not been informed that he will need to submit evidence of efforts made within 90 days preceding the filing of the application to obtain credit from a bank of account and at least one other banking institution or other private source of credit or that one more copy of the mining should be furnished, and that the letter from the Bank of Pasadena (mentioned in the 2nd paragraph as having been enclosed) was inadvertently omitted.

Sincerely yours,

J. William Hasler

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

MEClark/mc/4/4/67

American Mining & Dredging Company, Inc.

P. O. BOX 3093 PHONE 247-3084
DURANGO, COLORADO

OME Region 4
RECEIVED
MAR 4 1967
Denver, Colorado

Office of Minerals Exploration,
U. S. Geological Survey,
Building 25, Denver Federal Center,
Denver, Colorado. 80225

Gentlemen:

Pursuant to Public Law 85-701 (72 Stat. 700; 30 U.S.C. 641) we submit for your consideration the attached "Application For Financial Assistance In Minerals Exploration."

Enclosed is a letter from the Bank of Pasadena, dated January 5, 1967, refusing our application for a loan of $50,000.00, which we had hope of using for further exploration and development by the American Mining & Dredging Company. Also enclosed are letters dated Oct. 25, 1965 and November 23, 1965 from C. I. T. Corporation and Associates Commercial Finance Company. No applications have been made recently, other than the one to the Bank of Pasadena. American Mining & Dredging Company is a stock held Corporation with no other affiliations.

We propose that expenditures already make by us, as outlined in the enclosed financial statement, could possibly be applied as our share of the cost of exploration work remaining and necessary to proceed with recovery of precious metals. No

Our Corporation is the lessee of property located in the County of La Plata, State of Colorado and described completely in the

enclosed lease agreement. This land is held entirely by fee title by the Mark E. Thomas family.

Information requested in Section 3, "Physical Discription" is covered in the enclosed eleven page prospectus, particularly on pages 3, 4, 5 & 6.

Mr. Ralph Gray, President of American Mining & Dredging Company will be very happy to meet with the O. M. E. representative at any time, if a three or four days advance notice is given. Mr. Gray may be reached at 1000 So Orange Grove Blvd., Pasadena, California or by phone number (213) 799-7454. Highway 550 runs through the lease, eleven miles North of Durango, Colorado. A six cubic foot Yuba Dredge is located in the middle of the lease.

Information requested in (A) of Section 5, is contained in the aforementioned enclosed prospectus. Should an O. M. E. contract be executed, wourk would be started as soon as the lake and adjacent property thaws out and could be finished within six months.

There is no one in our organization who has past experience and background to conduct this exploration work. Mr Gray has experience necessary to operate the dredge and supervise the work as pertains to the dredging facilities.

We hesitate to be so vague, with respect to section 7, "Estimate of Costs", but the following information may be of value in influencing your considering our Application for help.

Considerable equipment has been moved to the lease sight, including labratory facilities. Because of the lack of suitable drilling equipment in the area, it has been impossible to have the necessary placer samples taken, which would have been helpful in determining which direction

to move the dredge. We know there are values in Gold, Silver, Mercury, Selenium and the Platinum Family, as well as other elements, but we need technical help to separate them. The exploration still necessary and the assistance needed to chemically (or other method) recover and separate Gold & Silver is contingent upon our success in obtaining funds to proceed.

Little is needed in the way of equipment. We must have finances to further our exploration and development. We sincerely solicit your consideration for approval of a loan to us under the provisions outlined in the "Financial Assistance in Mineral Exploration" Act.

Thank you for your cooperation in this matter.

Sincerely,

R. C. Gray - Pres
American Mining & Dredging

MME Form 40
Jan. 65

Budget Bureau No. 42-R1506
Approval expires Dec. 31, 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICIAL COPY
O. M. S.
RECEIVED
APR 5 1967
INITIALS | CODE

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.)*

American Mining & Dredging Co.,
P. O. Box 3093,
Durango, Colorado

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6617

DATE RECEIVED: 4-5-67

REGION: III

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED:

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
R. C. Gray	1000 So. Orange Grove Blvd., Pasadena, Calif. 91105	President
R. C. Teeple	405 Avenida Vaquero, San Clemente, Calif.	Vice Pres.
Charles E. Wilcox	2935 No. Santa Anita Ave., Altadena, Calif.	Sec.-Tres.
Kenneth G. Hoover	5468 Vista Del Arroyo La Crescenta, Calif.	Bd. Member
C. Cal Evans	620 No. Fulton St., Fresno, Calif.	" "

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE

Gold, & platinum family, Mercury,

ESTIMATED COST OF PROJECT

$100,000.00

PROPERTY NAME: Mark Thomas Property

LOCATION COUNTY: La Plata STATE: Colorado

GENERAL INSTRUCTIONS

Before filling out this application, please read the *OME Regulations for Obtaining Federal Assistance in Financing Explorations for Mineral Reserves* (30 CFR Chap. III). To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit two copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 3(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Office of Minerals Exploration, Department of the Interior,* ~~Washington 25, D. C. or with the 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.

February 25, 1967
DATED

American Mining & Dredging
R C Gray
BY *(Signature)*

President
TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

INT.—DUP. SEC. WASH., D.C.

C.I.T. CORPORATION
Industrial Financing
655 BROADWAY, DENVER, COLORADO 80203

October 25, 1965

Mr. C. A. Reddell
American Mining & Dredging Co.
P. O. Box 3093
Durango, Colorado 81302

Re: Direct Capital Loan
Amount - $100,000.00
Term: 40/60 skip Jan.
Feb. & Mar. each year.

Dear Mr. Reddell:

This will refer to your recent telephone conversation with Mr. W. R. Lappin, at which time you were advised we are unable to obtain an approval on your loan application.

The decision of our Credit Committee was made on the basis of the equipment offered as collateral to secure this transaction, as well as the additional information that was so kindly submitted to our office.

We are returning literature, statement information, and other data furnished to us and regret our inability to be of service to you at this time. We were provided with a statement from Mr. R. C. Teeple of San Clemente, California and would like to be advised if this should be returned directly to him or if you desire it forwarded to you for distribution.

Very truly yours,

R. J. Foley

C.I.T. Corporation

RJFoley:mb

AREA 213
TELEPHONE
466-4501

SPECIALISTS IN FINANCING

ASSOCIATES COMMERCIAL FINANCE CO.
(A Division of Associates Discount Corporation)
PACIFIC DISTRICT OFFICE
6363 SUNSET BOULEVARD—NINTH FLOOR
LOS ANGELES, CALIFORNIA 90028

November 23, 1965

Mr. Ralph C. Gray
1000 South Orange Grove #19
Pasadena, California

Re: American Mining & Dredging Company

Dear Mr. Gray:

I am sorry that we were unable to be of service on this transaction as per your request; all documents enclosed.

Thanks again, and we hope there may be some way in the future that we can participate.

Very truly yours,

ASSOCIATES COMMERCIAL FINANCE COMPANY

H E Butler

H. E. Butler
Vice President

HEB/jb
Enc.

AMERICAN MINING AND DREDGING CO.

842 Main Avenue

Durango, Colorado

OFFICERS AND DIRECTORS

The present officers and directors are as follows:

RALPH C. GRAY, President and Director, has a residence at 1000 South Orange Grove Boulevard, Pasadena, California, he is fifty-four years of age and has been engaged in two previous placer mining operations, and in both was part of. He has been engaged for thirty years in the contracting business in Los Angeles, California area, all time at present, is spent on the affairs of the American Mining and Dredging Company.

CHARLES A. REDDELL, Vice-President, Secretary and Director, resides at 206 West 22nd Street, Durango, Colorado. He is fifty-six years of age, and since 1945, has been an owner of a building and supply business and a contractor and builder in California. He is married and has one grown son, Robert C. Reddell.

ROBERT B. KROST, Treasurer and Director, resides at 110 South Euclid Avenue, Pasadena, California, he is fifty-seven years of age, and has been in the public accounting business for the past twenty-one years. He is married and has five grown children, and is now connected with three oil and gas ventures.

C. CAL EVANS, Director of the Company, has for the past twenty-eight years been engaged as a realtor in Fresno, California, he is married and has no children. Has participated in oil and gas ventures, and was one of the original investors in this company.

RICHARD C. TEMPLE, Director. Married and has one daughter. Resides at San Clemente, California. Is forty-eight years of age, and has been engaged in auto management for the past fifteen years.

HISTORY AND PURPOSE

This company was organized in the State of Nevada, in October of 1963. Mr. R.J. Kuhn, interested Carl W. Weller, C.A. Reddell, and C. Cal Evans, in placer property on the Las Animas River north of Durango. Investigation led these parties to believe that there was a potential placer mine here and Mr. R.J. Kuhn took a lease on the said property then owned by Marge E. Thomas, Nellie B. Thomas, Donna L. Thompson and Collone J. Brice. The lease was finally entered into between Mr. Kuhn and the owners, on the 16th day of December, 1963, for a period of five years, and for so long thereafter as any mining development, exploration or prospecting is conducted upon the

property. Part of the lease was relinquished as being wholly unsuitable for placer mining and now consists of 101.209 acres more or less. Mr. Gray was approached on the project and he came to Colorado to assist in certain testing of the ground and became interested, and is now spending full time on the project. This lease is subject to a payment of a royalty of 7% of the gross proceeds received from the sale of mineral production of every kind of nature mined and shipped from the leased lands. A $1,000.00 advance royalty has been paid to the lessors. The lessors covenant and warrant that it has clear and unencumbered title to the said mining ground.

The purposes of the company, generally, are to mine, explore, acquire, develop and operate this placer mining property and any other such property having a potential value to the company which they may or can acquire.

Upon the acquisition of this lease the parties thereupon employed the Nevada Corporation Agency Co., to effectuate a corporation in the State of Nevada, for the purpose of taking over and operating this lease. Carl Weller, C.A. Peddell and C. Cal Evans having acquired the lease from Mr. Kuhn, assigned it and certain equipment to the company.

Personal property conveyed to the corporation is as follows:

1-6 cubit foot dredge, Yuba Mfg.
1-Marion 40A Dragline
1-D8 Caterpillar tractor with dozer blade
1-12' Galion Road Grader
1-300 Amp General Electric Welder
2-Sets of Welding Leads
1-7½ KW Generator
1-Hydraulic Plow
2-Sets Acetlyene & Oxygen Gauges, Welding, Cutting Torches
1-1958 Model 60 Chevrolet 2 ton Stake bed truck
4-1959 9000 TD White truck tractors
2-1964 Highway 35' Flatbed trailers
1-1964 Trailmor 35' Flatbed trailer

PROPERTY

Mr. Felix E. Mutschler, a consulting geologist at Boulder, Colorado, has examined and tested the property, and has made a full and complete report to the company, a true and correct copy of which is on file at the office of the company, and may be seen by anyone interested. The pertinent parts of said report are as follows:

"The American Mining and Dredging Company holds placer mining rights on 101.2 acres located in the SW¼ of the SE¼ of Section 25 and the NW¼ of the NE¼ and the W½ of the SW¼ of the NE¼ of Section 36 Township 37 North Range 9 West, New Mexico Principal Meridian, La Plata County Colorado, as shown on the attached plat (Plate 1) prepared by F.H. Egger, Registered Land Surveyor.

The property is located in the Animas River Valley, approximately eleven

miles north of Durango, Colorado.

Title to the property was not investigated by me.

GEOLOGY OF THE PROPERTY

The property described above lies entirely within the north trending Animas Valley, a flat alluvium floored valley slightly over one mile in width. To the east and west the valley is bordered by steep bedrock cliffs.

A generalized East-West topographic profile across the Animas Valley in the vicinity of the property is shown on Plate 2. The profile is typical of a stream valley modified by glacial erosion and subsequently filled with glacial outwash and alluvium.

Interpretation of the valley topography as a result of glacial erosion allows us to estimate the probable thickness of Pleistocene and Recent glacial and alluvial deposits underlying the property -- an important consideration in evaluating placer mining potential. The transverse bedrock profile of most glaciated valleys approaches a catenary curve. Based on this assumption a probable bedrock profile has been included on Plate 2. The difference in elevation between the present valley floor and the probable bedrock floor is a measure of the thickness of unconsolidated Pleistocene and Recent deposits which may reasonably be inferred to underlie the property. Thicknesses of 200 to 700 feet of glacial and alluvial deposits are indicated, by Plate 2.

The alluvium exposed on the property consists of sand, silt, pebbles, cobbles and boulders. No data as to relative abundance of the various size fragments are available, but no material incapable of handling by normal dredging operations was observed on the property.

In the area shown on Plate 1, the Animas River has a braided channel with a relatively flat gradient of approximately 10 to 20 feet per mile. At Baker's Bridge two miles upstream from the property the valley narrows, becomes largely bedrock floored, and shows a steeper gradient. The average gradient of the Animas River between Baker's Bridge and Silverton, 30 miles north of Baker's Bridge, is approximately 80 feet per mile. This change in river character has an important bearing on the placer potential of the valley below Baker's Bridge. Above Baker's Bridge the river transports most of the material introduced into it. However, at Baker's Bridge the gradient decreases sharply and much of the transported material is deposited. Thus, free gold introduced into the Animas River in the upper part of the drainage basin could reasonably be expected to be deposited below Baker's Bridge. In this respect the property under discussion is ideally situated for placer deposits since it is located near the head of a large natural catchment basin.

POSSIBLE SOURCE OF PLACER GOLD

A potential placer deposit is more attractive if it can be shown that a source for gold exists upstream from the placer area.

The upper Animas River drainage basin includes several mineralized areas (see Plate 3). The most important of these includes the mining districts associated with the Silverton caldera, 30 to 40 miles north of the property. The Silverton caldera is a complex Teritary resurgent collapse caldera involving Teritary volcanic and intrusive igneous rocks overlying Palezoic and Mesozoic sedimentary rocks and Precambrian crystalline rocks. Precious and base metal deposits of the caldera include fissure and replacement veins, stockwords, volcanic pipe deposits, and disseminated sulfide deposits. Past lode production of precious and base metals from the part of the caldera in the Animas River drainage is shown in Table 1.

Many of the ore deposits of the Silverton caldera outcrop at the present ground surface and show evidence of Pleistocene and Recent weathering and erosion. Gold released from these deposits by weathering and erosion would ultimately enter the Animas River drainage system.

In addition to mineralized areas of the Silverton caldera, other smaller areas that might contribute placer gold to the Animas River are located in Chicago Basin, Cascade Creek, and near Snowden Peak (see Plate 3).

GOLD VALUES IN ALLUVIUM ON PROPERTY

The American Mining and Dredging Company has excavated twelve sample pits with a tractor mounted back hoe in the alluvium on the property as shown on Plate 1. Bulk samples of alluvium from ten of these pits were assayed for gold by Root and Norton, assayers of Durango, with the results shown on Table 2.

Although gold distribution in alluvial placers is commonly erratic, the assay results indicate that commercial concentrations of gold in alluvium can reasonably be expected on the property of the American Mining and Dredging Company.

PREVIOUS ATTEMPTS AT PLACER MINING

Small scale sluicing operations by individuals in the Animas Valley have been reported from time to time, but no records of the extent and production of these operations are available. Most of these operations were probably small and total production was probably less than 100 ounces of gold. This may be attributed to the heterogeneous nature of the alluvium. Cobbles and boulders in the alluvium would tend to hamper small sluice box operations. However, handling of poorly sorted alluvium containing cobbles and boulders should not present any unusual problems during dredging operations.

ACCESSIBILITY AND RESOURCES

The property is adjacent to, and readily accessible from U.S. Highway 550

an all weather road connecting Durango and Silverton.

Durango has machine shops capable of servicing and repairing heavy dredging equipment.

Electric power for dredging operations is available from the Colorado Western Power Company.

Availability of water is an important consideration in placer mining. Table 3 summarizes monthly mean water discharge of the Animas River at the Tacoma gauging station, approximately 10 miles upstream from the property. These data indicate an adequate year round water supply for an operation involving floating a dredge in temporary ponds.

Volume of alluvium available for placering is another important consideration. The company controls 101.2 acres entirely underlain by alluvium. Therefore for every foot of depth the property is underlain by 163,269 cubic yards of alluvium. Depth of alluvium estimates for the property are shown on Plate 2. The property contains 1,632,690 cubic yards of alluvium within ten feet of the surface, and alluvium may reasonalby be expected to continue to depths of several hundred feet. Thus an adequate supply of material amenable to placer mining is indicated for the property.

Table 1 -- Lode mine metal production from areas drained by the Animas River, Colorado. 1873-1963. Statistics include lode mine production from the Animas, Eureka (Cement Creek, Mineral Creek, Animas Forks) and Ice Lake Basin Mining Districts, San Juan County, Colorado. Data from U.S. Bureau of Mines and State of Colorado Mineral Resources Board.

Gold (ounces)	Silver (ounces)	Copper (pounds)	Lead (pounds)	Zinc (pounds)	Total Value
1,667,163	44,260,881	84,381,918	569,901,295	362,[illegible],784	$141,751,541

1) Dollar values are based on metal prices current at time of production.

Table 2 -- Gold in alluvium. American Mining and Dredging Company, West Animas Valley, Durango, Colorado.

Sample Pit	Depth feet	Gold: Ounces per ton	Gold: Value per cubic yard
1	4	0.05	$2.62
2	10	0.10	5.25
3	2	0.04	2.10
4,5,6 composite	10		3.30
7	6	0.24	12.80
7	10		14.70

Sample Pit	Depth feet	Gold ounces per ton	Value per cubic yard
8	13	0.07	$3.67
8	17	0.06	3.15
8	22	0.09	4.72
8	25	0.04	2.10
9,10 composite	10		.47

Table 3 -- Monthly mean discharge of Animas River at Tacoma Gauging Station. 1951-1955. Data from U.S. Geological Survey.

Mean Discharge in Cubic Feet Per Second

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1951	93	86	103	228	1071	1607	528	319	173	148	102	100
1952	96	101	97	582	2086	3902	1396	498	301	139	111	95
1953	114	105	135	332	884	1931	476	284	154	186	125	112
1954	85	86	87	498	1270	1030	643	270	287	154	164	96
1955	97	67	88	268	1075	1764	437	348	176	336	133	94

SUMMARY

The American Mining and Dredging Company holds placer mining rights on 101.2 acres in the Animas Valley north of Durango, Colorado. An investigation of geologic factors influencing placer gold mining potential of this property led to the following conclusions:

1) The property is underlain by alluvial deposits capable of treatment by a floating dredge.

2) The thickness of gold bearing alluvium and glacial debris is estimated to be several hundred feet, insuring an adequate supply of material for treatment.

3) The property is ideally suited for a placer gold deposit in that it is located near the head of a natural catchment basin or placer trap, and several mineralized source areas for placer gold occur upstream from the property.

4) Assay results on bulk alluvium samples taken by the American Mining and Dredging Company indicate that commerically profitable concentrations of gold can reasonably be expected in the alluvium.

5) The property is easily accessible, and is located close to a supply and maintenance center. Adequate electric power and water for dredging operations are available.

In summary, the property has excellent potential for sustaining a commercially profitable gold placer mining operation.

This report consists of eight consecutively numbered pages, including five pages of text and three pages of tables. Three illustrations are contained in an attached pocket.

/s/ Felix E. Mutschler
Felix E. Mutschler
Consulting Geologist

End of Quote

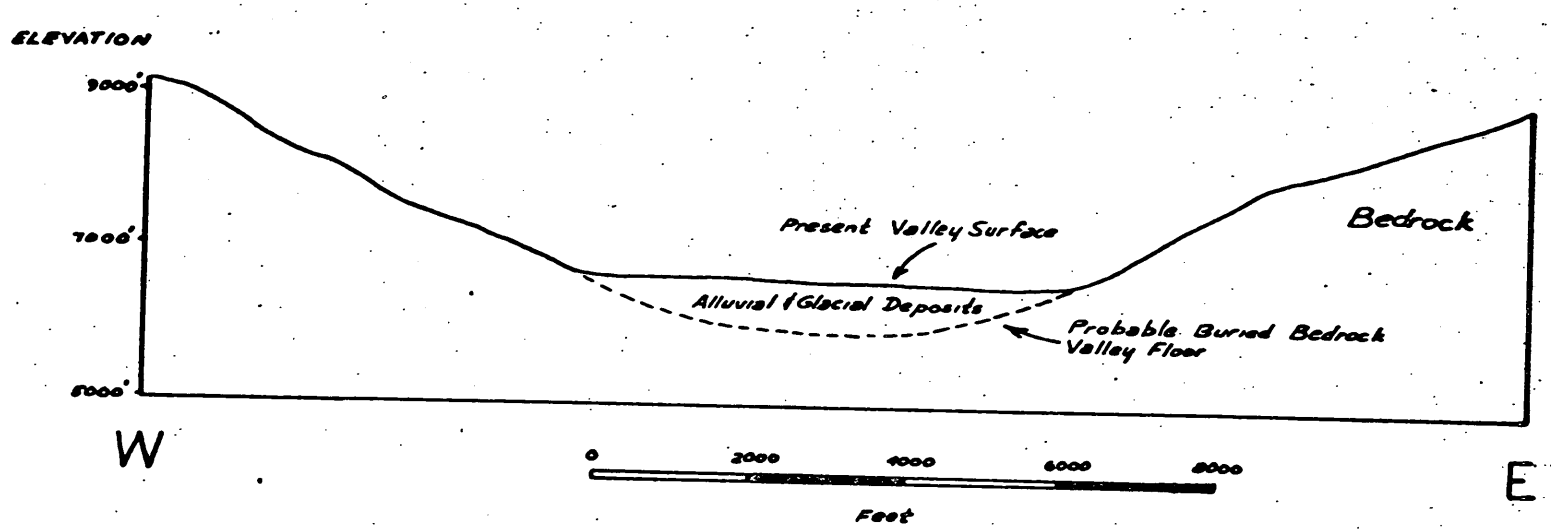
TRANSACTIONS WITH MANAGEMENT

The lease and the personal property previously mentioned were transferred to the corporation by C. Cal Evans, C.A. Reddell and Carl W. Weller, in exchange for 100,000 shares of stock divided as follows:

Carl W. Weller	65,000 shares
C.A. Reddell	25,000 shares
C. Cal Evans	10,000 shares

In February of 1965, the company purchased Mr. Weller's stock and the same was returned to the treasury of the company. The shares were issued in exchange for the lease and equipment and for investment, not for public sale or redistribution. These shares have all been placed in escrow, first with the Nevada Corporation Agency of Reno, Nevada, and now with the law firm of Hastings and Chisen, Denver, Colorado, and will be placed in escrow in accordance with the requirements of the Securities and Exchange Commission.

The Nevada Corporation Agency Co., shows the following transactions in the stock of the company.

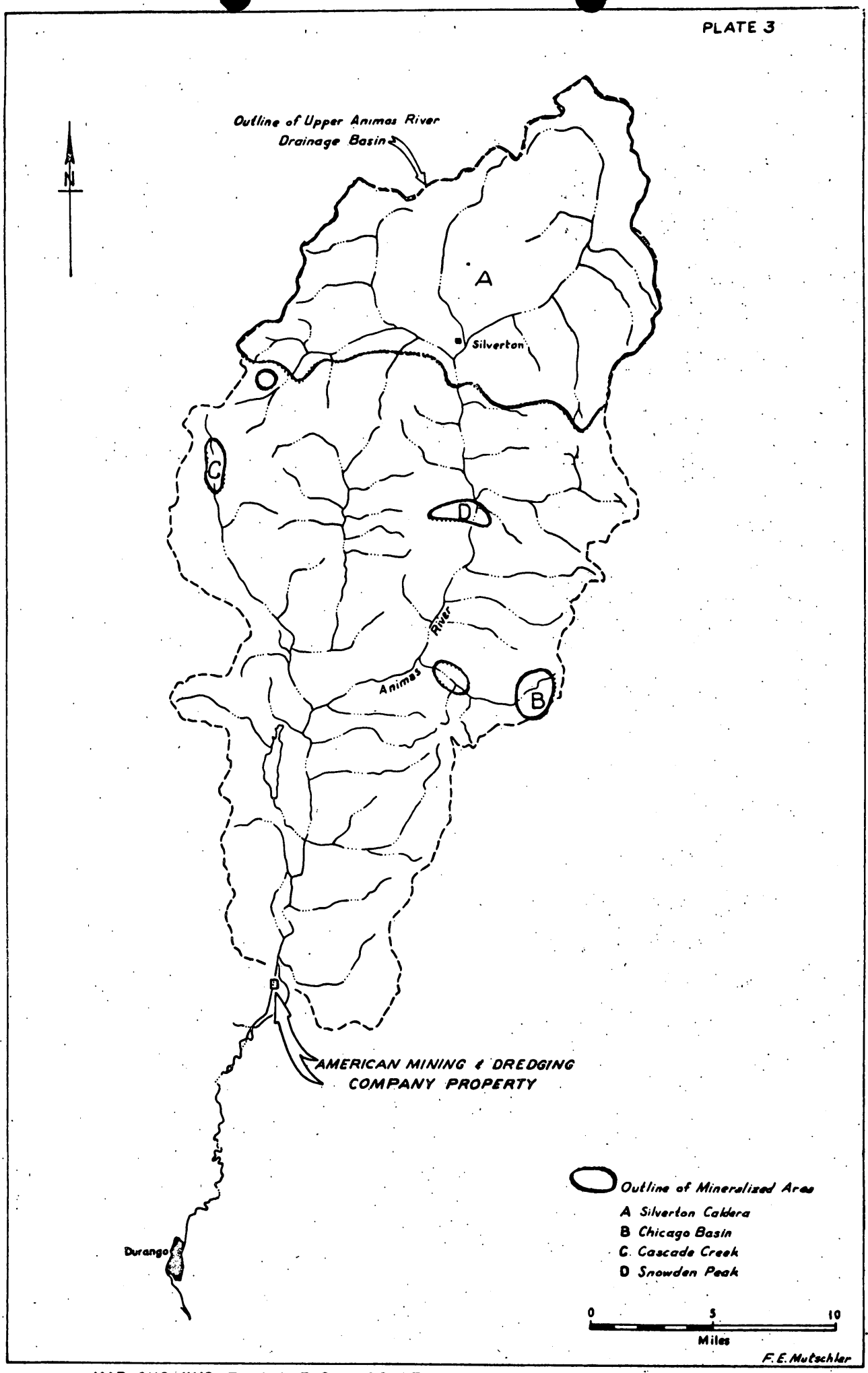


Indicated thickness of alluvial and glacial deposits = 200 to 700' in mid valley

PLATE 2- EAST-WEST PROFILE ACROSS ANIMAS VALLEY

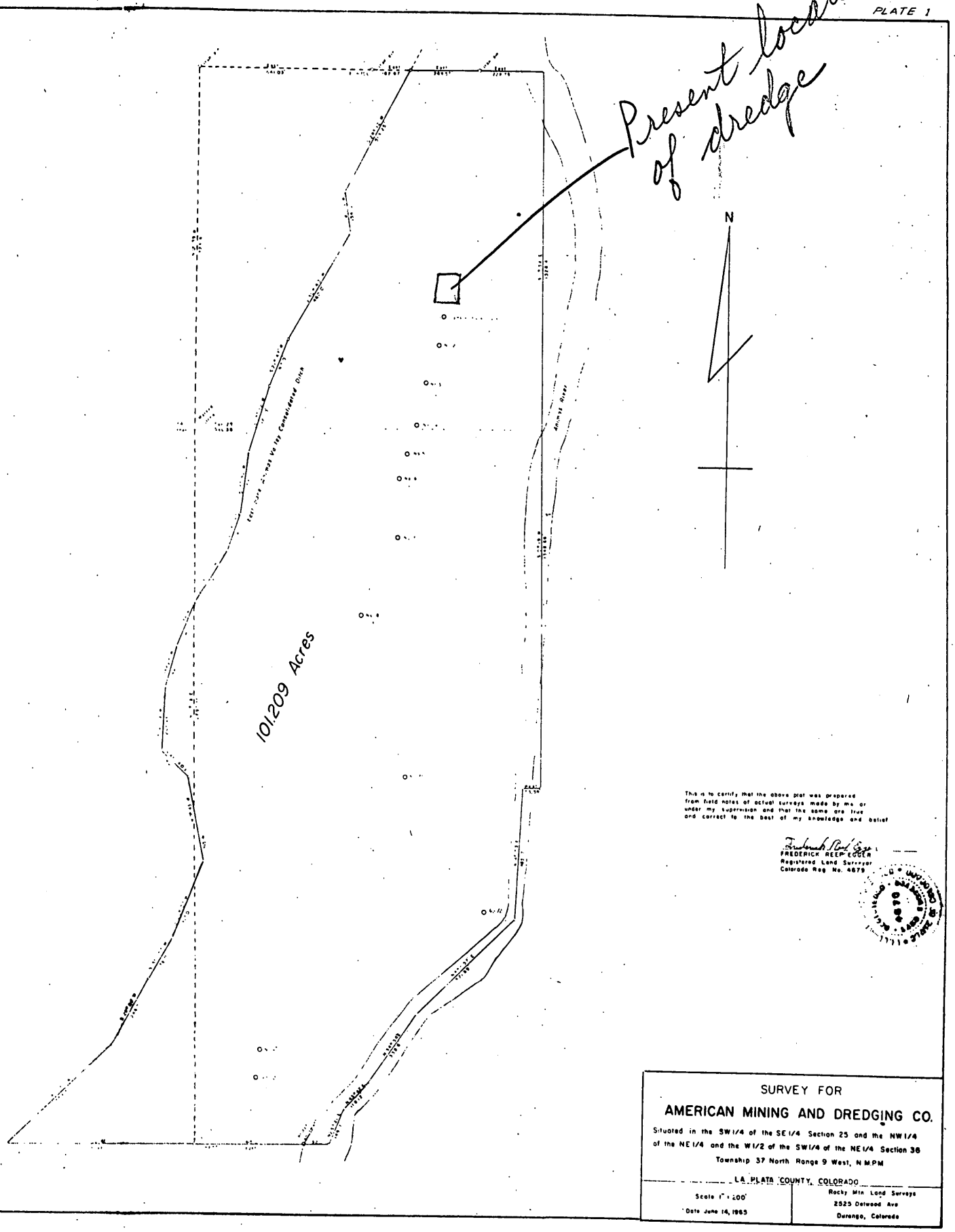
Felix E. Mutschler

PLATE 3



MAP SHOWING POSSIBLE SOURCE AREAS FOR GOLD IN ANIMAS RIVER VALLEY

PLATE 1



This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief

FREDERICK REEP ECKER
Registered Land Surveyor
Colorado Reg No. 4679

SURVEY FOR

AMERICAN MINING AND DREDGING CO.

Situated in the SW1/4 of the SE1/4 Section 25 and the NW1/4 of the NE1/4 and the W1/2 of the SW1/4 of the NE1/4 Section 36 Township 37 North Range 9 West, N.M.P.M

LA PLATA COUNTY, COLORADO

Scale 1" = 200'	Rocky Mtn Land Surveys
Date June 14, 1965	2525 Delwood Ave
	Durango, Colorado

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/20/67		110
		120
		220

September 20, 1967

Memorandum

To: The File

From: Chief, Office of Minerals Exploration

Subject: OME-6617 (Gold-Platinum Group Metals and Mercury)
American Mining andDredging Company
Mark Thomas Property
La Plata County, Colorado

The Applicant has not replied to our letter of August 2, 1967.

Accordingly, the subject docket is referred to the inactive file and the application considered as having been withdrawn.

Frank E. Johnson

Frank E. Johnson

cc: Director's Reading File
Division File
Economic Geology File
OME Reading File
OME Region III
120M
Docket ✓

GLAult/a 9-20-67

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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American Mining and Dredging Company
P. O. Box 3093
Durango, Colorado 91302

Re: OME-6617 (Gold-Platinum Group Metals and Mercury)
American Mining and Dredging Company
Mark Thomas Property
La Plata County, Colorado

Gentlemen:

On April 7, 1967, we requested additional information which is necessary for the processing of your application.

If you need additional time to prepare this information, please let us know. If we do not receive a reply from you within thirty days from the date of this letter, we must assume that you are no longer interested in proceeding with your application and we shall consider it as having been withdrawn.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Econ. Geol. file
OME Docket
OME Reading File
OME Region III

GLAult/a 8-2-67

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/31		110
5/31	Col	200
		120 M

MAY 31 1967

American Mining and Dredging Company
P. O. Box 3093
Durango, Colorado 91302

Re: OME-6617 (Gold, Platinum Group Metals and Mercury)
American Mining and Dredging Company
Mark Thomas Property
La Plata County, Colorado

Gentlemen:

Reference is made to our letter of April 7, 1967, requesting additional information relating to the subject application for exploration assistance.

Please advise when we may expect to receive the required information. If you do not wish to proceed with your application please advise accordingly.

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
OME Region III

FEJohnson/bih 5/31/67

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/7	Johnson	110
4/7	Kisberno	120
4/7	Cole	220

American Mining and Dredging Company
P. O. Box 3093
Durango, Colorado 81302

Re: OME-6617 (Gold, Platinum Group Metals and Mercury)
American Mining and Dredging Company
Mark Thomas Property
La Plata County, Colorado

Gentlemen:

A review of your application for financial assistance to explore the Mark Thomas Property reveals that additional information is necessary in order for us to continue processing the application.

The letter from the Bank of Pasadena, California denying your application for a loan of $50,000, stated in your undated transmittal letter as enclosed, was not received. The letters from the C.I.T. Corporation and Associates Commercial Finance Company, submitted with your application, are not satisfactory evidence of your financial eligibility to participate in the exploration assistance program. In this respect you should furnish true copies of letters to at least two commercial banks, requesting the amount of funds needed for your proposed project and two copies of the banks' replies. This correspondence should show the date of the loan request, amount and terms requested, and proposed use of loan funds. Such correspondence must be made within 90 days prior to the date of your application.

The Government will not participate in the cost of work performed on a property prior to the date of an exploration contract or in the work not authorized in the contract. Consequently, expenditures already made by you could not be applied as your share of the cost of exploration.

We find no plan of exploring the property as requested under 5a of the application form. It is necessary that you submit a definite plan of systematic exploration of the property with a detailed cost estimate for doing this work. Funds are not provided under the exploration assistance program for mining operations or for developing recovery methods. Evidence of platinum group metals and mercury on the property

23263

was not included in your application. Please explain how the pit samples were taken. Give the dimensions of pits and furnish copies of assay certificates for the values reported. Please describe the past dredging operations on the property and state the results of such operations. Complete copies of all reports made on your property should be furnished so that we may properly evaluate your proposal.

As you have no one in your organization experienced in exploration work, it would be necessary to employ a competent experienced person to supervise the work in the event a contract is granted. We suggest, therefore, that you obtain the services of such a person to assist you in obtaining the necessary information to support your application.

Lien and Subordination Agreements executed by the owners of the property are required. A set of these agreements are enclosed for this purpose.

This request for additional information is for the purpose of determining if you can qualify for participation in the exploration assistance program and if your proposed exploration has sufficient merit to warrant the Government participation. It should not be construed that a contract will be granted.

Upon receipt of the requested information it will be given prompt and careful consideration.

Sincerely yours,

FRANK E. JOHNSON (gla)

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region III

FEJohnson/bih 4/7/67

April 5, 1967

Mr. R. C. Gray, President
American Mining & Dredging Co.
P. O. Box 3093
Durango, Colorado 81302

Subject: OME-6617

Dear Mr. Gray:

Your application for exploration assistance, dated February 25, 1967, submitted to our office at Denver, Colorado, has been assigned Docket No. OME-6617.

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