Deliver to 5/7

U.S.G.S.

See Roy Pray's letter Jan. 27, 1970.
Lien forms not needed at present

HK/per gla

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

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the County of Hinsdale, State of Colorado, described as follows: 2/ Unpatented Lode Mining Claims (Recorded in the Records of Hinsdale County, Colorado as follows: R. Pray No. 1, Book 60, Pages 1 and 2; R. Pray No. 2, Book 60, Pages 3 and 4; R. Pray No. 3, Book 60, Pages 5 and 6; R. Pray No. 4, Book 60, Pages 7 and 8

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 Roy Pray and Associates, qualified to do business in the State of Colorado 3/ hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

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

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

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

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

None, excepting that certain Agreement made and entered into March 14, 1969 between Roy Pray and Associates and Glen Esplorations, Inc; and that certain Amendment to Agreement between said parties entered into December 30, 1969; along with a recordable conveyance dated April 15, 1969, in escrow to be delewered to Glen on August 31, 1970. *

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.

* True copies of above instruments have been sent to OME.

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 13th day of January, 19 70.

Roy Pray (Seal)	235 Park Lane	(Street)
	CANON ~~Canyon~~ City, Colorado	(City & State)
Roy Pray		
Joe Ianni (Seal)	311 South Akard	(Street)
	Dallas, Texas	(City & State)
Joe Ianni		
Leon Haas (Seal)	3716 Shady Valley Drive	(Street)
	Arlington, Texas	(City & State)
Leon Haas		
(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)

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

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

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(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]

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Dated this 13th day of January, 19 70.

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Roy Pray		CANON ~~Canyon~~ City, Colorado	(City & State)
Joe Zanni	(Seal)	311 South Akard	(Street)
Joe Zanni		Dallas, Texas	(City & State)
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	(Seal)		(Street)
			(City & State)
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			(City & State)
	(Seal)		(Street)
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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. SES., WASH., D.C. 21103

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

LIEN AND SUBORDINATION AGREEMENTS 1/

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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

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

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

described as follows:[2] Unpatented Lode Mining Claims (Recorded in the Records of Hinsdale County, Colorado as follows: R. Fray No. 1, Book 60, Pages 1 and 2; R. Fray No. 2, Book 60, Pages 3 and 4; R. Fray No. 3, Book 60, Pages 5 and 6; R. Fray No. 4, Book 60, Pages 7 and 8

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

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

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_____ (Corporate Seal)

MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE

Contract No. 3247 Docket No. 6630

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [x] Certification of Discovery
- [ ] Closing Letter
  February 23, 1971
- [x] Cost Audits January 1970 ; December 1970
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [x] Contract with all exhibits and annexes 9/8/67
- [x] 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
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab) 10/1/70
- [ ] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) 7-11-67
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. 2 : Reports
- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

- [ ] Field Team Semiannual Report for Certified Project
- [x] Field Team Interim Reports
- [x] 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

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/19/71	Emerick	120
1/21/71	Kirbano	120
1/29	Martin	
2/19	Jindal	
2/22	Kilsgaard	
		220

AIRMAIL

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

Roy Pray & Associates
235 Park Lane
Canon City, Colorado 81212

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Pursuant to Article 6 of the referenced contract, as amended, the Government hereby certifies that mineral or metal production may be possible as a result of the exploration work.

Therefore, royalties shall be paid to the Government as provided in the contract on all production from the land described in the contract from September 8, 1967, to September 8, 1980, or until the total amount contributed by the Government under the contract ($44,383.00) is fully repaid with interest at the rate of 7-1/4 percent per annum, whichever occurs first. The payment of royalties is secured by a lien upon the land and upon any production therefrom.

We direct your attention to "A Special Agreement Concerning Land" in Annex I of the contract which provides that any land situate within 600 feet of the boundaries of the land described in this contract which is acquired by the Operator or any successor thereof, shall be subject to the provisions of this contract as of the date of acquisition; and the Operator shall promptly notify the Government of such acquisition, furnishing a description of the land acquired, maps, and other data that may be required by the Government.

41009-3123
INTERIOR DEPT.
JAN 22 1971
SOLICITOR

Royalty payments should be made in favor of the U. S. Geological Survey and mailed or delivered to the Field Officer, Office of Minerals Exploration, Region III, Room 203, Building 53, Denver Federal Center, Denver, Colorado 80225. Each payment should be accompanied by two copies of settlement sheets or other suitable sales evidence showing the date of sale, name of the purchaser, the quantity and grade of the production sold, the price per unit, and the gross proceeds and allowable deductions therefrom. The purchaser should be notified of the Government's royalty on production and directed to pay the royalty, computed as provided in the contract, directly to the Government.

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

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 your rights in the lands embraced in the contract shall be furnished to this office.

Dated this 23rd day of February, 1971.

THE UNITED STATES OF AMERICA

Harold Kirkemo

Chief, Office of Minerals Exploration
U. S. Geological Survey

cc: Glen Explorations, Inc.
1204 Praetorian Building
Dallas, Texas 75201

Director's Reading File
Mineral Resources
Branch of Budget & Finance
Assoc. Sol. Room 6554

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

HKirkemo/bsl 1/19/71

OFFICIAL FILE COPY

Date	Surname	Code
1/20/71	Emerick	120
1/21/71	Kirkemo	120
2/19	[illegible]	Sol. Off.
2/22	Kilsgaard	
		220

AIRMAIL

FEB 23 1971

Glen Explorations, Inc.
1204 Praetorian Building
Dallas, Texas 75201

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Gentlemen:

Enclosed is a copy of a certification of possible production issued to the Operator as a result of the exploration program under the subject contract. This relates to the Agreement, dated March 14, 1969, between Roy Pray, Joe Ianni and Leon Haas and Glen Explorations, Inc., the Conveyance, dated April 15, 1969, and the Amendment to Agreement between the same parties, dated December 31, 1969, changing the effective date of the Conveyance from December 31, 1969, to August 31, 1970.

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 certification. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreements 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, and to furnish this office with two true copies of such notice.

41009.3123
INTERIOR DEPT.
JAN 22 1971
SOLICITOR

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

cc: Roy Pray & Associates
235 Park Lane
Canon City, Colorado 81212

Mineral Resources File
OME Docket
OME Region III
OME Reading File - Harold Kirkemo - 130 (2)
HKirkemo/bsl 1/20/71

MME Form 7
(2/63)

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		220

AIRMAIL

Mr. Ralph C. Horton
1385 Glencoe Street
Denver, Colorado 80220

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Horton:

Enclosed is a copy of a certification of possible production issued to the Operator as a result of the exploration program under the subject contract. This relates to the Lien and Subordination Agreements, dated April 15, 1967, and August 22, 1967, signed by you.

The Government's prior lien on the land and upon any productioa therefrom will continue in existence for the length of time mentioned in the certification. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreements 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, and to furnish this office with two true copies of such notice.

41009.3123
INTERIOR DEPT.
JAN 22 1971
SOLICITOR

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Region III
OME Reading File
Harold Kirkemo
130(2)

HKirkemo/bsl 1/20/71

I-C-DC-OME-11

Docket co

UNITED STATES
DEPARTMENT OF THE INTERIOR

Office

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Docket No. OME-6050 (Silver)
Roy Pray and Associates (Operator)
Hinsdale County, Colorado

Washington, D.C.
December 1970

EXHIBIT I

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Fixed Unit Costs 1/	Authorized Amounts	Accepted Costs	Unexpended Balance
Mobilization of equipment and rehabilitation of Pray crosscut to Palmetto vein	$ 975	$ 975	$ -
Drifting and crosscutting, 1,400 feet @ $42.45/ft.	59,430	54,633	4,797
Ground support, est. 140 feet	2,240	1,040	1,200
Assaying, estimated 300 samples Gold and silver @ $3.50/sample Lead, zinc, copper @ $2.50 each determination	1,695	2,229	(534)
Office expense-6 mos. @ $50.00/mo.	300	300	-
Total Costs	64,640	59,177	5,463
Government Participation at 75%	48,480	44,383 2/	4,097

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

2/ Reimbursement claimed and paid.

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 11 197

Memorandum

To: Director, Geological Survey

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

Subject: Review of Contract 2247
Docket No. OME-6630 (Silver)
Roy Pray and Associates (Operator)
Hinsdale County, Colorado

As requested by the Chief, Office of Minerals Exploration, we made a cost review of Contract 2247. The results of our review are shown in the attached report.

C. D. Bar

Attachment

A final review has been made of the contract files of the Office of Minerals Exploration (OME) pertaining to the mineral exploration Contract 2247 with Roy Pray and Associates (Operator) and an examination of the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey. The review was made during December 1970 at Washington, D.C.

The Contract was awarded on September 8, 1967, for $64,640, the total estimated cost of the project, with OME participation on a 75-percent basis or not in excess of $48,480.

The Operator was to explore by drifting and crosscutting on the level of the Pray crosscut for silver-bearing ore bodies in and along the Palmetto vein system in volcanic rocks in the Henson Formation of the Silverton Volcanic Group of Tertiary age.

The work consisted of rehabilitating the Pray crosscut from the portal to the Palmetto vein, approximately 250 feet, then drifting, and crosscutting as necessary to follow the vein structure, southwestward for a total of no more than 1,400 feet.

Repayment of disbursed Federal funds plus simple interest at 7½ percent was to be made on the basis of established royalties on all

minerals and metals produced from the land during the exploratory operations and in the event a certification of possible production be issued by OME, for a period of 13 years from the date of the contract as amended, or until the total net amount contributed by the Government is fully repaid with interest at 7¼ percent, whichever occurs first.

Amendments suspended work during certain months of each year of operation because of adverse weather conditions at the high altitude location of the project. Amendment 1, February 9, 1968, suspended work from December 1, 1967, to June 1, 1968; Amendment 2, June 20, 1968, suspended work from June 1 to August 1, 1968; Amendment 3, November 22, 1968, suspended work from November 1, 1968, to July 1, 1969; Amendment 4, February 13, 1970, suspended work from November 1, 1969, to May 1, 1970, and Amendment 5, June 1, 1970, suspended work from May 1 to June 15, 1970.

The Field Officer, OME Region III on November 5, 1970, recommended that a Certification of Possible Production be issued. The contract was terminated as of August 29, 1970. The exploration work performed along the Palmetto vein, under the subject contract resulted in the discovery of mineral or metal that may be mined at a profit, and production may result from a mining operation.

The units of work authorized and paid under Contract 2247 are summarized on Exhibit I. We believe that the claimed and accepted costs of $59,177, and the OME participation on a 75-percent basis of $44,383 were proper under the terms of the contract.

C. D. Baer
Regional Director

I-C-DC-OME-9-70

Government's copy

UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

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Report of Review-Contract 2247
Docket No. OME-6630 (Silver)
Roy Pray and Associates (Operator)
Hinsdale 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 2247
Docket No. OME-6630 (Silver)
Roy Pray and Associates (Operator)
Hinsdale County, Colorado

As requested by the Chief, Office of Minerals Exploration, we made a cost review of Contract 2247. The results of our review are shown in the attached report.

C. D. Bare

Attachment

We reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to the minerals exploration Contract 2247 with Roy Pray and Associates (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 on September 8, 1967, for $64,640, the total estimated cost of the project, with OME participation on a 75-percent basis or not in excess of $48,480.

The contractor was to explore by drifting and crosscutting on the level of the Pray crosscut for silver-bearing ore bodies in and along the Palmetto vein system in volcanic rocks in the Henson Formation of the Silverton Volcanic Group of Tertiary Age.

The work consists of rehabilitating the Pray crosscut from the portal to the Palmetto vein, approximately 250 feet, then drifting, and crosscutting as necessary to follow the vein structure, southwestward for a total of no more than 1,400 feet.

Repayment of disbursed Federal funds plus simple interest at $7\frac{1}{4}$ percent is to be made on the basis of established royalties of all minerals and metals produced from the land during the exploratory operations and for a period of 12 years from the date of the contract

should a certification of possible production be issued by OME. Proposed Amendment 4 which would extend the duration of the contract to 38 months from the date of the contract or until November 8, 1970, will be considered after OME is notified of the current and future status of an agreement and conveyance between Roy Pray and Associates and Glen Explorations, Inc.

Amendments suspended work during certain months of each year of operation because of adverse weather conditions at the high altitude location of the project. Amendment 1, February 9, 1968, suspended work from December 1, 1967, to June 1, 1968; Amendment 2, June 20, 1968, suspended work from June 1, 1968 to August 1, 1968; Amendment 3, November 22, 1968, suspended work from November 1, 1968, to July 1, 1969; and proposed Amendment 4 would suspend work from November 1, 1969, to no later than July 1, 1970.

Field inspections were made and thirteen vouchers have been submitted to the OME Region III office.

The units of work authorized and paid under Contract 2247 are summarized on Exhibit I. We believe that the claimed and accepted costs of $44,287, and the OME participation on a 75-percent basis of $33,215 were proper under the terms of the contract.

C. D. B

Regional Director

EXHIBIT I

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Fixed Unit Costs	Authorized Amounts	Accepted Costs	Unexpended Balance
Mobilization of equipment and rehabilitation of Pray crosscut to Palmetto vein	$ 975	$ 975	$ ---
Drifting and crosscutting, 1,400 feet @ $42.45/ft.	59,430	41,177	18,253
Ground support, est. 140 feet	2,240	96	2,144
Assaying, estimated 300 samples Gold and silver @ $3.50/sample Lead, zinc, copper @ $2.50 each determination	1,695	1,772	(77)
Office expense-6 months @ $50.00/mo.	300	267	33
Total Costs	64,640	44,287	20,353
Government Participation at 75%	48,480	33,215 1/	15,265

1/ Withholding $200 pending possible resumption of work.

Government's copy

EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

AMENDMENT NO. 5

It is agreed this 1st day of June, 1970, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Roy Pray & Associates, hereinafter called the "Operator," that Exploration Contract 2247 (OME-6630), dated September 8, 1967, as amended, is further amended effective May 1, 1970, as follows:

1. (a) The time fixed in Amendment No. 4, dated February 13, 1970, for suspension of work is further extended for a period of six weeks, or from May 1, 1970, to June 15, 1970.

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

(c) 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.

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, 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 Harold Kirkemo
Chief, Office of Minerals Exploration
U. S. Geological Survey

ROY PRAY & ASSOCIATES

By Roy Pray

Title POWER OF ATTORNEY

App'd. Sol. Off.
Martin
Wright
Kirkemo
Kiebgaard

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/15/70		120
		220

May 15, 1970

Memorandum

To: The File

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Justification for Amendment No. 5

The Hinsdale County Road Superintendent informed the Operator on April 27, 1970, that the county road to the Palmetto property could not be reopened before June 1 because of excessive snow conditions. Until access is possible, the Operator cannot resume work on the project. Proposed Amendment No. 5 would allow an additional 15 days suspension of operations in the event of another late storm or other causes for a delay in reopening the road.

The suspension period ending May 1 would have allowed a work period of four months on a single-shift-per-day schedule to complete the project by August 29, 1970, the termination date of the contract. The Operator states that a double-shift-per-day schedule will be undertaken to assure completion of the project.

Results of the project work to date warrant issuance of a Certification of Possible Production. If results are as favorable from the balance of the work, chances for undertaking mining operations are improved as additional reserves will have been disclosed. Accordingly, the possibility of royalty payments to the Government on production will be more likely.

I concur in the Field Officer's recommendation to extend the period of work suspension to June 15, 1970.

Harold Kirkemo

Harold Kirkemo

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo

HKirkemo/gla 5-15-70

SUPPLEMENTAL AGREEMENT

On April 1, 1966, Ralph C. Horton of 1385 Glencoe, Denver, Colorado, executed a Lease and Option covering the Palmetto Group of mining claims which lease is recorded in Book 59, Pages 80A to 84 inclusive of the County Clerk and Recorder for Hinsdale County, Colorado.

Since the execution of the Palmetto Lease, Ralph C. Horton has acquired additional mining property located in Galena Mining District, Hinsdale County, Colorado, being:

George M. Tibbets, U. S. Survey No. 1087
Polar Star Extension, U. S. Survey No. 7863

containing approximately ten acres more or less.

Roy Pray, Leon Haas and Joe Ianni, a copartnership d/b/a as Roy Pray and Associates desire to enlarge their property and have requested that the George M. Tibbets and Polar Star Extension be included in their April 1st, 1966 lease.

Lessor, Ralph C. Horton agrees to lease the above described claims to run concurrent with the Lease dated April 1, 1966 under the same terms and conditions which are incorporated in this Supplemental Agreement by reference.

Except on the option to purchase at the expiration of the Lease, the Lessees agree to pay an additional $2,500.00 for payment of the above described claims.

THEREFORE, I, Ralph C. Horton, do hereby lease the above described claims to Roy Pray, Leon Haas, and Joe Ianni as hereinbefore set forth.

Ralph C Horton
Ralph C. Horton

Dated this 26th day of August, 1967.

State of Colorado
County of Hinsdale } ss

Subscribed and sworn to before me, August 26, 1967 by Ralph C. Horton.

Jean M. Vickers
Notary Public

My Commission expires Aug. 12, 1970

Lake City, Colorado
June 29, 1967

Mr. George T. Eastman, President
First National Bank
Gunnison, Colorado

Dear Mr. Eastman:

The attached engineering report explains in detail the exploration project which the Palmetto Mine Company plans to carry out on their Palmetto claims in the Galena Mining District, Hinsdale County, Colorado.

The estimated cost of the whole program will be around $125,000. The partners comprising the Palmetto Mine Company are not able to finance this exploratory program. We have to date an investment of approximately $30,000 in this venture.

The partnership would like to have the First National Bank of Gunnison, Colorado consider the possibility of financing this exploratory program. We are willing to assign 5% of the gross receipts from all ores produced or 50% of the net by the Palmetto Mine Company to your bank until the principal and interest has been repaid.

We believe this program has an excellent chance to succeed from the work which we have accomplished to date and from the past history of production from this property. We are confident that the program will be successful and that this mine can be put on a paying basis.

As time is very limited, it would be appreciated if you would give this matter your earliest attention.

Yours very truly,

Roy Pray

Roy Pray, Partner
For
Joe Ianni, President
PALMETTO MINE COMPANY

RP:em
Encl.

ESTABLISHED 1882

2686

The First National Bank

GEORGE T. EASTMAN
PRESIDENT

Gunnison, Colo., 81230

July 6, 1967

Mr. Roy Pray, Partner
Palmetto Mine Company
% Crystal Lodge
Lake City, Colorado 81235

Dear Mr. Pray:

RE: Request for Loan to Explore the Palmetto Mining Property

We have given consideration to your application for financial assistance to carry out the exploratory project on the Palmetto claims in Hinsdale County, Colorado. Our engineering adviser has examined the engineering report explaining the proposed project and feels that the program has definite merit.

The mine properties are located at a very high altitude, which would seriously affect year-around operations, and while the engineering report is very much in detail, we do believe that more than normal risk is involved. Because of this factor our bank will be unable to assist your group in financing its proposed exploration program.

Your company is a locally based company and we very much appreciate the opportunity of considering your application and we sincerely hope you are able to obtain the necessary financing to complete the program and that the ultimate outcome is favorable for everyone concerned.

Yours very truly,

Geo. T. Eastman

George T. Eastman, President
First National Bank
Gunnison, Colorado 81230

GTE/lm

Lake City, Colorado
June 29, 1967

Mr. Louis Walker, President
Mesa National Bank
P. O. Box 1568
Grand Junction, Colorado 81501

Dear Mr. Walker:

The Palmetto Mine Company, a partnership group, have a lease and option on the Palmetto group of mining claims in the Galena Mining District, Hinsdale County, Colorado.

Attached is an engineering report explaining in detail the proposed exploration program which we would like to carry out on the property.

Mr. Norman Ebbley, who has been doing consulting engineering work for our group, has suggested that your bank may be interested in financing the program as outlined in the engineering report. The estimated cost of the entire program willbe around $125,000. The group comprising the Palmetto Mine Company have invested approximately $30,000 in sampling and other exploratory work on the property and are not able to finance the entire program outlined in the report.

We can assign 5% of the gross received from all ores produced from the property, or 50% of the net from production to your bank until the principal and interest has been repaid. We believe this program has an excellent chance to succeed from the information which we have been able to determine to date. We are confident that this property can be put on a paying basis.

Our time is limited, therefore it would be appreciated if you would give this matter your earliest possible attention.

Very truly yours,

Roy Pray

Roy Pray, Partner
For
Joe Ianni, President
PALMETTO MINE COMPANY

RP:em
Encl.

Mesa National Bank
OF GRAND JUNCTION

LOUIS WALKER
President

P. O. BOX 1568 GRAND JUNCTION, COLORADO 81501
PHONE 242-8822
AREA CODE 303

July 7, 1967

Mr. Roy Pray, Partner
Palmetto Mine Company
c/o Crystal Lodge
Lake City, Colorado

Dear Mr. Pray:

Re: Request for Loan to Explore the Palmetto Mining Property

We have carefully reviewed your engineering reports outling the proposed exploration project to investigate the Palmetto group of mining claims.

Although, in their opinion the program has considerable merit, they stress the time involved between the time of the proposed loan and the period when actual returns are to be realized from a milling operation. In their opinion this may be as many as two years or more, considering the time that will be required for the exploration program, further development of the property, and the time required for mill construction.

It seems that the group who have a lease and option on the property is unable to put up sufficient collateral to qualify for a loan. Because of this fact, your willingness to assign 5% of the gross received from production, or 50% of the net received from production until the principal and interest has been paid will not qualify under our normal commercial loan procedures.

In considering the above points and the policies of the Mesa National Bank regarding mining loans in general, I am sorry to inform you that we are unable to comply with your request. I am sure your program is basically sound and we wish you every success in completing your plans for the property.

Yours very truly,

Louis Walker

Louis Walker
President

LW/vmw

ROY PRAY AND ASSOCIATES
Lake City, Colorado

OFFICIAL
COPY
O. M. E.
RECEIVED
MAY 4 1967

May 3, 1967

Office of Minerals Exploration
Department of the Interior
Washington, D. C. 20242

Re: Application for Financial Assistance
Proposed Exploration Project
Galena Mining District
Hinsdale County, Colorado

Gentlemen:

The enclosed files pertain to a proposed exploratory program of diamond drilling and tunneling on the Palmetto property that Roy Pray and Associates control under lease and option in the Galena Mining District in Hinsdale County, Colorado.

The enclosed files are as follows:

MME Form 40 - Application for Financial Assistance in Minerals Exploration, with accompanying four pages answering the information required on the back of MME Form 40.

Annex A - Engineering and Geological Report on the proposed exploratory project.

Annex B - Contains true copies of the following legal documents: Mining Lease (and Option), Assignment of Mining Lease, Lien and Subordination Agreements, letters to commercial banking houses and copies of their replies, experience records, bids and schedules of unit prices, patent survey plats, location certificates of unpatented claims, and certification required under 301.6(c).

A complete set of all data herewith submitted has also been mailed this date to Mr. J. William Hasler, Field Office, Region III, Denver, Colorado, 80225.

In the event additional information is desired, please contact Mr. Roy Pray, c/o Mid-Continent Mining Company, Uranium Center Building, Grand Junction, Colorado, 81501. Your consideration of this application is sincerely appreciated.

Yours very truly,

ROY PRAY AND ASSOCIATES

Roy Pray

RP:em
Encls.

cc Mr. J. William Hasler, Field Office
Region III, Denver, Colorado, 80225

MME Form 40
Jan. 65

Budget Bureau No. 42-R1306
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.)*

Roy Pray & Associates
c/o Crystal Lodge
Lake City, Colorado 81235

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6630

DATE RECEIVED: 5-4-67

REGION: III

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

INDIVIDUAL	
CORPORATION	
[redacted]RSHIP	X
[redacted]pecify)	

STATE IN WHICH FIRM IS ORGANIZED:

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Roy Pray,	Crystal Lodge, Lake City, Colorado Phone - 303-944-8581	Partner
Joe Ianni,	311 S. Akard, Dallas, Texas	Partner
Leon Haas,	3716 Shady Valley Drive, Arlington, Texas 76520	Partner

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

ESTIMATED COST OF PROJECT: $ $122,976

PROPERTY NAME	LOCATION COUNTY	STATE
Palmetto Property	Hinsdale County	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, D.C. 20242, or with the nearest 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.

5/3/67
DATED

Roy Pray
BY *(Signature)* Roy Pray

Partner
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 Form 52. If the agreements cannot be obtained, state and provide copies of letters of refusal.

3. [illegible]al Description:

(a) [illegible]scribe 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 person or property (other than authorized repair to or replacement of equipment or other property used in the work).]

Recorded in Galena Mining District, Hinsdale County, State of Colorado, April 27, 1967. Claims located and recorded in the names of Roy Pray, Joe Ianni, and Leon Haas. The unpatented claims would also be subject to royalty and liens.
Refer to Annex B for true copies of Location Certificates and Lode Location Maps.

(c) Five copies of a Lien and Subordination Agreement, signed by the property owner on MME Form 52 are included in Annex B. Four signed originals and one true copy mailed to the Washington, D. C. office; one signed original sent to Region III, Denver Office.

3. Physical Description:

(a) All mining and exploration operations which are known to have been conducted upon the various patented claims are described in detail in Annex A. As the property has not been worked since 1882, there are no available technical engineering reports or maps available and most of the information relative to the property included in Annex A has been obtained mainly from old newspaper accounts of the operation when the property was being worked. Sketch maps of existing mine workings are included in Annex A.

(b) The work completed during 1966 by Roy Pray and Associates is described in Annex A.

(c) As stated in (a) above, past production, although sketchy in detail, has been discussed in Annex A. There are no available settlement sheets or mine records.

(d) There are no known ore reserves other than the Probable tonnage as listed on Figure 2, Annex A. Grades and sampling methods are explained in Figures 2 and 7. Copies of assay certificates and assay maps from work done during 1966 are included in Annex A.

(e) The geologic features of the property, including ore minerals, geologic formations, and type of deposit are described by narrative, maps and sketches in Annex A.

(f) The reasons for expecting to find ore is described in detail in Annex A. The location and method of samples taken during 1966 is described in Annex A, which also includes copies of assay certificates.

(g) Annex A includes a comprehensive compilation of all geologic and engineering data available on the properties involved. This re-report is the only geologic or engineering report available and, as far as has been ascertained, there is no other technologic information available regarding this property.

ROY PRAY AND ASSOCIATES
Lake City, Colorado

PROPOSED EXPLORATION PROJECT
GALENA MINING DISTRICT
HINSDALE COUNTY, COLORADO

RE: Answers to Information
Required on MME Form 40

1. Financial Eligibility:

(a) True copies of letters to commercial banking institutions and replies from these banks are included in Annex B. Both institutions were furnished copies of the complete Engineering and Geological Report, which outlines the proposed use of loan funds. The amount requested and suggested terms are stated in the letters to the banks.

(b) None

(c) Funds within the partnership group and other sources. Each partner has owned his own business for over 20 years as follows: Roy Pray, owner and operator of the Crystal Lodge and Restaurant at Lake City, Colorado; Joe Ianni, owner and operator of Vick's Continental Restaurant, Dallas, Texas; and Leon Haas, owner and operator of two separate Recreation Halls, Arlington, Texas.

2. Applicant's Rights in Land:

(a) The Applicant's Rights in the Land and recording data is given on page 26 of Annex A. True copies of the Mining Lease (and option to purchase) and the Assignment of the Mining Lease are included in Annex B. There are no liens, mortgages or other encumbrances upon any of the claims.

(b) Legal descriptions of the patented claims are given on the Patent Plats, true copies of which are included in Annex B. The list of the patented claims and the U.S. Survey numbers of each are listed on page 26 of Annex A. All of the patented claims listed would be subject to royalty and liens. There are no other names by which the property is known.

Unpatented Claims (Refer to Fig. 7, back pocket Annex A)

Claim Name	Book	Page
R. Pray No. 1	60	1 and 2
R. Pray No. 2	60	3 and 4
R. Pray No. 3	60	5 and 6
R. Pray No. 4	60	7 and 8

4. Accessibility of Property:

(a) Roy Pray, owner of the Crystal Lodge in Lake City, Colorado, can direct the OME representative to the properties. The accessibility of the property and mine workings is described in Annex A.

(b) Shipping and supply points and distances to the property are described in Annex A.

5. Exploration Work:

(a) The proposed exploration work is described in Annex A in detail, both by narration and maps, plans and sketches, as required. The relation of the proposed work to the vein system and to other geologic features and to the old mine workings is illustrated in Annex A. No exploration work is planned within 100 feet of land boundaries. (Refer to Figure 7, back pocket of Annex A.)

(b) The distances required for access roads to drill sites are listed in each case in Drawings No. 1 through 5 in Annex A. These roads (shown on Figure 7, back pocket of Annex A) will be built by bulldozers and only of sufficient width and grade to enable drilling equipment and trucks to service the drill sites.

(c) If an OME contract is executed, it is estimated that drifting work can be started within one week and diamond drilling within three weeks after the date of the contract. The length of time required for the diamond drilling phase and the drifting phase of the proposed exploration program is given in Annex A, as well as anticipated average daily and monthly rates of progress for each type of work.

6. Experience:

Experience records for Norman E. Ebbley, Mining Geologist, and Jack O. Jones, Mining Engineer, who would be in control of the project, are included in Annex B.

7. Estimate of Costs:

Detailed estimates of the necessary cost involved for each item of the proposed work is given in Annex A for each separate type of work. Work to be performed by independent contractors is listed separately from that work not to be performed by an independent contractor.

(a) Total cost of each individual contract is stated and the number of units and the unit cost, such as per foot of drilling, per foot of drifting, per hour of bulldozing operation, or per cubic feet of material removed, is given in Annex A for each separate phase of the program. Cost estimates are supported by bids from four diamond drilling contractors; bulldozing costs are supported by bids from three contractors. True copies of these bids are included in Annex B.

(b) The cost of supervising, engineering and labor is itemized by numbers and classes of employees; rates of wages and periods of employment in Annex A. It is anticipated that the personal services required will be available in the immediate area.

(c) Operating materials and supplies are listed in Annex A.

(d) Items of equipment and tools are listed in Annex A. Note that in the proposed drifting that all equipment will be under rental. No items will be furnished by applicant.

(e) There will be no rehabilitation or repairs of existing buildings, fixtures or installations, as there are no buildings on the property. There is no moveable operating equipment owned by the applicant which will be used in the exploration work.

(f) There will be no new buildings, fixtures, or installations or fixed improvements required on the property. In the event a small structure is erected to house small tools and small equipment, it will be constructed at the expense of the applicant.

(g) The type and rental estimates of the operating equipment is listed in Annex A. Also certain repair items of some of the units of rental equipment is listed in Annex A. The cost of analytical work, accounting, workmen's compensation, payroll taxes and other required costs that do not fall within previous categories are listed in Annex A. Employee's liability insurance, which is allowable under the government contract, has not been included.

LIST OF CONTENTS

ANNEX B

1. True copies of letters to two banking institutions requesting credit for the proposed exploration project, with true copies of replies from the banks.

2. Certification that the partnership group would not normally undertake the exploration at their sole expense under current conditions and circumstances.

3. Lien and Subordination Agreements.

4. Experience records of persons who will supervise the work.

5. True copies of Schedule of Unit Prices for exploratory drilling from three contractors.

6. True copies of Bids on Bulldozing Work from three contractors.

7. True copies of Mining Lease (and Option).

8. True copies of Assignment of Mining Lease (and Option).

9. True copies of Location Certificates of unpatented mining claims.

10. True copies of Patent Survey Plats of claims involved.

April 19, 1967

Mr. Henry Sledge, Vice President
Bank of Services and Trusts
Dallas, Texas

Dear Mr. Sledge:

The attached engineer report explains in detail the exploration project, which the Palmetto Mine Company plans to carry out on their Palmetto claims in the Galena Mining District, Humboldt County, California. ?

The estimated cost of the whole program will be around $125,000.00. The Palmetto Mine Company partners are not able to finance this exploratory program. We have an investment of approximately $30,000.00 in this venture. We do not have sufficient finance backing to complete this exploratory program, therefore, we are asking assistance from you.

We can assign 5% of the gross receipts for all ores produced or 50% of the net by the Palmetto Mine Company to your bank until the principal and interest has been repaid.

We believe this program has an excellent chance to succeed if it lives up to the exploration of our exploratory work that we have completed and the past history of the Palmetto claims. We are confident that we can put these claims on a paying basis.

Our time is limited, therefore, I would appreciate your attention to this matter as soon as possible.

Yours truly,

Joe Ianni

Joe Ianni- President
Palmetto Mine Company
311 South Akard
Dallas, Texas

JI:sw

Bank of Services & Trusts

DALLAS, TEXAS

HENRY L. SLEDGE
VICE PRESIDENT

May 1, 1967

Palmetto Mines
311 So. Akard
Dallas, Texas

Attention: Mr. Joe Ianni, President

RE: Request for loan to explore and activate Palmetto Mine in Colorado

Dear Mr. Ianni:

During the past ten days your request for a loan of $125,000.00 for the above caption has been reviewed in detail by our loan committee. This was accomplished by the complete information furnished by you.

Although, in their opinion, the program has considerable merit and in all probability should be successful, they stress the time element involved between the time of the loan and the period when actual returns are realized. Also in discussing this loan request, some members of the committee were opposed to the loan because of the property being located out of state. Another opposition to the loan was the time of repayment of the loan. INC.

In view of the above point and policies of the Bank of Services, I am sorry to inform you that we are unable to comply with your request.

Yours very truly,

Henry L. Sledge

Henry L. Sledge
Vice President

HLS/ba

April 19, 1967

Mr. Doyle Cawthon, Vice President
Empire State Bank
1808 Main Street
Dallas, Texas

Dear Mr. Cawthon:

The attached engineer report explains in detail the exploration project, which the Palmetto Mine Company plans to carry out on their Palmetto claims in the Galena Mining District, Humboldt County, California.

The estimated cost of the whole program will be around $125,000.00. The Palmetto Mine Company partners are not able to finance this exploratory program. We have an investment of approximately $30,000.00 in this venture. We do not have sufficient finance backing to complete this exploratory program, therefore, we are asking assistance from you.

We can assign 5% of the gross receipts for all ores produced or 50% of the net by the Palmetto Mine Company to your bank until the principal and interest has been repaid.

We believe this program has an excellent chance to succeed if it lives up to the exploration of our exploratory work that we have completed and the past history of the Palmetto claims. We are confident that we can put these claims on a paying basis.

Our time is limited, therefore, I would appreciate your attention to this matter as soon as possible.

Yours truly,

Joe Ianni

Joe Ianni- President
Palmetto Mine Company
311 South Akard
Dallas, Texas

JI:sw

Empire STATE BANK OF DALLAS

DOYLE CAWTHON
VICE PRESIDENT

DALLAS, TEXAS 75201

May 1, 1967

Mr. Joe Ianni
Palmetto Mines
311 S. Akard
Dallas, Texas

Dear Mr. Ianni:

The request for $125000.00 for exploring and activating these mines in the state of Colorado is as follows.

In reviewing this request, and not having a Geologist on our staff, and being out of state location, it is not feaseable at this time. / NC

We appreciate your patronage.

Thank you.

Sincerely,

Doyle Cawthon,
Vice President

DC:sm

ROY PRAY AND ASSOCIATES
Lake City, Colorado

May 1, 1967

Office of Minerals Exploration
Department of the Interior
Washington, D. C. 20242

Re: Application for Financial Assistance
Proposed Exploration Project
Galena Mining District
Hinsdale County, Colorado

Gentlemen:

As requested in the OME Regulations 301.6(C) the undersigned, in behalf of the partnership of Roy Pray, Joe Ianni and Leon Haas, certifies that the partnership group would not normally undertake the proposed exploration at their sole expense under current conditions and circumstances.

Yours very truly,

ROY PRAY AND ASSOCIATES

Joe Ianni

Joe Ianni, for Partnership

cc - Mr. J. William Hasler, Field Office
Region III, Denver, Colorado 80225

July 1, 1966

NORMAN E. EBBLEY
P. O. Box 883
Grand Junction, Colorado 81501

EXPERIENCE RECORD

January 1954 to the present time:

President and General Manager of Mid-Continent Mining Corp.,(formerly Mid-Continent Uranium Corp.). Full charge of exploration, development and mining operations of the corporation. This work consists of property examination and evaluation, exploratory drilling, sub-leasing supervision, report writing, development and mining of uranium properties. Mid-Continent has been exploring and developing several silver-gold properties in western Nevada for the past three years. At the present time Mid-Continent has four active uranium properties in production.

Former member of the Board of Directors of the State of Colorado Metal Mining Fund.

Former member from Colorado of the Western Governor's Mining Advisory Counsel.

Registered Professional Engineer in the State of Colorado since 1948.

January 1953 to January 1954:

Consulting Engineer for the Uranium Ore Producers Association, an organization of the independent operators in the uranium-vanadium fields in Colorado, Arizona, Utah, New Mexico, and South Dakota. This work consisted mainly of examination and mining consulting.

October 1951 to January 1953:

General Manager of the Skidmore Mining Company. This organization mined uranium-vanadium ore in the Colorado Plateau area.

March 1949 to October 1951:

General Manager of the Camp Bird Mine (for King Lease, Inc.) at Ouray, Colorado. The operation consisted of breaking between 250 and 300 tons per day in mining lead, zinc, copper, silver, and gold ore. The mining method installed was a combination of shrinkage stopes and mechanical loading from draw points. The mine operated a 150-ton per day concentrator. The Manager was directly responsible for all phases of the underground and milling operations. Both phases of the operation employed from 60 to 100 men.

Norman E. Ebbley
Box 883
Grand Junction, Colorado

November 1947 to March 1949:

Mining Engineer for the U. S. Geological Survey in charge of exploration on the Colorado Plateau Project. Responsible for all physical phases of the diamond drilling exploration and prepared estimates of ore reserves based on drilling and sampling data and prepared technical reports covering the project. Supervised subordinate professional, clerical and sub-professional personnel and worked without assistance in certain assignments of specialized scientific and technical difficulty. Rating P-5.

March 1942 to July 1947:

Various duties of a Bureau of Mines project engineer. Sampling of old properties, investigation of old mine shafts in the Leadville, Colorado area, supervision of diamond and churn drilling operation, retimbering and maintenance of Leadville Drainage Tunnel, report writing and mapping. Four years in Alaska and two and one-half in Colorado. P-4 rating.

November 1938 to March 1942:

Geologist, mining engineer, and construction foreman for the various properties owned and operated by the Day Mines, Inc., Wallace, Idaho. In charge of general outside construction work, road construction, sewer line construction, building construction, etc. In charge of diamond drill procedure, underground mapping and geology.

June 1937 to November 1938 (Overlap job):

Acquired leases on various mining properties and subletting to other operators in Shoshone County, Idaho. In full charge of all operations.

September 1936 to November 1937 (Overlap job):

Had mining drift contract for 3,000 feet of tunnel and drift from the Callahan Lead Zinc Company on their Vulcan Tunnel job at Wallace, Idaho.

Norman E. Ebbley
Box 883
Grand Junction, Colorado

June 1936 to September 1936 (Overlap job):

Engineer in charge of drilling and estimating on placer gold prospects at Wallace, Idaho for the Day Mines, Inc.

1936 to 1938 (Overlap job):

Shoshone County Engineer (elective job).

March 1934 to June 1936:

Mining Engineer and geologist for the Nabesna Gold Mining Company in Alaska. Also did the diamond drill work at the mine as well as part time shifter.

November 1933 to March 1934:

Flood control engineer surveying and estimating flood damage in Shoshone County, Idaho.

1930 to 1933:

During the summers of this period worked in the placer field in Alaska. Work consisted of churn-drilling, estimating and common laborer. Finished college spring of 1933. During these years I served at times as a qualified blacksmith, electric-arc and acetylene welder, explosive engineer, bulldozer and shovel operator.

Graduate of the University of Washington, Seattle, Washington, with Bachelor of Science degrees in Mining Engineering and Geology.

QUALIFICATIONS AND EXPERIENCE RECORD

JACK O. JONES - MINING ENGINEER

Personal	Age - 50 years Married - 4 children (one at home) Height - 5 feet 11 inches Weight - 185 pounds Race - Caucasian
Experience	Graduated - Ohio State University - 1936 Degree - Bachelor of Engineering in Mining
June 1936	Detroit Coal Mining Company - Gordon, West Virginia Chief Engineer - Underground surveys, Contract measurements, Supervision of Mechanized Belt Line Conveyor.
November 1936	Braden Copper Company - Sewell, Chile, S.A. Jr. Engineer - Shift Boss, Level Boss, Assistant Mine Foreman. Three year contract.
April 1940	Consolidated Coppermines Corporation - Kimberly, Nevada Engineering and surveying.
April 1941	Patino Mines, Catavi, Siglo XX, Bolivia Assistant Geologist - Supervision of all sampling crews, Ore reserves, Special studies in Hydro-Electric locations.
January 1943	Cerro de Pasco Copper Corporation - Cerro de Pasco, Peru Shift Boss
July 1943	Compania Carbonera Pallasca, Chimbote, Peru Assistant Superintendent - New Camp development Exploratory Coal Mine Development and Production.
July 1944	U.S. Corps of Engineers, Engineering Division Columbus Army Depot - Columbus, Ohio Time Studies, Production Line Packaging.
November 1944	U.S. Navy - Commissioned Lt. jg. Military. Government.
1946 - 1947	Partner in Ideal Oil Company - Smithfield, North Carolina

1947	Consultant for U.S.Bureau of Mines, Raleigh, North Carolina Civil Service Permanent Status 1949 - 1950 Mineral property examination and evaluation. Project Engineer - Willis Mt. Kyanite - diamond drilling exploration.
September 1950	Transferred to the Atomic Energy Commission Grand Junction, Colorado Supervisor of Exploration Deputy Chief
July 1952	Western Mines Development Company- Grand Junction, Colorado (Later converted to Continental Uranium, Inc.) General Manager
July 1954	Private Consulting Practice
	Monogram Uranium and Oil Company - President & General Manager
January 1956	Trailer Park Development, Pasco Company Florida Citrus Grower - New Port Richey, Florida
September 1963	Engineering Consultant - Geologic Studies Richmond Hill Exploration Co. - Aspen, Colorado
October 1963	Minerals Engineering Company - Contractor Highland Tunnel Exploration Project under U. S. Office of Minerals Exploration.
November 1963	Engineering Consultant - Geologic Studies Richmond Hill Exploration Co. - Aspen, Colorado
February 1964 to present	Engineering Consultant Mid-Continent Uranium Corp., Grand Junction, Colorado

Reg. Professional Engineer - #9920 State of Ohio
Reg. Surveyor - #3500 State of Ohio

Life Member - Ohio State University Alumni Association
Life Member - Sigma Chi Fraternity
B.P.O. Elk #2284 - New Port Richey, Florida
U. S. Coast Guard Auxiliary - P.F.C.

A.I.M.E. - Senior Member - 20 years.

ROY PRAY & ASSOCIATES
Lake City, Colorado

Palmetto Property

SCHEDULE OF UNIT PRICES FOR EXPLORATORY DRILLING

Item 1	Mobilization and demobilization	Total	$ 1,050.00
Item 2	Non-Core Drilling (Plugging)		NX / BX
	0 - 500 ft.	Estimated Amt:	(Per ft.)
		NX 1,200 ft.	$ 7.00
		BX 900 ft.	$ 6.50
	500 - 1,300 ft.	Estimated Amt:	
		NX 350 ft.	$ 8.35
		BX 350 ft.	$ 7.85
Item 3	Coring: (The Contractor may, at his option, furnish NX cores in lieu of ~~NX~~ BX cores provided, however, that the prices paid him for NX core drilling shall be the same as those quoted below for BX core drilling.		
	0 - 500 ft.	Estimated Amt: 900 ft.	$ 10.50
	500 - 1,300 ft.	Estimated Amt: 600 ft.	$ 11.60
Item 4	Reaming BX to NX (Per ft.)	Estimated Amt: 500 ft.	$ 6.30
Item 5	Cementing and drilling cement	Estimated Amt: 50 hrs. Per Hr.	$ 26.00/hr.
Item 6	Cement, drill mud, etc., materials. Cost plus		None %
Item 7	Standing and pulling casing - no charge. Casing lost in holes - no charge. Casing left in holes at Company's request, paid for at Contractor's actual cost.		
Item 8	Standby time, etc. where authorized by Company	Estimated Amt: 50 hrs. Per Hr.	$ 23.50/hr.

Notes: Moving from drill site to drill site is sole responsibility of the Contractor, and is not considered as standby time.

No payment will be made for incomplete holes.

All roads and drill sites will be provided by the Company.

The Company will supply all the necessary core boxes.

Sprague and Henwood, Inc. By [signature] April 6, 1967
Drilling Company — Signature of Bidder — Date

ROY PRAY & ASSOCIATES
Lake City, Colorado

Palmetto Property

SCHEDULE OF UNIT PRICES FOR EXPLORATORY DRILLING

Item 1 Mobilization and demobilization Total $2500.00

Item 2 Non-Core Drilling (Plugging)

		NX	BX
		(Per ft.)	
0 - 500 ft.	Estimated Amt:		
	NX 1,200 ft.	$6.50	
	BX 900 ft.		$5.50
500 - 1,300 ft.	Estimated Amt:		
	NX 350 ft.	$7.00	
	BX 350 ft.		$6.00

Item 3 Coring: (The Contractor may, at his option, furnish NX cores in lieu of BX cores provided, however, that the prices paid him for NX core drilling shall be the same as those quoted below for BX core drilling.

0 - 500 ft.	Estimated Amt: 900 ft.	$5.75
500 - 1,300 ft.	Estimated Amt: 600 ft.	$6.50

Item 4 Reaming BX to NX (Per ft.)
Estimated Amt: 500 ft. $3.00

Item 5 Cementing and drilling cement
Estimated Amt: 50 hrs. Per Hr. $10.00

Item 6 Cement, drill mud, etc., materials. Cost plus 10 %

Item 7 Standing and pulling casing - no charge.
Casing lost in holes - no charge.
Casing left in holes at Company's request, paid for at Contractor's actual cost.

Item 8 Standby time, etc. where authorized by Company
Estimated Amt: 50 hrs. Per Hr. $10.00

Notes: Moving from drill site to drill site is sole responsibility of the Contractor, and is not considered as standby time.

No payment will be made for incomplete holes.

All roads and drill sites will be provided by the Company.

The Company will supply all the necessary core boxes.

Kuchler Drilling Co. By R. L. Kuchler 4/10/67
Drilling Company Signature of Bidder Date

— Prices quoted are subject to ~~[illegible]~~ reappraised when job site is available for inspection. —

ROY PRAY & ASSOCIATES
Lake City, Colorado

Palmetto Property

SCHEDULE OF UNIT PRICES FOR EXPLORATORY DRILLING

Item 1	Mobilization and demobilization		Total	$ 800.00
Item 2	Non-Core Drilling (Plugging)			NX / BX
	0 - 500 ft.	Estimated Amt:		(Per ft.)
		NX 1,200 ft.		$ 11.75
		BX 900 ft.		$ 11.50
	500 - 1,300 ft.	Estimated Amt:		
		NX 350 ft.		$ 12.50
		BX 350 ft.		$ 12.25
Item 3	Coring: (The Contractor may, at his option, furnish NX cores in lieu of BX cores provided, however, that the prices paid him for NX core drilling shall be the same as those quoted below for BX core drilling.			
	0 - 500 ft.	Estimated Amt: 900 ft.		$ 11.50
	500 - 1,300 ft.	Estimated Amt: 600 ft.		$ 12.25
Item 4	Reaming BX to NX (Per ft.)	Estimated Amt: 500 ft.		$ 5.00
Item 5	Cementing and drilling cement	Estimated Amt: 50 hrs. Per Hr.		$ 15.00
Item 6	Cement, drill mud, etc., materials. Cost plus			15 %
Item 7	Standing and pulling casing - no charge. Casing lost in holes - no charge. Casing left in holes at Company's request, paid for at Contractor's actual cost.			
Item 8	Standby time, etc. where authorized by Company	Estimated Amt: 50 hrs. Per Hr.		$ 12.00

Notes: Moving from drill site to drill site is sole responsibility of the Contractor, and is not considered as standby time.

No payment will be made for incomplete holes.

All roads and drill sites will be provided by the Company.

The Company will supply all the necessary core boxes.

JOY MANUFACTURING COMPANY
Drilling Company

By J. M. Murray
Signature of Bidder
Manager-Contract Drill Division

April 7, 1967
Date

ROY PRAY & ASSOCIATES
Lake City, Colorado

Palmetto Property

SCHEDULE OF UNIT PRICES FOR EXPLORATORY DRILLING

Item 1	Mobilization and demobilization	Total	$ 1,000.00
Item 2	Non-Core Drilling (Plugging)		NX / BX
	0 - 500 ft.	Estimated Amt:	(Per ft.)
		NX 1,200 ft.	$ 10.00
		BX 900 ft.	$ 8.00
	500 - 1,300 ft.	Estimated Amt:	
		NX 350 ft.	$ 10.00
		BX 350 ft.	$ 8.00
Item 3	Coring: (The Contractor may, at his option, furnish NX cores in lieu of ~~AX~~ BX cores provided, however, that the prices paid him for NX core drilling shall be the same as those quoted below for BX core drilling.		
	0 - 500 ft.	Estimated Amt: 900 ft.	$ 10.00
	500 - 1,300 ft.	Estimated Amt: 600 ft.	$ ~~12.50~~
Item 4	Reaming BX to NX (Per ft.)	Estimated Amt: 500 ft.	$ 5.00 per ft.
Item 5	Cementing and drilling cement	Estimated Amt: 50 hrs. Per Hr.	$ ~~25.00~~ per hr.
Item 6	Cement, drill mud, etc., materials. Cost plus		15 %
Item 7	Standing and pulling casing - no charge. Casing lost in holes - no charge. Casing left in holes at Company's request, paid for at Contractor's actual cost.		
Item 8	Standby time, etc. where authorized by Company	Estimated Amt: 50 hrs. Per Hr.	$ 15.00 per hr.

Notes: Moving from drill site to drill site is sole responsibility of the Contractor, and is not considered as standby time.

No payment will be made for incomplete holes.

All roads and drill sites will be provided by the Company.

The Company will supply all the necessary core boxes.

Himes Drilling Company — Drilling Company
By Bud Himes Owner — Signature of Bidder
April 5, 1967 — Date

ROY PRAY & ASSOCIATES
Lake City, Colorado

BID SCHEDULE FOR BULLDOZING WORK
Palmetto Property
Engineer Mountain Area
Lake City, Colorado

For bulldozing work at the Palmetto mine, preparing drill roads and drill sites: (It is estimated that approximately 2,500 feet of drill roads will be required; also five drill sites approximately 40 feet in diameter)

Charge per hour of bulldozing work:	Per Hour
D 8 (or equivalent)	$
D 7 (or equivalent)	$ 18 00/XX
D 6 (or equivalent)	$

(Indicate type of unit to be used)

Moving-in charge to the Palmetto Property:	Total	$ 200 00/XX
Standby time if requested by the Company	Per Hour	$ 8 00/XX

KEY Construction Co.
Contractor

313 Pine View
Address

Montrose, Colorado 81401

Donald J Young

ROY PRAY & ASSOCIATES
Lake City, Colorado

BID SCHEDULE FOR BULLDOZING WORK
Palmetto Property
Engineer Mountain Area
Lake City, Colorado

For bulldozing work at the Palmetto mine, preparing drill roads and drill sites: (It is estimated that approximately 2,500 feet of drill roads will be required; also five drill sites approximately 40 feet in diameter)

Charge per hour of bulldozing work:		Per Hour
	D 8 (or equivalent)	$
14A angle Blade	D 7 (or equivalent) 103 Draw Bar	$ 15.00
	D 6 (or equivalent)	$
	(Indicate type of unit to be used)	

Moving-in charge to the Palmetto Property: Total $1.00 per mile as $ 10.00 per hr.

Standby time if requested by the Company Per Hour $ ½

Carl D. White
Contractor

Lake City Colo
Address

ROY PRAY & ASSOCIATES
Lake City, Colorado

BID SCHEDULE FOR BULLDOZING WORK
Palmetto Property
Engineer Mountain Area
Lake City, Colorado

For bulldozing work at the Palmetto mine, preparing drill roads and drill sites: (It is estimated that approximately 2,500 feet of drill roads will be required; also five drill sites approximately 40 feet in diameter)

Charge per hour of bulldozing work:	Per Hour
D 8 (or equivalent)	$
D 7 (or equivalent)	$
D 6 (or equivalent)	$ 15.00

(Indicate type of unit to be used)

Moving-in charge to the Palmetto Property:	Total	$ 100.00
Standby time if requested by the Company	Per Hour	$ No Charge

Thomas E. Pabst
Contractor

Lake City, Colo
Address

MINING LEASE

THIS AGREEMENT OF LEASE, Made and entered into this 1st day of April, 1966, between RALPH C. HORTON, of 1365 Glencoe St., Denver, Colorado, hereinafter called the owner, and Roy Frey, of Lake City, Colorado, hereinafter called the lessee,

Witnesseth, That the said owner, for and in consideration of the rents, royalties, covenants, and agreements hereinafter expressed to be paid, kept and performed, by the said lessee, has leased, let and demised, and by these presents does lease, let, and demise, all his right, title, and interest unto said lessee the following-described premises, situate, lying, and being in Galena Mining District, in the County of Hinsdale, and State of Colorado, to-wit:

The Palmetto Lode Mining Claim, U. S. Survey No. 233
The Ruby Queen Lode Mining Claim, U. S. Survey No. 407A
The First National Bank Lode Mining Claim, U. S. Survey No. 407A
The Miners Bank Lode Mining Claim, U. S. Survey No. 309
The Chimney Corner Lode Mining Claim, U. S. Survey No. 496
The F. K. Aubrey Lode Mining Claim, U. S. Survey No. 652
The Sarah Woods Lode Mining Claim, U. S. Survey No. 1036
The Superior Lode Mining Claim, U. S. Survey No. 109[illegible]

TO HAVE AND TO HOLD the above-described premises for the purpose of mining from the 1st day of April, 1966, to the 1st day of April, 1976, unless sooner forfeited or terminated through the violation of any of the covenants and conditions herein contained,

The said lessee in consideration of the premises has covenanted, contracted, and agreed, and by these presents does covenant, contract, and agree, to and with the said owner, his executors, administrators, and assigns:

(1) Lessee agrees to enter upon said leased premises and to work the same in mine fashion in manner necessary to good and economical mining, so as to take out the greatest amount of ore possible, with due regard to the development and preservation of

said mine as a workable mining property;

(2) Lessee agrees to stow no waste underground, except with the consent of the owner;

(3) Lessee agrees to repair all old timbering, wherever it may become necessary, and to well and sufficiently timber said mine and mining premises at all points where proper and necessary, in accordance with modern and safe mining practices;

(4) Lessee agrees to do no underhand stoping below the bottom of any main working level or winze, and to do no stoping or breaking of ore or rock within twenty-five (25) feet of any working shaft;

(5) Lessee agrees to pay to said owner, his agent or attorney, as royal for said premises, five per cent of net smelter returns as her in defined received by the said lessee from the sale of all ores, minerals, and metals produced from said premises. Net smelter returns, as used herein, is agreed to mean the amount of the payments for all ore and concentrates received from said leased premises delivered for treatment and sale after deduction has been made of all smelter charges and costs of transportation and haulage on crude ore shipped from the premises to the smelter and on concentrates from mill or reduction plant to the smelter. Transportation charges in no event shall exceed the rates charged by common carriers. Lessee further agrees, in lieu of working a specified number of shifts per month on said premises, to pay $1,000.00 advance royalty on the signing of this lease, and will pay $1,000.00 each year in advance on the anniversary date of this lease. It is understood, however, that lessee be given credit for said advance royalty paid, and shall be permitted to deduct said advance royalty payments from the five per cent net smelter returns heretofore provided for. Said five per cent royalty payments to be made monthly, together with statements showing in detail ore shipped and amounts paid by smelter;

(6) Lessee may install, maintain, replace, and remove during the term of this lease, any and all mining machinery, tools,

KNOW ALL MEN BY THESE PRESENTS:

That Roy Pray, Leon Haas and Joe Ianni have formed a co-partnership for the purpose of operating and developing the Palmetto Group of mining claims, located in Galena Mining District, Hinsdale County, Colorado.

That said co-partnership has recently negotiated a loan from the United States Government for the exploration of said group of mining claims.

That for the purpose of expediting said exploration contract and program, it is necessary that a Power of Attorney be given to one of the members of the co-partnership.

Therefore, Leon Haas and Joe Ianni designate Roy Pray to act as our Attorney and in our place and stead in all matters pertaining to our operation of the Palmetto Group of Mining Claims.

Dated September 20, 1967.

Leon Haas

Joe Ianni

STATE OF COLORADO,)
) ss.
County of Hinsdale)

The above and foregoing was subscribed and sworn to before me this 20th day of September, A. D. 1967 by Leon Haas and Joe Ianni.

Witness my hand and notarial seal this 20th day of September, A. D. 1967.

Jean M. Vickers
Jean M. Vickers
Notary Public

Government's copy

EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

AMENDMENT NO. 4

It is agreed this 13th day of February, 1970, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Roy Pray & Associates, hereinafter called the "Operator," that Exploration Contract 2247 (OME-6630), dated September 8, 1967, as amended, is further amended effective November 1, 1969, as follows:

1. The time fixed by Article 1(a) of the contract, as amended by Amendment No. 3, dated November 22, 1968, for completion of the work, is further extended from twenty-six (26) to thirty-five (35) months and 3 weeks from the date of the contract, or until August 29, 1970.

2. The maximum period for royalty payments and for the lien to secure payments thereof provided for in the contract is extended from twelve (12) to thirteen (13) years from the date of the contract.

3. (a) Work under the contract may be suspended during the period beginning November 1, 1969, and ending not later than May 1, 1970.

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

(c) 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.

4. In Exhibit A, under Estimated Costs of the Work, the entire section is revised to read as follows:

Fixed Unit Costs 1/

Mobilization of equipment and rehabilitation of Pray crosscut to Palmetto vein	$ 975.00*
Drifting and crosscutting, 1,400 feet @ $42.45/ft.	59,430.00

Ground support, est.78 feet Timbering, $16.00/ft. installed Rock bolting in lieu of timbering 5-foot bolts @ $3.00/bolt, installed 6-foot bolts @ $3.25/bolt, installed 8-foot bolts @ $3.50/bolt, installed	$ 1,240.00
Assaying, estimated 477 samples Gold and silver @ $3.50/sample Lead, zinc, copper @ $2.50 each determination	2,695.00
Office expense, 6 months @ $50.00/month	300.00
Total Estimated Fixed Unit Costs	$64,640.00
Government Participation @ 75 percent	$48,480.00

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

* Indicates a maximum.

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, 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 Harold Kirkemo
Chief, Office of Minerals Exploration
U. S. Geological Survey

ROY PRAY & ASSOCIATES

By Roy Pray

Title Power of attorney

Martin Long
Asst. Sol. Off.
Kirkemo
Kirkgaard

Dear Mr. Hasler,

Thank you for the extension. I'll have the road plowed out as soon as the weather permits. I guess you and I were the last ones up there. It was too bad that early storm came on we could probably have had it finished. I'm glad you were with me to see what we were up against.

If you come through Canon City please look me up. I always enjoy visiting with me. Say hello to Mary for us and best regards.

Roy.

OMF Branch III
FEB 24 1969
Denver, Colorado

My home phone: 275-6216
Business: 275-5764

New Tourist Hotel · Coffee Shop · Cocktail Lounge

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/1/69		120
		220
		120M

December 1, 1969

Memorandum

To: The File

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Justification for Amendment No. 4

The Operator requested and the Field Officer has recommended that the contract be amended to:

1. Recess the contract to May 1, 1970.

2. Transfer $1,000 of project funds to Assaying from Ground support.

I concur in these recommendations for the reasons stated below and recommend further that the time for completion of the contract be extended to November 8, 1970.

Delays and work interruptions on this contract have been due mainly to adverse weather conditions. The property is located in the San Juan Mountains, Colorado, at an altitude of 12,400 feet. Access in the spring and the length of the operating season depend upon the weather, late springs have delayed opening the road to the property, and early storms in the fall have closed down operations. The following analysis of drift advance by months reflects the impact of weather conditions on the project to date:

Month	1967	1968	1969
June		41 feet	67 feet
July		146	109
August		72	96
September		94	136
October	102 feet	9	7
November	91	-	-
Total	193 feet	362 feet	415 feet

The average advance per month of operation has been about 81 feet. At this rate, 5.3 months would be required to complete the remaining 430 feet of drift authorized on the contract. This would necessitate slightly above average monthly advance in the period June through October 1970. The proposed amendment would allow enough time to complete the project. Results of work to date have been favorable and if the remaining advance shows similar results, the project would warrant certification.

Ground conditions encountered in the drift have been more stable than expected and only 6 feet of ground support have been required in 970 feet of drift completed to date. As the entire length of drift has been along a vein, variation of the mineral content has required sampling at 5-foot intervals and subsequent assaying. The additional funds for assaying which this amendment would authorize are necessary to evaluate the tenor of vein material in the drift yet to be completed. The transfer of funds from Ground support to Assaying will not increase the total cost of the contract or the cost per unit.

Harold Kirkemo

Harold Kirkemo

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo

HKirkemo/gla 12-1-69

Government copy

EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

AMENDMENT NO. 3

It is agreed this 22nd day of November, 1968, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Roy Pray & Associates, hereinafter called the "Operator," that Exploration Contract 2247 (OME-6630), dated September 8, 1967, as amended, is further amended effective November 1, 1968, as follows:

1. The time fixed by Article I(a) of the contract, as amended by Amendment No. 1 for completion of the work is further extended from fourteen (14) to twenty-six (26) months from the date of the contract, or until November 8, 1969.

2. The maximum period for royalty payments and for the lien to secure payments thereof provided for in the contract is extended from eleven (11) to twelve (12) years from the date of the contract.

3. (a) Work under the contract may be suspended during the period beginning November 1, 1968, and ending not later than July 1, 1969.

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

(c) 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.

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, 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
U. S. Geological Survey

ROY PRAY & ASSOCIATES

By Roy Pray

Title Power of attorney

Long
Sol. Off.
Kirkemo
Johnson
Gilsgaard
Kupon

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/12/68		120
"	Johnson	110
		220
		120M

November 12, 1968

Memorandum

To: The File

From: Assistant Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Justification for Amendment No. 3

The Operator requests a recess from October 31, 1968, to July 1, 1969, because of difficult access to the property during adverse weather conditions in the late fall, winter, and spring months. The request is reasonable considering that the property is at an elevation of about 12,500 feet, and the situation of deep and drifting snow and spring run-off of the snow pack is a common situation a good share of the year. There are no quarters available for living at the property during the months of inclement weather, and therefore access to the property must be possible for work to progress on the project. I concur in the Field Officer's recommendation to recess the project.

During the seven months of drifting southerly on the Palmetto vein, the Operator has averaged 61 feet per month for a total of 555 feet, or about 40 percent of the total specified in the contract. If the Operator does not resume work before July 1, 1969, monthly advance of 211 feet would be necessary to complete the total 1400 feet of drift authorized by the contract. This problem will be discussed with the Field Officer and with the Operator.

Assays of samples taken of the vein exposed in the drift to date have been encouraging, and a certification of possible production is likely.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/gla 11-12-68

Government's Copy

EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

Amendment No. 2

It is agreed this 20th day of June, 1968, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Roy Pray & Associates, hereinafter called the "Operator," that Exploration Contract 2247 (OME-6630), dated September 8, 1967, as amended, is further amended effective May 31, 1968, as follows:

1. (a) Work under the contract may be suspended during the period beginning June 1, 1968 and ending not later than August 1, 1968.

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

(c) 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.

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, 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
U. S. Geological Survey

Bliss
Long
Kilogaard Kirkham
Johnson
Meyer

ROY PRAY & ASSOCIATES

By Roy Pray

Title Power of Attorney

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/11/68	Peterson	120
		120
6/12	Johnson	110
		220
		120M

June 11, 1968

Memorandum

To: The File

From: [redacted]

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Justification for Amendment No. 2

The Operator's consultant reported on May 29, 1968, that because of deep drifts of snow on the access road to the property considerable road work was required before the project work could be resumed. The Field Officer, therefore, recommended that the initial recess period be extended beyond June 1 because of heavy snow fall during late spring storms.

The Operator had completed about 15 percent of the required work on the contract when adverse weather conditions caused suspension of work late last fall.

In the interest of completing the project work as specified in the contract, the Operator should be allowed sufficient recess time to ensure ready access to the project. The operating season at the altitude of the property is short, and severe storms are not unusual even into the early summer months. The contract should not be allowed to lapse because of conditions beyond the Operator's control.

I concur in the Field Officer's recommendation to extend the recess period.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/bsl 6/11/68

Government's Copy

OME Regional
RECEIVED
FEB 12 1968
Denver, Colorado

EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

AMENDMENT NO. 1

It is agreed this 9th day of February, 1968, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Roy Pray & Associates, hereinafter called the "Operator," that Exploration Contract 2247 (OME-6630), dated September 8, 1967, is amended effective December 1, 1967, as follows:

1. The time fixed by Article I(a) of the contract for completion of the work is extended from eight (8) to fourteen (14) months from the date of the contract or until November 8, 1968.

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

3. (a) Work under the contract may be suspended during the period beginning December 1, 1967 and ending not later than June 1, 1968.

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

(c) 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.

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, 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 C. Johnson
Chief, Office of Minerals Exploration
U. S. Geological Survey

Rory
Bliss
Kishemo
Johnson
Kilgoard
Tuels
Baker

ROY PRAY & ASSOCIATES

By Roy Pray

Title Power of attorney

AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT is made and entered into this 30th day of December, 1969, by and between the undersigned ROY PRAY, JOE IANNI, and LEON HAAS, hereinafter collectively referred to as "Owners", and GLEN EXPLORATIONS, INC., a Washington Corporation, hereinafter referred to as the "Company";

W I T N E S S E T H T H A T:

WHEREAS, on the 14th day of March, 1969, Owners and the Company entered into an agreement for the conveyance by the Owners to the Company of certain mining leases and other property, as described in said agreement, all conveyances to be effective December 31, 1969; and

WHEREAS, paragraph 2 of said agreement required Owners to perform certain "drift operations", which operations were to be completed prior to the effective date of conveyance, i.e., December 31, 1969; and

WHEREAS, the "drift operations" have not been completed as of the date of this amendment;

NOW, THEREFORE, in order to give Owners time to complete the "drift operations" and in consideration of the covenants and obligations herein contained and the benefits to be derived therefrom, Owners and the Company agree that the agreement of the March 14, 1969, be, and the same is hereby, amended in the following particulars:

1.

Paragraph 1 of said agreement is amended by changing the effective date of the conveyance from December 31, 1969, to August 31, 1970.

Received with Roy Pray & Associates
letter dated January 12, 1970

2.

Paragraph 4 of said agreement is amended by changing the date of the Company's obligation to register Owner's shares from March 15, 1970, to August 31, 1970.

3.

Paragraph 6 of said agreement is amended by changing the termination date of the escrow, as therein set forth, from December 31, 1969, to August 31, 1970.

4.

All other provisions of said AGREEMENT and of the CONVEYANCE, dated April 15, 1969, remain unchanged and in full force and effect.

IN WITNESS WHEREOF, this AMENDMENT TO AGREEMENT is executed as of the date set forth above.

Roy Pray

Roy Pray

Joe Ianni

Joe Ianni

Leon Haas

Leon Haas

ATTEST:

Stuart J. Scott

Stuart J. Scott, Secretary

GLEN EXPLORATIONS, INC.

BY: Jack R. Fraser

Jack R. Fraser, President

Jack R. Fraser

Jack R. Fraser

Stuart J. Scott

Stuart J. Scott

THE STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Jack R. Fraser, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said GLEN EXPLORATIONS, INC., a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 7th day of January A. D. 1970

(L.S.)

Jeane B. Stuegel
Notary Public in and for Dallas County, Texas

THE STATE OF COLORADO §

COUNTY OF Fremont §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared ROY PRAY, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 10 day of Jan, A.D. 1970.

(L.S.)

W. Cabbott
Notary Public in and for Fremont County, Colorado

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, A Notary Public in and for said County and State, on this day personally appeared JOE IANNI, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 7th day of Jan, A. D. 1970.

(L.S.)

Notary Public in and for Dallas County, Texas Rex G. Roberts

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared LEON HAAS, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 7th day of Jan, A. D. 1970.

(L.S.)

Notary Public in and for Dallas County, Texas Rex G. Roberts

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for sai d County and State, on this day personally appeared JACK R. FRASER known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 7th day of January, A.D. 1970.

(L.S.)

Jeane B. Stuegel

Notary Public in and for Dallas County, Texas

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared STUART J. SCOTT known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 7th day of January, A. D. 1970.

(L.S.)

Jeane B. Struegel
Notary Public in and for Dallas County, Texas

CONVEYANCE

THE STATE OF COLORADO ⧖
⧖ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HINSDALE ⧖

THAT for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned ROY PRAY, JOE IANNI and LEON HAAS, do hereby BARGAIN, SELL, TRANSFER, ASSIGN and CONVEY to GLEN EXPLORATIONS, INC., a Washington corporation, with offices in Dallas, Texas, its successors and assigns, the following properties situated in Hinsdale County, Colorado:

1. That certain lease dated April 1, 1966, executed by Ralph C. Horton, as Lessor, in favor of Roy Pray, as Lessee, recorded in Volume 59, Page 80-A, of the Records of Hinsdale County, Colorado, covering the following patented lode mining claims situated in T-43-N, R-6-W, New Mexico Principal Meridian, Hinsdale County, Colorado:

Name	U. S. Survey No.
Palmetto	233
Ruby Queen	407A
First National Bank	408A
Miner's Bank	309
Chimney Corner	496
F. X. Aubrey	852
Sarah Wood	1036
Superior	1053
Polar Star (Northern 3.383 acres)	7863
George M. Tibbits	1087

2. The following unpatented lode mining claims situated in T-43-N, R-6-W, New Mexico Principal Meridian, Hinsdale County, Colorado, are recorded in the records of Hinsdale County, Colorado, in the volumes and at the respective pages shown below:

Name	Volume	Page
R. Pray No. 1	60	1, 2
R. Pray No. 2	60	3, 4
R. Pray No. 3	60	5, 6
R. Pray No. 4	60	7, 8

"Agreement" dated March 14, 1969 and Conveyance received with Roy Pray's letter (marked DRAFT) undated rec'd. 5/29/69 in OME

together with all personal property, machinery and equipment of the undersigned located on the above described property and used in connection therewith.

This conveyance is subject to that certain exploration contract executed by Roy Pray and Associates and the United States Department of the Interior, Office of Minerals Exploration, dated September 8, 1967, bearing Contract No. 14-23-090-2247.

And for the same consideration the undersigned do hereby represent and warrant that they are the lawful owners of the property described above, have the full right and authority to sell and convey the same in accordance herewith, free and clear of any liens and encumbrances, and that they will warrant and defend the rights and title to said property against any and all persons whomsoever lawfully claiming the same or any part thereof.

By its acceptance hereof the said GLEN EXPLORATIONS, INC. does hereby ASSUME and AGREE to discharge any and all covenants and obligations of the undersigned under the terms of the above described lease and mining claims.

IN WITNESS WHEREOF, this instrument is executed this 15th day of April, 1969.

Roy Pray
Roy Pray

Joe Ianni
Joe Ianni

Leon Haas
Leon Haas

THE STATE OF TEXAS ⧫
⧫
COUNTY OF DALLAS ⧫

The foregoing instrument was acknowledged before me this 22 day of April, 1969, by JOE IANNI and LEON HAAS.

WITNESS my hand and official seal.

My Commission Expires:
June 1, 1969

Carolyn A. Roland
Notary Public in and for
Dallas County, T E X A S

THE STATE OF COLORADO)
)
COUNTY OF Hinsdale)

The foregoing instrument was acknowledged before me this 16th day of April, 1969, by ROY PRAY.

WITNESS My hand and official seal.

~~My Commission Expires:~~

Jessie L. Wheeler
District Court Clerk ~~Notary Public~~ in and for
Hinsdale County, Colorado

AGREEMENT

THIS AGREEMENT made and entered into this 14th day of March, 1969, by and between the undersigned ROY PRAY, JOE IANNI and LEON HAAS, hereinafter sometimes collectively referred to as "Owners", and GLEN EXPLORATIONS, INC., a Washington corporation, hereinafter sometimes referred to as the "Company";

W I T N E S S E T H T H A T:

WHEREAS, Owners own and hold certain valid and subsisting leases covering patented and unpatented lode mining claims in Hinsdale County, Colorado, more particularly described in the schedule of mining claims which is attached hereto, marked Exhibit "A", and made a part hereof for all purposes, all of which leases and mining claims are hereinafter sometimes collectively referred to as "the mining claims"; and

WHEREAS, the mining claims are subject to a certain exploration contract executed by Roy Pray and Associates, and the United States Department of the Interior, Office of Minerals Exploration, dated September 8, 1967, bearing Contract No. 14-23-090-2247, which contract is sometimes hereinafter referred to as the OME Contract; and

WHEREAS, Owners are desirous of selling to the Company and the Company is desirous of purchasing from Owners the mining claims and the personal property and equipment of Owners now located thereon and used in connection therewith upon the terms hereinafter set forth:

NOW, THEREFORE, in consideration of the covenants and obligations hereinafter contained and the benefits to be derived herefrom, Owners and the Company do hereby agree as follows:

1.

Owners do hereby agree to sell and convey the mining claims and all of Owners' rights therein and all personal property and equipment of Owners now located thereon and used in connection therewith to the Company, its successors and assigns, the effective date of such conveyance to be December 31, 1969. On the closing date hereinafter provided, Owners will execute, acknowledge and deliver to the Company a recordable conveyance of the mining claims, which conveyance shall be in form reasonably satisfactory to the Owners and the Company and shall be free and clear of all liens and encumbrances except the OME Contract and a royalty not in excess of 5% of net smelter returns from the mining claims.

2.

Prior to the effective date of the conveyance described in 1 above, Owners will perform the remaining drift operations contemplated by the OME Contract in accordance with the terms and provisions thereof, which drifting will be completed prior to such effective date. Owners will advance and pay the costs and expenses of such drift digging and to the extent such expenses are not paid or reimbursed to Owners by the United States Department of the Interior, Office of Minerals Exploration, under the OME Contract, the Company will pay and reimburse Owners for such expenses upon the presentation of an invoice for the same; provided, however, that (a) the Company's obligation hereunder to reimburse Owners for such expenses shall not exceed the sum of $10,000, and (b) Owners will at any time prior to the completion of such drifting, discontinue the same if requested by the Company.

3.

At such time as may be approved by Owners and the Company, Owners or the Company, or both, will make application with such governmental agency or department that may have jurisdiction for an advance of funds to conduct core drilling on that part of the property upon which such drifting is

conducted by Owners, such core drilling to be to such extent as Owners and the Company may mutually determine. All funds made available for such core drilling by any such governmental agency or department shall be used for such purpose.

4.

As consideration for the conveyance of the mining claims and other property herein described, the Company will pay over and deliver or cause to be paid over and delivered to Owners at closing 50,000 shares of the 10¢ par value common stock of the Company. Certificates for such shares in such denominations as Owners may designate, aggregating the total number of shares set forth above, shall be delivered to Owners or subject to their direction. Such shares when delivered shall be fully paid, nonassessable shares of the Company and shall be subject to no lien, encumbrance or burden other than the representation by Owners at closing (which representation may be noted on such certificates) that Owners are acquiring such shares for investment only and not with the view to a distribution, and that such shares will not be subsequently transferred by Owners in the absence of an effective Registration Statement therefor under the Securities Act of 1933, or an opinion of counsel reasonably satisfactory to the Company that the transfer of such shares does not violate such Act. The Company agrees that it will, on or before March 15, 1970, cause such shares, or any part thereof, at the election of the Owners, to be included within a registration of shares of the Company under the Securities Act of 1933, which registration shall be without cost or expense to the Owners, with the exception of any underwriter's discount, a proportionate part of which shall be borne by the Owners whose shares are being covered by such registration.

5.

This agreement is subject to the Company's approval of the title of Owners to the mining claims. Prior to the

closing date, the Company will cause such examination of title to such properties to be made as it may consider necessary, the cost and expense of which examination and all abstracts of title and curative instruments shall be borne by the Company. The Company will advise Owners at least ten (10) days prior to the closing date of any reasonable objections the Company may have to the title of Owners to such claims. Upon the receipt of such objections, Owners shall have ten (10) days within which to cure the same. Failure by Owners to cure such objections to the satisfaction of the Company within such period shall, at the option of the Company, terminate this agreement. The failure of the Company to render objections to such title within the period provided above shall constitute an acceptance by the Company of Owners' title to such mining claims. Owners will make available to the Company for inspection all books and records of Owners pertaining to such mining claims. Owners will cooperate with the Company in the examinations of the title to such properties and interests and the curing of any objections to the title thereto.

6.

The sale of the mining claims pursuant to this agreement shall be closed on or before April 15, 1969. Such closing shall take place at 2620 Republic National Bank Tower, Dallas, Texas. At such closing, Owners will execute, acknowledge and deliver to the Company the conveyance of the mining claims and personal property and equipment described in 1 above and the Company will issue and deliver or cause to be issued and delivered to Owners the shares of stock or proper stock certificates representing the same described in 4 above. At such closing, the parties hereto will execute such other and further instruments and assurances as may be necessary to effect the intents and purposes. Provided, however, that at such closing Owners or the Company, or both, may request that James S. Robertson, Jr., 2620 Republic National Bank Tower,

Dallas, Texas, hold such conveyance and stock certificates and not deliver the same to the respective parties entitled to receive the same until such subsequent date (not later than December 31, 1969) they, or either of them, may designate. The said James S. Robertson, Jr. shall be acting as escrow agent for each party and may deliver such conveyance to the Company upon the written request of the Company therefor, may deliver such stock certificates to the Owners upon their written request therefor, shall (if not sooner delivered) deliver the same to such parties not later than December 31, 1969, and shall have no liability to either of said parties by reason of his delivery of such conveyance or stock certificates at any time.

7.

The Company will pay the advance royalty and all ad valorem taxes which become due and payable under the terms of the mining claims after the date hereof, provided, however, that if this agreement is terminated by the Company pursuant to paragraph 5 above there shall be no obligation upon the Company to make any such payments following such termination.

8.

Following the closing date hereof and prior to the effective date of the conveyance provided for in 1 above the operation of the mining claims by Owners shall be for the benefit of the Company without compensation except as provided in this agreement and subject to termination by the Company at any time upon notice to Owners. If the Company should terminate the operation of the mining claims by Owners as provided herein, the effective date of the conveyance of the mining claims provided for in 1 above shall be accelerated to and shall become the date of such termination, and such termination and acceleration of such effective date may be evidenced for all purposes by the execution of an affidavit by Stuart J. Scott stating that such operation has been so terminated by the Company and such effective date has been thus

accelerated to the date of such termination. The entire risk and (subject to the other provisions hereof) cost of the operation of the mining claims after the closing date shall be borne by the Company.

9.

Any notices provided for in this agreement shall be in writing and shall be considered delivered when deposited in the United States mail, postage prepaid, and properly addressed as follows:

(a) The Company:

Glen Explorations, Inc.
1204 Praetorian Building
Dallas, Texas 75201

(b) Owners:

Roy Pray and Associates
c/o James S. Robertson, Jr.
2620 Republic National Bank Tower
Dallas, Texas 75201

10.

If (for any reason) any advances made by the United States Department of the Interior to Owners under the OME Contract after the closing date should become subject to repayment to such governmental agency, the Company will assume and make such payment or cause the same to be made and will hold Owners harmless therefrom.

11.

The undersigned Jack R. Fraser and Stuart J. Scott (each a principal shareholder, officer and director of the Company) join herein for the purpose of guaranteeing, and they do hereby jointly and severally, guarantee to Owners the performance by the Company of all of the covenants and obligations of the Company hereunder and do hereby recognize and acknowledge that without such guaranty Owners would not execute and enter into this agreement.

The parties hereto represent to each other that the total finder's fee with respect to this transaction does not exceed 2,000 shares of the 10¢ par value common stock of the Company, that such finder's fee is payable to Stewart A. Bonnett, and that such finder's fee shall be borne equally by Owners and the Company. Such finder's fee shall be payable to the said Stewart A. Bonnett, or his designees, at closing.

IN WITNESS WHEREOF, this agreement is executed as of the date set forth above.

Roy Pray

Joe Ianni

Leon Haas

ATTEST:

Secretary

GLEN EXPLORATIONS, INC.

By President

Jack R. Fraser

Stuart J. Scott

EXHIBIT "A"

Schedule of Mining Claims
(All located in Township 43 North, Range 6 West, New Mexico Principal Meridian, Hinsdale County, Colorado)

1.

Patented Lode Mining Claims covered by that certain lease dated April 1, 1966, executed by Ralph C. Horton, as lessor, in favor of Roy Pray, as lessee, recorded in Volume 59, Page 80-A, of the Records of Hinsdale County, Colorado

Name	U. S. Survey No.
Palmetto	233
Ruby Queen	407A
First National Bank	408A
Miner's Bank	309
Chimney Corner	496
F. X. Aubrey	852
Sarah Wood	1036
Superior	1053
Polar Star (Northern 3.383 acres)	7863
George M. Tibbits	1087

2.

Unpatented Lode Mining Claims (Recorded in the Records of Hinsdale County, Colorado, in the Volumes and at the respective pages thereof shown below)

Name	Book	Page
R. Pray No. 1	60	1, 2
R. Pray No. 2	60	3, 4
R. Pray No. 3	60	5, 6
R. Pray No. 4	60	7, 8

STATE OF TEXAS ⧫
⧫
COUNTY OF DALLAS ⧫

The foregoing instrument was acknowledged before me this 14 day of March, 1969, by JOE IANNI, LEON HAAS, STUART J. SCOTT and JACK R. FRASER.

WITNESS my hand and official seal.

James S. Robertson Jr.
Notary Public in and for
Dallas County, T E X A S

My Commission Expires:
June 1, 1969

STATE OF TEXAS ⧫
⧫
COUNTY OF DALLAS ⧫

The foregoing instrument was acknowledged before me this 14 day of March, 1969, by JACK R. FRASER, President of GLEN EXPLORATIONS, INC.

WITNESS my hand and official seal.

James S. Robertson Jr.
Notary Public in and for
Dallas County, T E X A S

My Commission Expires:
June 1, 1969

STATE OF ~~COLORADO~~ Texas ⧫
⧫
COUNTY OF Dallas ⧫

The foregoing instrument was acknowledged before me this 19th day of March, 1969, by ROY PRAY.

WITNESS my hand and official seal.

Diann S. Young
Notary Public in and for
Dallas County, ~~Colorado~~ Texas

My Commission Expires:
June 1, 1969

Government's Copy

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 -6630	Silver	2267	Hinsdale	Colorado

It is agreed SEP 8 1967 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Roy Pray & Associates

whose mailing address is c/o Crystal Lodge, Lake City, Colorado 81235, 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 SEPT. 21 - 1967 (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 $64,640.00. The Government will contribute 75 percent of the total fixed unit costs of the work performed, not in excess of $48,480.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest at the rate of 7 ¼ 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.

ROY PRAY & ASSOCIATES
(Operator)

By Roy Pray
Roy Pray, Partner

Joe Ianni
Joe Ianni, Partner

By Leon Haas
Leon Hass, Partner,

THE UNITED STATES OF AMERICA

By Arthur A. Baker
Acting Director, U. S. Geological Survey

I, _____, certify that I am the _____ secretary of the corporation named as Operator herein; that _____, 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.
(Name) (Name) (Title)

Long
Kirkham
Johnson
Kilgood
James

CORPORATE SEAL

EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

ANNEX I

The land including all rights thereto referred to in Article 2 of the contract consists of ten (10) patented and four (4) unpatented lode mining claims in unsurveyed sec. 19, T. 43 N., R. 6 W., New Mexico Principal Meridian, Galena Mining District, Hinsdale County, Colorado. It is shown on Figure 1, entitled "Map Showing Palmetto Property, Hinsdale County, Colorado," which is attached and made part hereof.

The patented lode mining claims are as follows:

Name	U. S. Survey No.
Palmetto	233
Ruby Queen	407A
First National Bank	408A
Miner's Bank	309
Chimney Corner	496
F. X. Aubrey	852
Sarah Wood	1036
Superior	1053
Polar Star (Northern 3.383 acres)	7863
George M. Tibbits	1087

The unpatented lode mining claims are recorded in the Hinsdale County Court House, Lake City, Colorado, as follows:

Name	Book	Page
R. Pray No. 1	60	1, 2
R. Pray No. 2	60	3, 4
R. Pray No. 3	60	5, 6
R. Pray No. 4	60	7, 8

The Operator is in possession of the first eight patented claims described above by virtue of an Assignment of Mining Lease, dated April 6, 1966, between Roy Pray, assignor, and Leon Haas and Joe Ianni, assignees, whereby Roy Pray assigned to Leon Haas and Joe Ianni 75 percent interest in his Mining Lease, dated April 1, 1966, with Ralph C. Horton, the owner.

The Operator is in possession of the remaining two patented claims under the terms of a Supplemental Agreement, executed August 26, 1967, by Ralph C. Horton.

Lien and Subordination Agreements executed on April 15, 1967, and August 22, 1967, by Ralph C. Horton, owner of the patented claims, are attached and made part hereof.

The Operator is in possession of the unpatented mining claims by right of location.

A Special Agreement Concerning Land

In the event that the Operator or any successor thereof at any time during the period of this contract acquires any interest, title, or equity in or with respect to any land including minerals therein, situated within 600 feet of the boundaries of the land described in this contract, it is agreed that such land shall thereupon become subject to the provisions of this contract as of the date of acquisition; and the Operator shall promptly notify the Government of such acquisition, furnishing a description of the land acquired, maps, and other data that may be required by the Government.

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 – 2247
Contract Date SEP 8 1967

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

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

described as follows:[2] Palmetto Lode, U.S. Survey No. 233; Ruby Queen Lode, U.S. Survey No. 407A; First National Lode, U.S. Survey No. 408A; Chimney Corner Lode, U.S. Survey No. 496; Miners Bank Lode, U.S. Survey No. 309; F. X. Aubrey Lode, U.S. Survey No. 852; Sarah Woods Lode, U.S. Survey No. 1036; Superior Lode, U.S. Survey No. 1053; Fractional interest of Polar Star Extension, U.S. Survey No. 7863

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

Roy Pray and Associates, qualified to do business in the State of Colorado[3]

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

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

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

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

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

None, excepting that certain Mining Lease (and option) made and entered into April 1, 1966 between Ralph C. Horton and Roy Pray; and the Assignment between Roy Pray and Leon Haas and Joe Ianni, dated April 6, 1966. (See true copies included in Annex B)

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 April, 1967.

Ralph C. Horton (Seal)	1385 Glencoe Street	(Street)
Mr. Ralph C. Horton	Denver, Colorado	(City & State)
(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)

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-	2247
Contract Date	SEP 8 1967

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of HINSDALE, State of COLORADO, described as follows:[2] GEORGE M. TIBBITS LODE, U.S. SURVEY 1087 GALENA MINING DISTRICT, US PATENTED LODE CLAIM

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 ROY PRAY AND ASSOCIATES, PALMETTO PROPERTY,[3] hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

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

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

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

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

NONE

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 22ND day of AUGUST, 1967.

Ralph C. Norton	(Seal)	1385 Glencoe (Street) Denver, Colorado (City & State)
	(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)

EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

EXHIBIT A

The purpose of the project is to explore by drifting and crosscutting on the level of the Pray crosscut for silver-bearing ore bodies in and along the Palmetto vein system in volcanic rocks in the Henson Formation of the Silverton Volcanic Group of Tertiary age.

General Provisions

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

Mine rails shall be not less than 20-pound size, air lines not less than 2-inch diameter, and water lines not less than 1-inch diameter. The workings shall be ventilated, using not less than 10-inch diameter vent pipe.

All significantly mineralized areas traversed by the drifts or crosscuts shall be sampled normal to the trends of the deposits at intervals of not more than 5 feet. In addition, a representative bulk sample may be taken of each round broken, but no such sample shall represent more than 5 linear feet of workings.

Samples from whatever source shall be split as necessary and one split assayed for silver and gold, and, as warranted, for lead, zinc, and copper. The Operator shall store one split of each sample in a suitable container properly labeled for Government inspection and possible use. With prior Government approval, the Operator may dispose of the stored samples.

True copies of assay certificates of all samples shall be submitted with the Operator's monthly reports together with maps or sketches showing the work completed, the location, width, and assay values of the samples, and the geological formations and structures traversed by the workings.

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

No work under this contract shall be performed closer than 50 feet to the outer boundary of the Operator's property.

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

Description of the Work

The work shall consist of rehabilitating the Pray crosscut from the portal to the Palmetto vein, approximately 250 feet, then drifting, and crosscutting as necessary to follow the vein structure, southwestward for a total of no more than 1,400 feet. The approximate locations of the Pray crosscut and proposed drift are indicated on Figure 2, entitled, "Map Showing Proposed Drift on Palmetto Vein System, Hinsdale County, Colorado," which is attached and made part hereof.

Estimated Costs of the Work

Fixed Unit Costs 1/

Mobilization of equipment and rehabilitation of Pray crosscut to Palmetto vein	$ 975.00*
Drifting and crosscutting, 1,400 feet @ $42.45/ft.	59,430.00
Ground support, est. 140 feet	2,240.00
Timbering, $16.00/ft. installed	
Rock bolting in lieu of timbering	
5-foot bolts @ $3.00/bolt, installed	
6-foot bolts @ $3.25/bolt, installed	
8-foot bolts @ $3.50/bolt, installed	

Assaying, estimated 300 samples	$ 1,695.00
Gold and silver @ $3.50/sample	
Lead, zinc, copper @ $2.50 each determination	
Office expense, 6 months @ $50.00/month	300.00
Total Estimated Fixed Unit Costs	$64,640.00
Government Participation @ 75 percent	$48,480.00

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

* Indicates a maximum.

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.

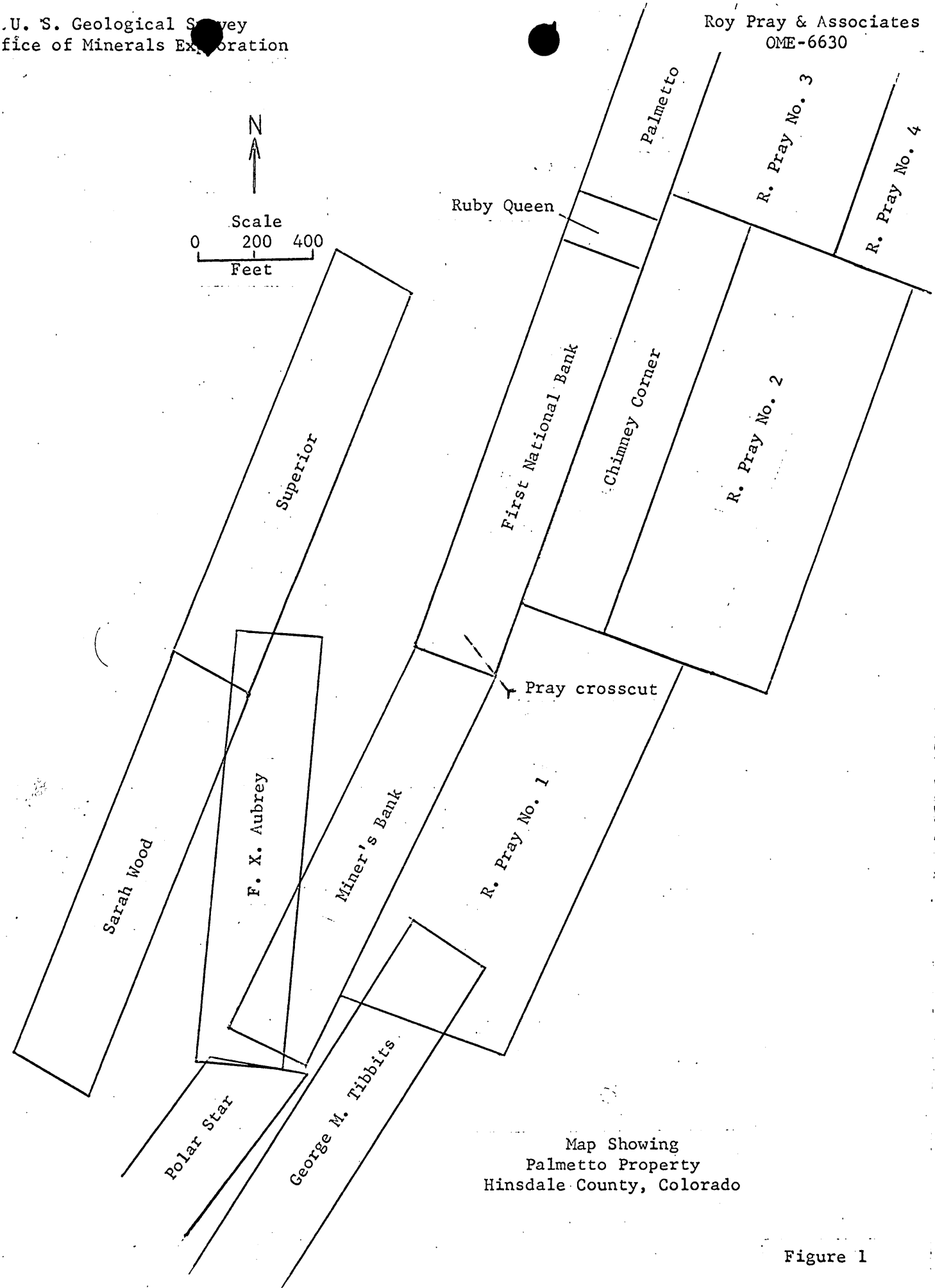
'(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments 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.

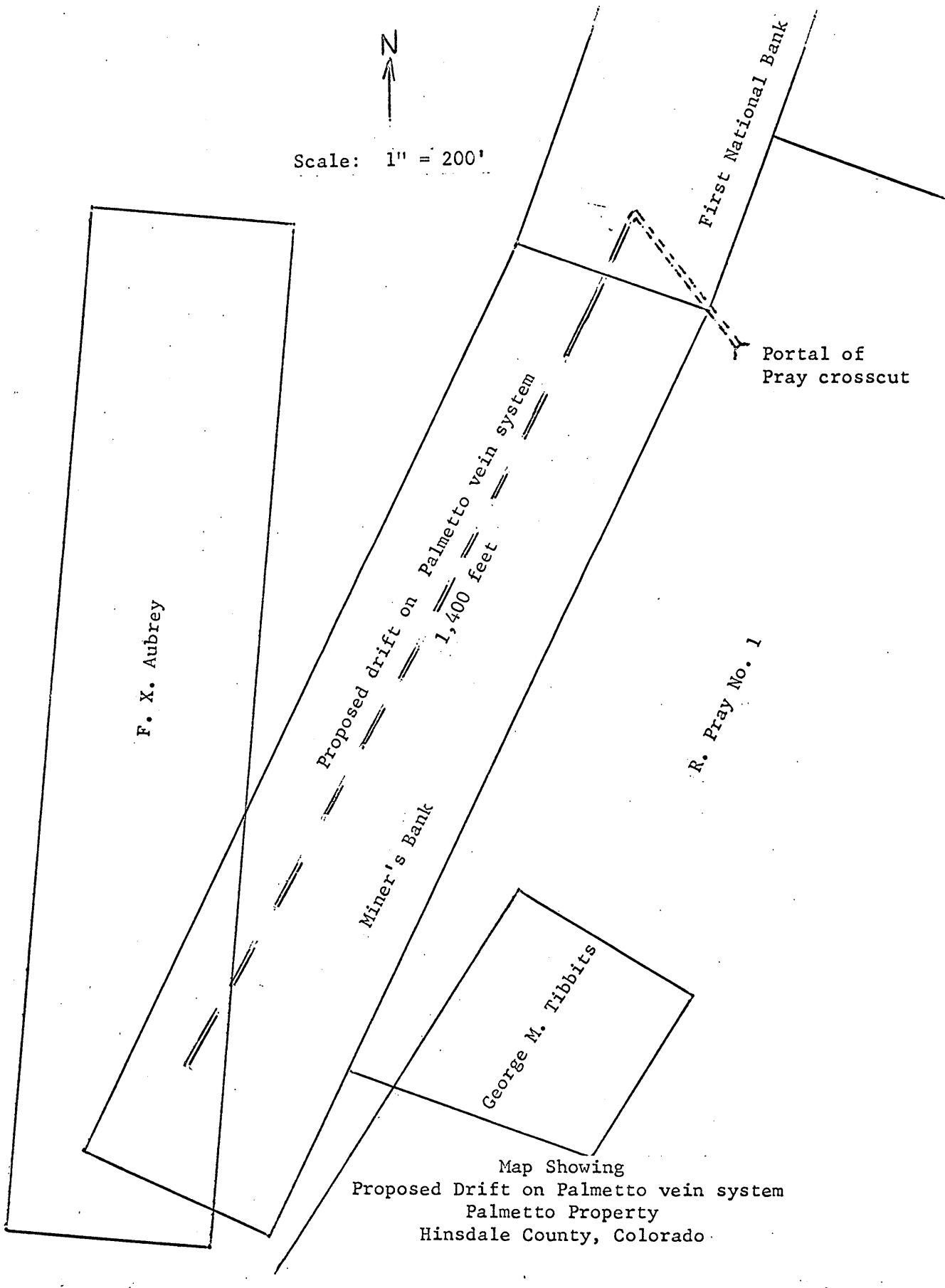
'(6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government 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.'"



Map Showing
Palmetto Property
Hinsdale County, Colorado

Figure 1



Map Showing
Proposed Drift on Palmetto vein system
Palmetto Property
Hinsdale County, Colorado

Figure 2

and facilities which it may desire for use on or in connection with its operation hereunder on the said premises;

(7) Lessee shall at all times comply in all respects with all the laws and regulations relating to the performance of such work within the leased premises;

(8) Lessee further covenants and agrees that he will save and hold the lessor absolutely harmless from any and all claims or demands for damages arising from any injuries or damages to any person or persons or property resulting from the operation, exploration or development of said premises and property during the life of this lease, and to that end the lessee agrees to carry Workmen's Compensation and Occupational Disease Disability Insurance on all of his employees during the life of this lease, and he further agrees that he will carry public liability insurance in an amount of not less than $50,000.00;

(9) Lessee, upon request, shall also furnish owner with copies of maps, assays, diamond drill logs and cores and records pertaining to the said property and the mineralization thereof;

(10) Lessee shall withhold all Social Security and Income Taxes in the manner required by law, and shall make all reports and payments thereon in accordance with the law and regulations affecting the same;

(11) Lessee further covenants and agrees that he will not suffer or permit any mechanic's liens or other liens or encumbrances to be filed against said premises and property during the life of this lease for the nonpayment of any debt or debts incurred in connection with the exploration, development or operation of said property, and in this connection the lessee agrees to post five (5) notices in conspicuous places on said property that the same is being held under a lease and that the lessor shall not be obligated nor shall said premises or property be held or claimed for the non-payment of any bill or contract in the operation of said premises or property;

(12) Lessee agrees to pay all taxes levied and assessed upon the leased premises, or any part thereof, including taxes, measured on production, and also including taxes levied and assessed on improvements placed on the leased premises by lessee during the continuance of this agreement, commencing with taxes levied and assessed for the Year 1966, and to make payment thereof when and as required by law, so that no default in taxes upon the leased premises shall occur, and to deliver to the owner upon request the original tax receipts for payment made;

(13) Lessee further covenants and agrees that the said owner, his agent or attorney, shall have the right, at any and all times, to enter upon and descend into any and all parts of said premises, to inspect the same, make surveys thereof, or take samples therefrom, and lessee will render to owner all the assistance in his power in so doing;

(14) If lessee shall fail to perform any term or condition on lessee's part to be performed, owner may give lessee notice in writing, specifying such failure, and lessee shall have forty-five (45) days thereafter to remedy such default, upon failure or refusal by lessee within said forty-five-day period to remedy such default, all of lessee's rights hereunder shall terminate;

(15) Lessee may surrender this lease upon forty-five (45) days prior written notice to owner, and upon such surrender, all rights, liabilities, and obligations of the parties not already accrued shall terminate;

(16) The said owner hereby grants to the lessee the privilege of purchasing the property heretofore described at the expiration of this lease at an agreed price of Fifty Thousand Dollars ($50,000.00). Upon election by lessee to purchase at the expiration date, owner agrees to furnish Abstracts of Title covering the above property, for examination by lessee, and to give Warranty Deed on payment of said agreed price conveying all his right, title, and interest in said property.

(17) As a part of the consideration hereof, it is agreed between the parties that the lessee shall be, and is hereby, granted an option to renew this lease for an additional ten (10) years under the terms and conditions of this agreement. However, lessee shall give notice of his election for an additional ten (10) year lease ninety (90) days prior to the expiration date of this lease.

(18) Lessee further covenants and agrees, in the event of termination of this lease by expiration of the term hereof, or in case lessee fails in any respect to keep and fulfill any one or more of the covenants or agreements herein expressed or implied, then, and in that case, it shall be lawful for said owner, his agent or attorney, to declare said term ended, and with or without process of law, to enter upon and take possession of said premises, and in such case, and also at the expiration of this lease by limitation, said lessee agrees to surrender, yield, and deliver to the owner, quiet and peaceable possession of said premises in good condition, and that time shall be of the essence hereof, and that all the covenants and agreements herein contained shall extend to and be binding upon the heirs, executors, administrators, successors, and lawful assigns of the respective parties hereto;

(19) Lessee, however, shall have the right to remove the machinery and equipment placed by them within the leased premises, including pipe, receivers and cables, but lessee shall leave all timbers, chutes, ladders, and especially leave working shaft in good and safe condition. If said machinery and equipment is not moved within ninety (90) days following termination of said lease, it shall be deemed affixed to the leased premises, and shall become and remain the property of the owner.

IN WITNESS WHEREOF, the parties hereto have executed these presents in duplicate the day and year first above written.

_____

_____

ASSIGNMENT OF MINING LEASE

This agreement made and entered into on this the ____ day of April, 1966, by and between ROY PRAY, Lake City, Colorado, hereinafter called assignor, and LEON HAAS, Arlington, Texas and JOE IANNI, Dallas, Texas, hereinafter known as assignees, witnesseth:

WHEREAS, ROY PRAY, assignor, is the owner of that certain mining lease running from RALPH C. HORTON, lessor, to ROY PRAY, lessee, dated April 1, 1966, covering the following described said land and mines, said mines lying and being in the Galena Mining District, in the County of Hinsdale, and State of Colorado, to wit:

The Palmetto Lode Mining Claim, U. S. Survey No. 233
The Ruby Queen Lode Mining Claim, U. S. Survey No. 407A
The First National Bank Lode Mining Claim, U. S. Survey No. 408A
The Miners Bank Lode Mining Claim, U. S. Survey No. 309
The Chimney Corner Lode Mining Claim, U. S. Survey No. 496
The F. X. Aubrey Lode Mining Claim, U. S. Survey No. 852
The Sarah Woods Lode Mining Claim, U. S. Survey No. 1036
The Superior Lode Mining Claim, U. S. Survey No. 1053.

WHEREAS, assignees LEON HAAS and JOE IANNI desire to acquire by assignment, an undivided 37½% interest each in and to said above described mining and mineral lease, a total of 75% for both assignees, and

WHEREAS assignor, ROY PRAY, for consideration hereinafter enumerated, desires to assign and transfer to assignees an undivided 75% interest in and to said above described mining and mineral lease, an undivided 37½% to each assignee;

Now Therefore in consideration of the promises and the mutual covenants and agreements hereinafter set out, to be kept and performed, it is agreed between the parties hereto as follows, to wit:

1. Assignor agrees and by this instrument does hereby grant, sell, transfer and assign to assignees an undivided 75% interest (an undivided 37½% interest to assignee LEON HAAS and an undivided 37½% interest to assignee JOE IANNI) of all right, title, interest and benefits to be derived therefrom which assignor owns in the above described mining and mineral lease, together with 75% interest (37½% interest to assignee LEON HAAS and 37½% interest to assignee JOE IANNI) of all leasehold rights and other rights, titles and interests vested in assignor by virtue of said lease, and all rights, titles, and interests proported to be created thereby.

2. For and in consideration of such assignment, assignees agree and covenant that they will pay and furnish at their own cost all costs of the reopening of the above described mines and the excavation and extraction thereof of minerals; that they will furnish all mining tools, rigs, materials, fuel, labor, pumps, drills, and all other equipment necessary in the performance of the mining operations without cost to assignor.

3. Assignees further agree that they will join with the assignor as soon as possible to begin exploration and excavation of the said mine or mines and to perform along with assignor all work, pumping, water removal, timber repairs and exploration efforts as soon as is reasonably possible.

4. It is expressly agreed to hereby between the parties that in the event the said mines through no fault of the assignees fail to yield and produce sufficient valuable minerals or ore or metals to make the mining operation reasonably profitable and such mining operations, excavations and extractions become economically impractible for assignees to carry on, this agreement and the provisions and obligations herein shall, at the option of assignees or either of them terminate and become null and void as to such assignee or assignees exercising the option.

5. It is agreed hereto by and between the assignor and assignees that all agreements, covenants and representations made between the parties are set out in full and in detail in this

instrument and that there are no agreements, covenants, or representations which are not contained within the provisions of this assignment contract.

Witness our hands and seals this ___ day of April, 1966.

_____
Roy Pray, Assignor

_____
Leon Haas, Assignee

_____
Joe Ianni, Assignee

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority personally appeared ROY PRAY, a person known to me to be the person whose name is subscribed to the foregoing instrument and who, after being duly sworn acknowledged and stated to me under oath that he executed the above and foregoing instrument for the purposes and considerations therein expressed.

ACKNOWLEDGED, SUBSCRIBED AND SWORN to before me this ___ day of April, 1966.

_____
Notary Public in and for _____
County, _____

My Commission Expires _____

STATE OF TEXAS

COUNTY OF Dallas

BEFORE ME, the undersigned authority, personally appeared LEON HAAS, a person known to me to be the person whose name is subscribed to the above and foregoing instrument, and who, after being duly sworn acknowledged and stated to me under oath that he executed the above and foregoing instrument for the purposes and considerations therein expressed.

ACKNOWLEDGED, SUBSCRIBED AND SWORN to before me this 6 day of April, 1966.

_____
Notary Public in and for Dallas
County, Texas

All Texas Commissions
Expire 6/1/67

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, personally appeared JOE IANNI, a person known to me to be the person whose name is subscribed to the above and foregoing instrument and who, after being duly sworn acknowledged and stated to me under oath that he executed the above and foregoing instrument for the purpose and considerations therein expressed.

ACKNOWLEDGED, SUBSCRIBED AND SWORN to before me this ____ day of April, 1966.

_____
Notary Public in and for Dallas County, Texas

All Texas Commissions
Expire 6/1/67

LESSOR'S AGREEMENT OF ASSIGNMENT

On this the 14th day of April, 1966, I, RALPH C. HORTON, lessor, have read and examined the above assignment of the above described mining lease, such mining lease being dated April,1, 1966, and after having read the assignment between ROY PRAY, LEON HAAS, and JOE IANNI, I hereby consent to the same, consent to such assignment, acquiesce in the same, and allow the assignment, its provisions and terms to become effective this day.

_____
Ralph C. Horton, Lessor

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared RALPH C. HORTON, a person known to me to be the person who executed the above and foregoing instrument and who, after being duly sworn, acknowledged and stated to me that he executed the

above and foregoing instrument for the purposes and considerations therein expressed.

ACKNOWLEDGED, SUBSCRIBED AND SWORN to before me this [illegible] day of April, 1966.

[illegible]
Notary Public in and for [illegible]
County, [illegible]

My Commission Expires
[illegible]

Reception No. 59290
Filed for record April 27, 1967 at 10:5[illegible] a.m. Jean M. Vickers Recorder

Book 60
Page 1

No. 162. LOCATION CERTIFICATE—Lode Claim.—Bradford-Robinson Printing Company, 1824-46 Stout Street, Denver, Colorado

KNOW ALL MEN BY THESE PRESENTS, That we THE UNDERSIGNED

have located the R. PRAY No. 1 lode mining claim, and by this certificate, and by right of discovery and location, claim 10 ft. N. EASTERLY feet, linear and horizontal measurement along the vein thereof, with all its dips, angles and variations as allowed by law 1490 feet on said vein running South Westerly from the center of the discovery cut and 300 feet running North Westerly from the center of the discovery cut, together with 300 feet on each side of the middle of said vein at the surface, and all veins, lodes, ledges, deposits and surface ground within the lines of said claim, situate in galena Mining District, County of Hinsdale, and State of Colorado and described by metes and bounds as follows, to-wit:

Beginning at Corner No. 1 Bearing S 26°5' W 1500 ft. To Corner No. 2 Thence S 63°55' E 600 ft. To Corner No. 3, Thence N 26°5' E 1500 ft. To Corner No. 4. Thence N 63°55' W To Corner No. 1 The point of beginning. The N.W. sideline of this claim, meets & joins the S.E. sideline of Lode Claim Miners Bank lode.

Said lode was discovered on the 25th day of April, A. D. 19 67
and located on the 25th day of April, A. D. 19 67
Dated this 25th day of April, A. D. 19 67

Roy Pray [SEAL]
Joe Jannis [SEAL]
Leon Haas [SEAL]
[SEAL]
[SEAL]
[SEAL]

Filed for record the 27th day of April, 19 67, at 10:35 o'clock A.M.

Reception No. 59291

Jean M. Vickers RECORDER

Book 60 Page 21

(THIS MAP MUST BE ATTACHED TO LOCATION CERTIFICATE)

MAP OF R. PRAY No. 1 LODE

attached to and hereby made a part of the Location Certificate, which map is prepared from an actual field survey of said Lode Claim.

1. Name and Address of Discoverer of Claim:

Name Roy Pray

Address LAKE CITY

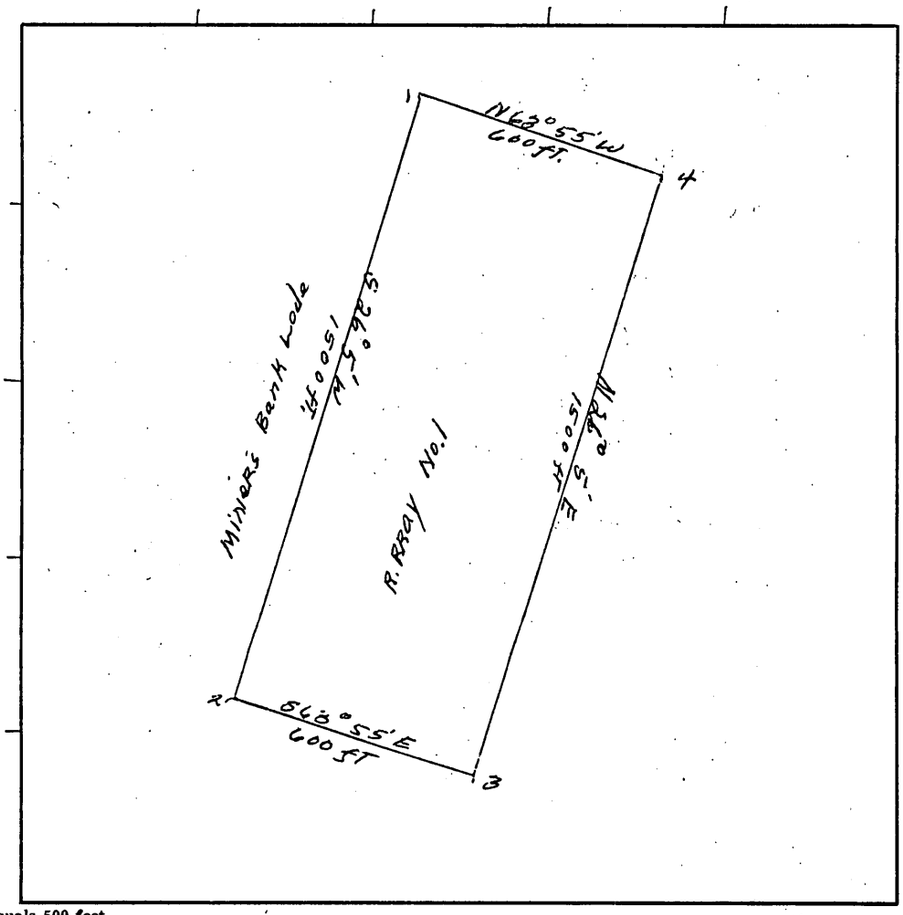
COLORADO

2. Legal Subdivision of the land upon which the claim is located, if such land is surveyed:

..... Quarter of Section ....., Township 43 N., Range 6 W.

of the New Mexico Meridian, in the County of Hinsdale, State of Colorado.

3. The claim pattern with courses and distances of the boundary lines is as follows:



Scale: 1 inch equals 500 feet.

Dated at LAKE CITY, Colorado, this 25TH day of APRIL, 1967

Roy Pray (SEAL)

John Lande (SEAL)

Leon Haas (SEAL)

(SEAL)

(SEAL)

(SEAL)

LOCATORS

(THE CLAIM PATTERN MUST REFER TO THE NEAREST SECTION OR QUARTER SECTION CORNER OF PUBLIC LAND SURVEY, IF SURVEYED, OR TO A PERMANENT MONUMENT, IF NOT SURVEYED, BY WHICH THE CLAIM ON THE GROUND CAN BE READILY AND ACCURATELY ASCERTAINED.)

92-22-6A—Colorado Revised Statutes, 1963

No. 162-C. LODE LOCATION MAP.—Bradford-Robinson Printing Company, 1824-46 Stout Street, Denver, Colorado

Reception No. 59292 Book 60
Filed for record April 27, 1967 at 10:35 A.M. Jean M. Vickers Page 3
Recorder

No. 162. LOCATION CERTIFICATE—Lode Claim.—Bradford-Robinson Printing Company, 1824-46 Stout Street, Denver, Colorado

KNOW ALL MEN BY THESE PRESENTS, That We

ha. ve located the R. PRAY No. 2 lode mining claim, and by this certificate, and by right of discovery and location, claim 750 FT. N. EASTERLY feet, linear and horizontal measurement along the vein thereof, with all its dips, angles and variations as allowed by law 750 feet on said vein running SOUTH WESTERLY from the center of the discovery CUT and 300 feet running NORTH WESTERLY from the center of the discovery CUT, together with 300 feet on each side of the middle of said vein at the surface, and all veins, lodes, ledges, deposits and surface ground within the lines of said claim, situate in GALENA Mining District, County of HINSDALE, and State of COLORADO and described by metes and bounds as follows, to-wit:

Beginning at Corner No. 1 Bearing S 20° 19' W 1500 FT. To Corner No. 2 Thence S 69° 46' E 600 FT. To Corner No. 3, Thence N 20° 19' E 1500 FT To Corner No. 4, Thence N 69° 45' W 600 FT. To Corner No. 1 The Point of Beginning The North Westerly side line of this Lode Claim, Meets or joins, The Southeasterly side line of The Chimney Corner Lode The South Westerly end line of this R. PRAY No. 2 Claim Lode Meets or joins The North Easterly end line of The R. PRAY No. 1 Lode Claim.

Said lode was discovered on the 25th day of April, A. D. 19 67
and located on the 25th day of April, A. D. 19 67
Dated this 25th day of April, A. D. 19 67

Roy Pray [SEAL]
Joe Jannie [SEAL]
Leon Koos [SEAL]
[SEAL]
[SEAL]
[SEAL]

Filed for record the 27th day of April, 1967, at 10:35 o'clock A.M.

Book 60 Page 4

Reception No. 59293

Jean M. Vickers RECORDER

(THIS MAP MUST BE ATTACHED TO LOCATION CERTIFICATE)

MAP OF R PRAY No. 2 LODE

attached to and hereby made a part of the Location Certificate, which map is prepared from an actual field survey of said Lode Claim.

1. Name and Address of Discoverer of Claim:

   Name Roy PRAY

   Address LAKE CITY

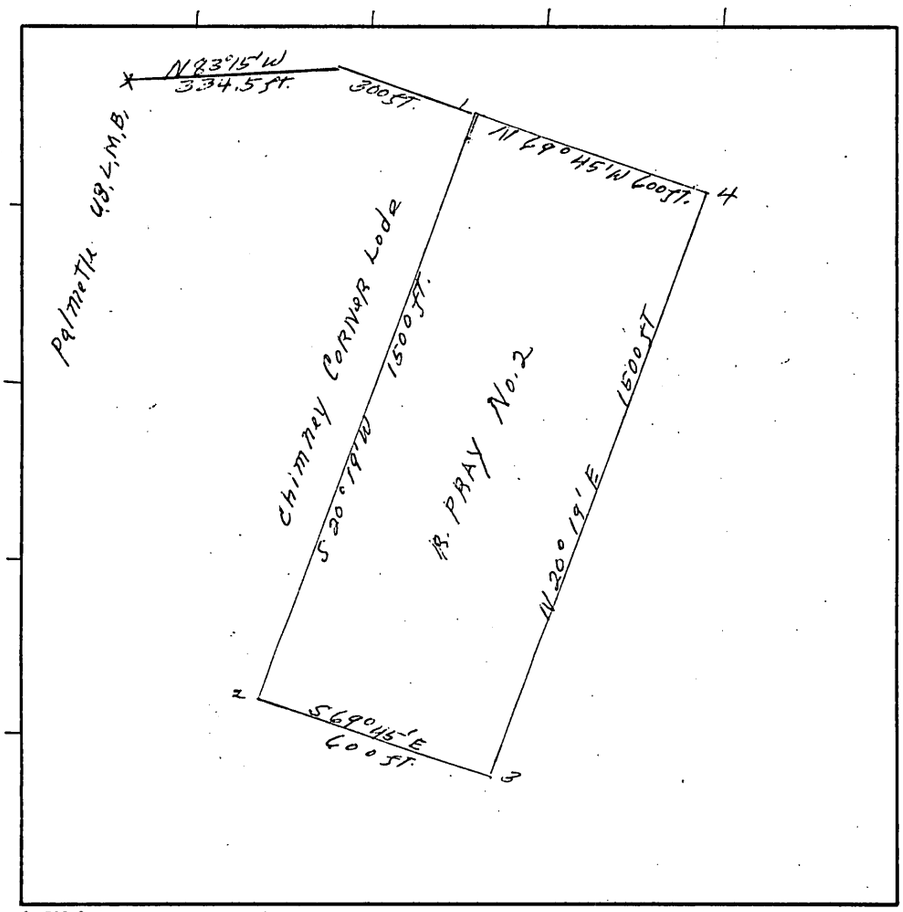
   COLORADO

2. Legal Subdivision of the land upon which the claim is located, if such land is surveyed:

   ..... Quarter of Section ....., Township 43 N., Range 6 W.

   of the New Mexico Meridian, in the County of Hinsdale, State of Colorado.

3. The claim pattern with courses and distances of the boundary lines is as follows:



Scale: 1 inch equals 500 feet.

Dated at LAKE CITY, Colorado, this 25TH day of APRIL, 1967.

Roy Pray (SEAL)

Joe Dannie (SEAL)

Leon Hoos (SEAL)

..... (SEAL)

..... (SEAL)

..... (SEAL)

LOCATOR S.

(THE CLAIM PATTERN MUST REFER TO THE NEAREST SECTION OR QUARTER SECTION CORNER OF PUBLIC LAND SURVEY, IF SURVEYED, OR TO A PERMANENT MONUMENT, IF NOT SURVEYED, BY WHICH THE CLAIM ON THE GROUND CAN BE READILY AND ACCURATELY ASCERTAINED.)

92-22-6A—Colorado Revised Statutes, 1963

No. 162-C. LODE LOCATION MAP.—Bradford-Robinson Printing Company, 1824-46 Stout Street, Denver, Colorado

Reception No. 59294
Filed for record April 27, 1967 at 10:35 a.m.
Jean M. [illegible]ickers, Recorder

Book 60
Page 5

No. 162. LOCATION CERTIFICATE—Lode Claim.—Bradford-Robinson Printing Company, 1824-46 Stout Street, Denver, Colorado

KNOW ALL MEN BY THESE PRESENTS, That WE THE UNDERSIGNED

have located the R. PRAY NO. 3 lode mining claim, and by this certificate, and by right of discovery and location, claim 700 FT. NORTH EASTERLY feet, linear and horizontal measurement along the vein thereof, with all its dips, angles and variations as allowed by law 750 feet on said vein running SOUTH WESTERLY from the center of the discovery CUT and 300 feet running NORTH WESTERLY from the center of the discovery CUT, together with 300 feet on each side of the middle of said vein at the surface, and all veins, lodes, ledges, deposits and surface ground within the lines of said claim, situate in GALENA Mining District, County of HINSDALE, and State of COLORADO and described by metes and bounds as follows, to-wit:

Beginning at Corner No. 1 BEARING S20°15'W 145.0 FT. TO CORNER No. 2 THENCE S69°45'E 600 ft. TO CORNER No. 3 THENCE N20°15'W 149.0 ft. TO CORNER No. 4 THENCE N69°45'W 600 ft. TO CORNER No. 1 THE POINT OF BEGINING. THE NORTHWESTERLY END SIDE LINE OF THIS CLAIM, MEETS OR JOINS THE SOUTHEASTERLY SIDE LINE OF THE PALMETTO LODE CLAIM, S.R.R. No. 233. THE SOUTHWESTERLY END LINE MEETS OR JOINS, THE NORTHEASTERLY END LINE OF THE R. PRAY NO. 2

Said lode was discovered on the 25th day of April, A. D. 1967
and located on the 25th day of April, A. D. 1967
Dated this 25th day of April, A. D. 1967

Roy Pray [SEAL]
Joe Jansi [SEAL]
Leon Koos [SEAL]
[SEAL]
[SEAL]
[SEAL]

Filed for record the 27th day of April, 1967, at 10:35 o'clock A.M.

Book 60 Page 6

Reception No. 59295

Jean M. Vickers RECORDER

(THIS MAP MUST BE ATTACHED TO LOCATION CERTIFICATE)

MAP OF R. PRAY No. 3 LODE

attached to and hereby made a part of the Location Certificate, which map is prepared from an actual field survey of said Lode Claim.

1. Name and Address of Discoverer of Claim:

   Name Roy Pray

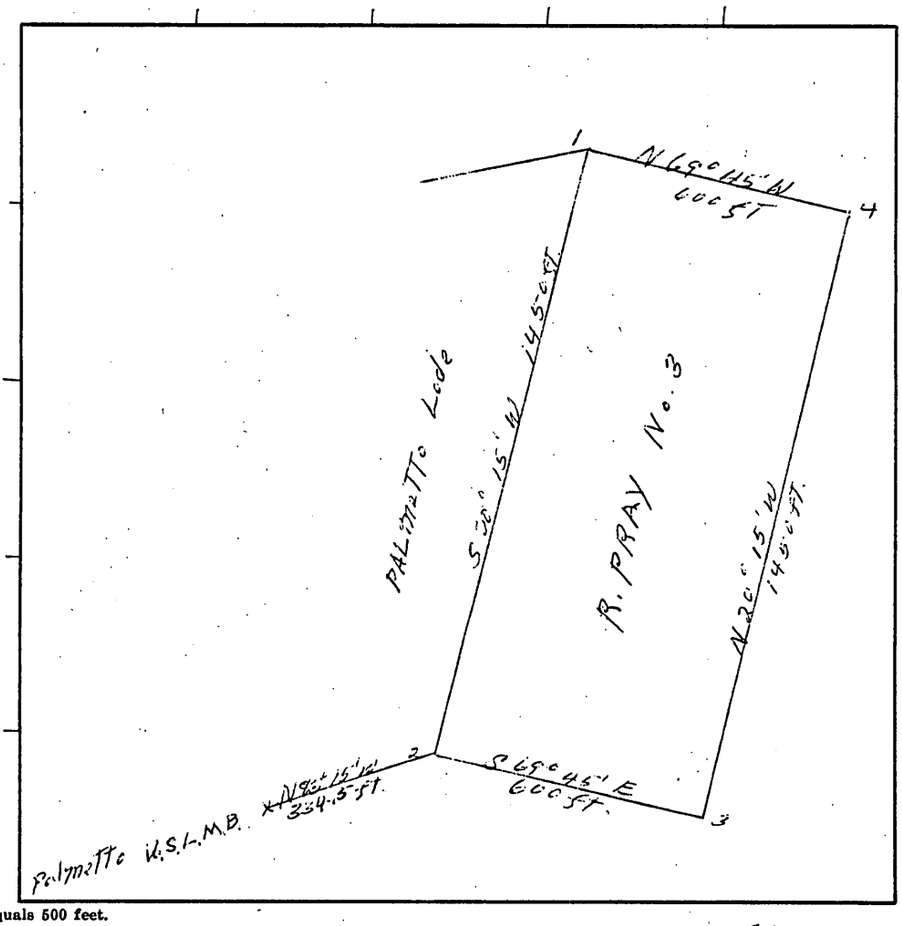
   Address LAKE CITY
   COLORADO

2. Legal Subdivision of the land upon which the claim is located, if such land is surveyed:

   ..... Quarter of Section ....., Township 43 N., Range 6 W.

   of the New Mexico Meridian, in the County of Hinsdale, State of Colorado.

3. The claim pattern with courses and distances of the boundary lines is as follows:



Scale: 1 inch equals 500 feet.

Dated at LAKE CITY, Colorado, this 25TH day of APRIL, 1967.

Roy Pray (SEAL)

Joe Jonni (SEAL)

Leon Haas (SEAL)

(SEAL)

(SEAL)

(SEAL)

LOCATORS

(THE CLAIM PATTERN MUST REFER TO THE NEAREST SECTION OR QUARTER SECTION CORNER OF PUBLIC LAND SURVEY, IF SURVEYED, OR TO A PERMANENT MONUMENT, IF NOT SURVEYED, BY WHICH THE CLAIM ON THE GROUND CAN BE READILY AND ACCURATELY ASCERTAINED.)

92-22-6A—Colorado Revised Statutes, 1963

No. 162-C. LODE LOCATION MAP.—Bradford-Robinson Printing Company, 1824-46 Stout Street, Denver, Colorado

Book 60
Page 7

Filed for record the 27th day April, A. D. 1967, at 10:35 o'clock A.M.

Reception No. 59296

Jean M. Vickers RECORDER

STATE OF COLORADO,
County of Hinsdale } ss.

Know all Men by these Presents,

That WE, Ray Pray, Joe Sannis + Leon Haas

the undersigned, have, this 25th day of April 1967, located and claimed, and by these presents do locate and claim, by right of discovery and location, in compliance with the Mining Acts of Congress, approved May 10, 1872, and all subsequent acts, and with local customs, laws and regulations ~~1500~~ 1450 linear feet and horizontal measurement on the R. PRAY No. 4 Lode, vein, ledge or deposit, along the vein thereof, with all its dips, angles and variations, as allowed by law, together with 200 feet on the Southeasterly side, and 300 feet on the Northwesterly side of the middle of said vein, at the surface, so far as can be determined from present developments; and all veins, lodes, ledges or deposits and surface ground within the lines of said claim, 700 feet running Northeasterly from Point of discovery Cut and 750 feet running Southwesterly from Point of discovery Cut; said discovery Cut being situated upon said lode, vein, ledge or deposit, and within the lines of said claim, in Valena Mining District, County of Hinsdale and State of Colorado, described by metes and bounds as follows, to-wit:

Beginning at corner No. 1 Bearing S 20° 15' W 1450 ft. To corner No. 2, Thence S 69° 45' E 600 ft. To corner No. 3 Thence N 20° 15' W 1450 ft. To corner No. 4, Thence N 69° 45' W 600 ft. To corner No. 1 The point of Beginning. The Northwesterly sideline of This Lode Claim meets or joins the Southeasterly sideline of The R. PRAY No. 3 Lode Claim.

Said lode was discovered on the 25th day of April A. D. 1967

ATTEST:

Date of location April 25th A. D. 1967

Date of Certificate April 25th A. D. 1967

Ray Pray Seal
Joe Sannis Seal
Leon Haas Seal
Seal
Seal
Seal

827-A-P LOCATION CERTIFICATE—Lode Claim—Out West Printing and Stationery Co., Colorado Springs, Colorado

Filed for record the 27th day of April, 1967, at 10:35 o'clock A.M.

Reception No. 59297

Jean M. Vickers RECORDER

Book 60 Page 8

(THIS MAP MUST BE ATTACHED TO LOCATION CERTIFICATE)

MAP OF R. PRAY No. 4 LODE

attached to and hereby made a part of the Location Certificate, which map is prepared from an actual field survey of said Lode Claim.

1. Name and Address of Discoverer of Claim:

   Name Roy Pray

   Address LAKE CITY

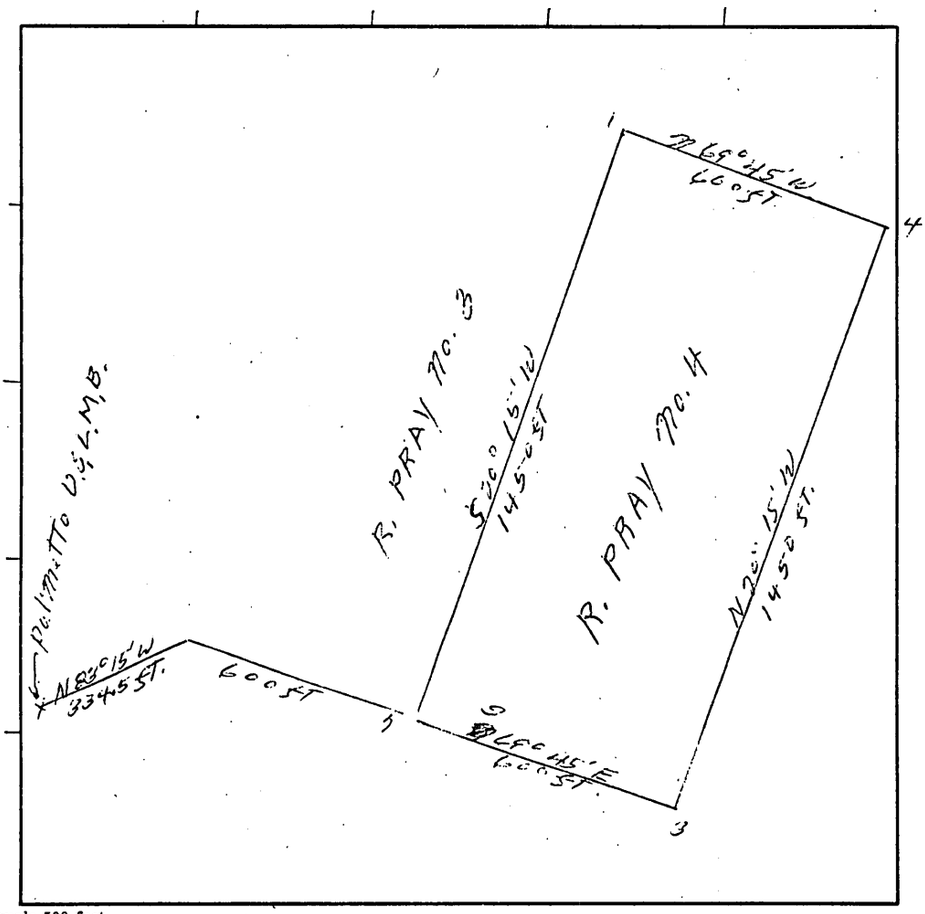
   COLORADO

2. Legal Subdivision of the land upon which the claim is located, if such land is surveyed:

   ..... Quarter of Section ....., Township 43 N, Range 6 W

   of the New Mexico Meridian, in the County of Hinsdale, State of Colorado.

3. The claim pattern with courses and distances of the boundary lines is as follows:



~~Scale: 1 inch equals 500 feet.~~

Dated at LAKE CITY, Colorado, this 25TH day of APRIL, 1967.

Roy Pray (SEAL)

Joe Jones (SEAL)

Leon Hoar (SEAL)

..... (SEAL)

..... (SEAL)

..... (SEAL)

LOCATOR.....

(THE CLAIM PATTERN MUST REFER TO THE NEAREST SECTION OR QUARTER SECTION CORNER OF PUBLIC LAND SURVEY, IF SURVEYED, OR TO A PERMANENT MONUMENT, IF NOT SURVEYED, BY WHICH THE CLAIM ON THE GROUND CAN BE READILY AND ACCURATELY ASCERTAINED.)

92-22-6A—Colorado Revised Statutes, 1963

No. 162-C. LODE LOCATION MAP.—Bradford-Robinson Printing Company, 1824-46 Stout Street, Denver, Colorado

SURVEY NO. 23

Mineral District No. 7

PLAT

OF THE CLAIM OF

John J. Hough et al

UPON THE

PALMETTO LODE

GALENA MINING DISTRICT, HINSDALE COUNTY, COL.

Surveyed by J. J. Allett jr U. S. Deputy Surveyor.

Containing Nine 9/100 Acres,

Scale of 200 Feet to an Inch.

Variation 14°15 E. & 4°50' E

BOUNDARIES.

No. of Course.	COURSE.	Distance in Feet.
1	N20°15 E	1450
2	N69°45 W	300
3	S20°15 W	1450
4	S69°45 E	300

The original Field Notes of the Survey of the Claim of John J. Hough et al *upon the* Palmetto *Lode from which this Plat has been made, have been examined and approved, and are on file in this office. And I hereby certify that they furnish such an accurate description of said Mining Claim, as will, if incorporated into a patent, serve fully to identify the premises, and that such reference is made therein to natural objects and permanent monuments, as will perpetuate and fix the locus thereof. I further certify that the value of the labor and improvements upon the said Mining Claim, placed thereon by the applicant* or his grantors as shown to my the Deputy surveyor *is not less than Five Hundred Dollars, and that said improvements consist of* a shaft and shaft house

And I further certify that this is a correct Plat of said Mining Claim or premises, made in conformity with said original Field Notes of survey thereof.

U. S. SURVEYOR GENERAL'S OFFICE,
DENVER, COLORADO.
Sept 19th 1878

W. L. Campbell
U. S. Surveyor General for Colorado.

SURV. NO. 233.
SHAFT-HOUSE
SHAFT
Creek
Goodman
Pinnacle of Rock

SURVEY No. 407 A & B

Mineral District No. 7

PLAT

OF THE CLAIM OF

The Palmetto Consolidated Min^g & Mill^g Co.

UPON THE

Ruby Queen Lode & Mill Site

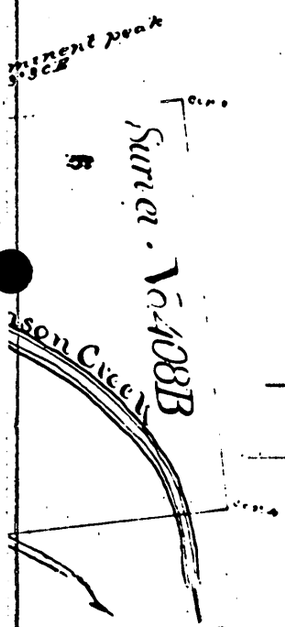
—GALENA—MINING DISTRICT—HINSDALE—COUNTY, COLORADO.

Surveyed by —J. J. Abbott— U. S. Deputy Surveyor.

Containing —6.00— Acres.

Scale of —200— Feet to an Inch.

Variation 6° 0' 16" E.



BOUNDARIES.

No. of Course.	COURSE.	Distance in feet.
	407 A	
1	N 20° 25' E	17.0
2	N 69° 45' W	300
3	S 20° 25' W	17.0
4	S 69° 45' E	300
	407 B	
1	N 54° E	166.0
2	N 36° W	166.0
3	S 54° W	166.0
4	S 36° E	166.0

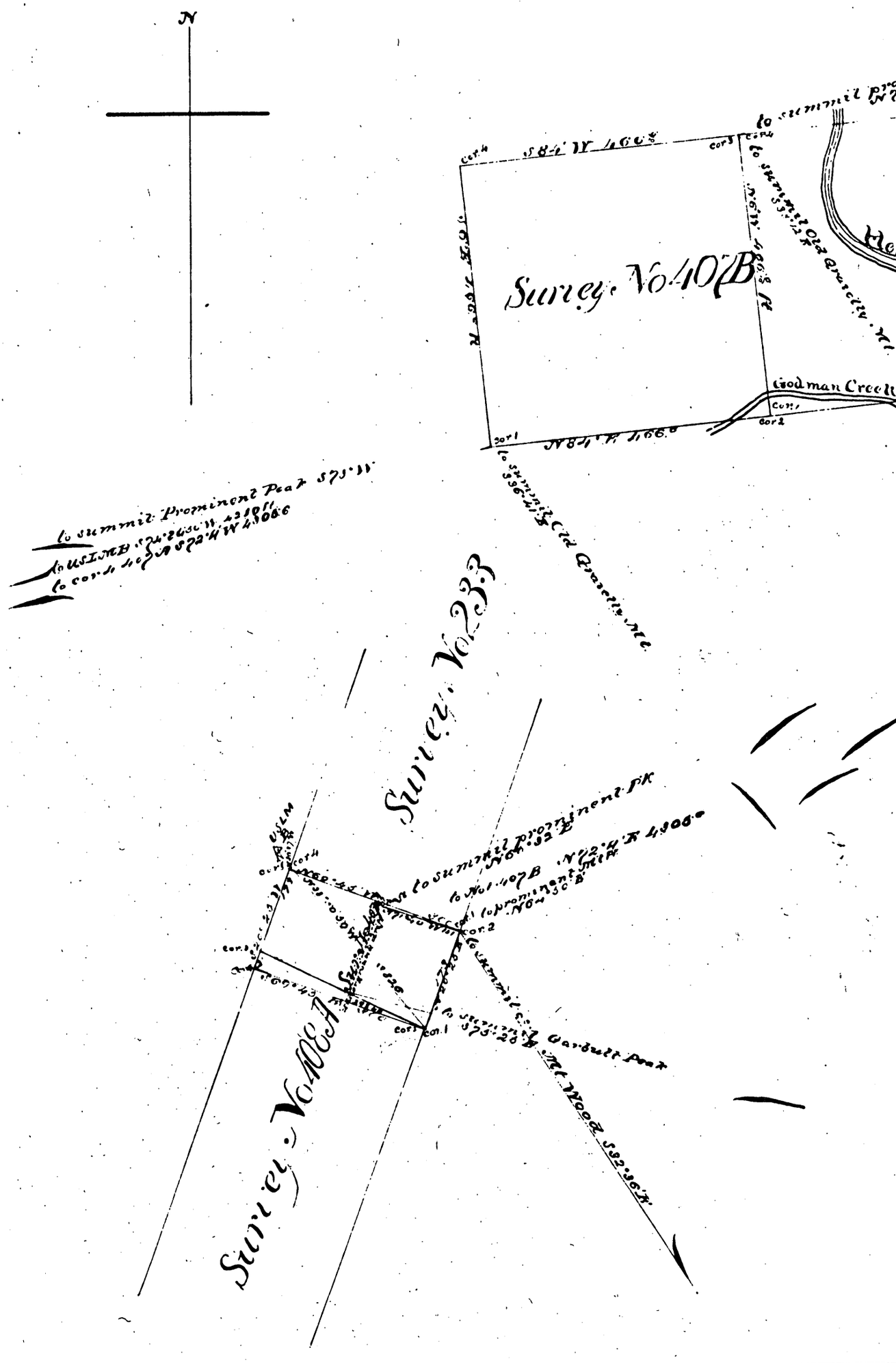
The original Field Notes of the claim of The Palmetto Consold. Min^g & Mill^g Co. *upon the* Ruby Queen Lode & Mill Site *Lode from which this Plat has been made, have been examined and approved, and are on file in this office. And I hereby certify that they furnish such an accurate description of said Mining Claim as will, if incorporated into a patent, serve fully to identify the premises, and that such reference is made therein to natural objects and permanent monuments as will perpetuate and fix the locus thereof. I futher certify that the value of the labor and improvements upon the said Mining Claim placed thereon by the applicant or his grantors, is not less than Five Hundred Dollars, as sworn to by the Deputy Surveyor, and that said improvements consist of* Shaft & Drift.

And I further certify that this is a correct Plat of said Mining Claim or premises, made in conformity with said original Field Notes of survey thereof.

U. S. SURVEYOR-GENERAL'S OFFICE,
DENVER, COLORADO.
July 15th 1880

Albert Johnson
U. S. Surveyor-General for Colorado.

TRIBUNE, DENVER, COLO.


N
Survey No. 407B
Survey No. 233
Survey No. 406A
Godman Creek
to summit Prominent Peak S75°W
to summit Old Gravelly Mt.
to summit Prominent Pk
to summit Wardell Peak
Mt Wood S82°30'E

SURVEY NO. 108 A & B

Mineral District No. 7

PLAT

OF THE CLAIM OF

The Palmetto Consolidated Min.g & Milling Co.

UPON THE

First Nat.l Bank Lode & Mill Site

GALENA MINING DISTRICT HINSDALE COUNTY, COLORADO.

Surveyed by J. J. Abbott U. S. Deputy Surveyor.

Containing 15.25 Acres.

Scale of— 200 —Feet to an Inch.

Variation 6° 16' E.

BOUNDARIES.		
No. of Course.	COURSE.	Distance in feet.
	108 A	
1	N 20° 26 E	1500
2	N 69° 55 W	300
3	S 20° 25 W	1500
4	S 69° 55 E	300
	108 B	
1	N 54° E	466.6
2	N 6° W	466.6
3	S 84° W	466.6
4	S 6° E	466.6

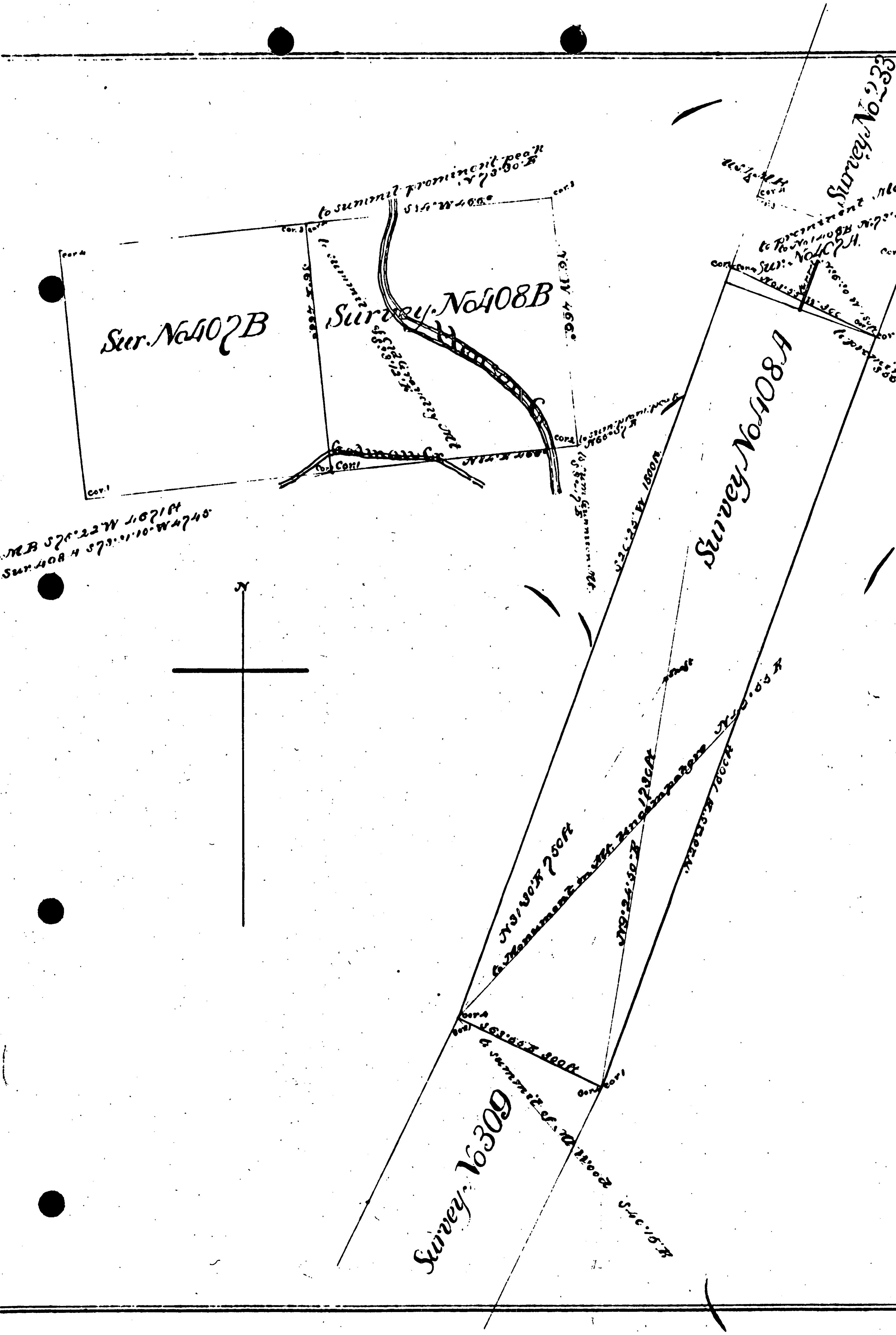
The original Field Notes of the claim of The Palmetto Cons. Min.g & Milling Co. upon the First National Bank Lode & M.C.S. from which this Plat has been made, have been examined and approved, and are on file in this office. And I hereby certify that they furnish such an accurate description of said Mining Claim as will, if incorporated into a patent, serve fully to identify the premises, and that such reference is made therein to natural objects and permanent monuments as will perpetuate and fix the locus thereof. I futher certify that the value of the labor and improvements upon the said Mining Claim placed thereon by the applicant or his grantors, is not less than Five Hundred Dollars, as sworn to by the Deputy Surveyor, and that said improvements consist of Shaft & tunnel

And I further certify that this is a correct Plat of said Mining Claim or premises, made in conformity with said original Field Notes of survey thereof.

U. S. SURVEYOR-GENERAL'S OFFICE,
DENVER, COLORADO.
July 15th 1880.

Albert Johnson
U. S. Surveyor-General for Colorado.

TRIBUNE, DENVER, COLO.


Sur. No407B
Survey No408B
Survey No408A
Survey No309
Survey No233
Sur. No407A
to summit prominent peak
Godman Cr.
to Monument on Mt. Uncompahgre
N 31° 30' E 750 ft
N 9° 24' 50" E
1291 ft
Shaft
S 26° 25' W 1800 ft
to summit of Mt
N

SURVEY NO. 509

Mineral District No. 7

PLAT

OF THE CLAIM OF

T. M. Heck et al

UPON THE

Miner's Bank Lode

GALENA MINING DISTRICT, HINSDALE COUNTY, COL.

Surveyed by A. L. Abbott U. S. Deputy Surveyor.

Containing 10.33 Acres,

Scale of 200 Feet to an Inch.

Variation 13°30' E. & 13°30' E.

BOUNDARIES.

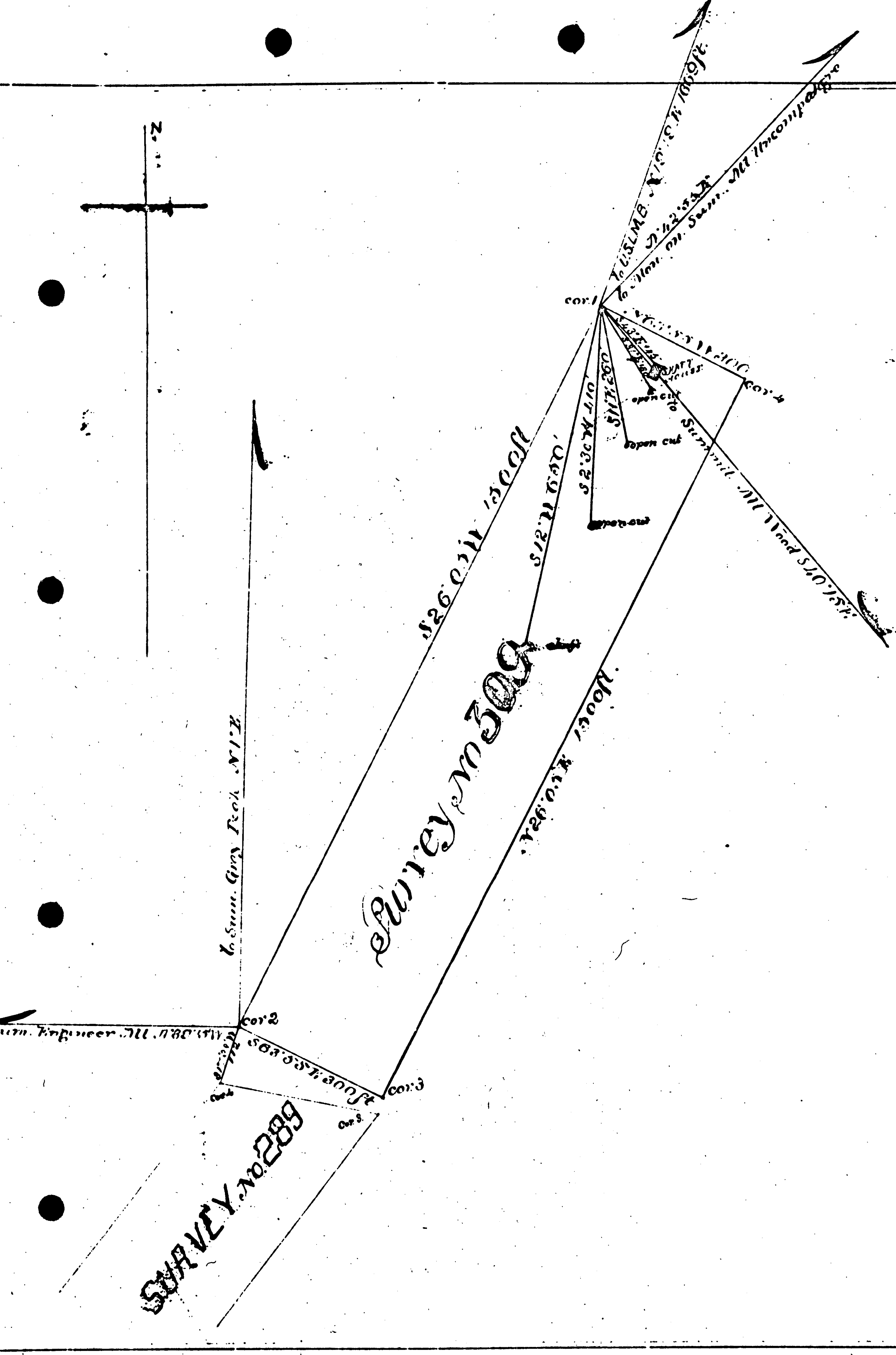
No. of Course.	COURSE.	Distance in Feet.
1	S 26° 05' W	600
2	S 63° 55' E	300
3	N 26° 05' E	600
4	N 63° 55' W	300

The original Field Notes of the Survey of the Claim of T. M. Heck et al. upon the Miner's Bank Lode from which this Plat has been made, have been examined and approved, and are on file in this office. And I hereby certify that they furnish such an accurate description of said Mining Claim, as will, if incorporated into a patent, serve fully to identify the premises, and that such reference is made therein to natural objects and permanent monuments, as will perpetuate and fix the locus thereof. I further certify that the value of the labor and improvements upon the said Mining Claim, placed thereon by the applicant or his grantors is not less than Five Hundred Dollars, and that said improvements consist of Shak house, and shak.

And I further certify that this is a correct Plat of said Mining Claim or premises, made in conformity with said original Field Notes of survey thereof.

U. S. SURVEYOR GENERAL'S OFFICE,
DENVER, COLORADO.
Dec. 1st, 1879.

Albert Johnson
U. S. Surveyor General for Colorado.


N.
cor 1
cor 2
cor 3
cor 4
To U.S.L.M.B.
open cut
open cut
open cut
shaft
S26°03'W 1500ft
S63°03'E 300ft
Survey No 309
SURVEY No 289

SURVEY NO. 852
Mineral District No. 7

PLAT

OF THE CLAIM OF

John S. Hough et al

UPON THE

F. X. AUBREY LODE

GALENA MINING DISTRICT HINSDALE COUNTY, COLORADO.

Surveyed by J. T. Abbott U. S. Deputy Surveyor.

Containing 8.99 Acres.

Scale 200 Feet to an Inch.

Var 19°20′ E.

The original Field Notes of the claim of John S. Hough et al. upon the F. X. Aubrey Lode from which this Plat has been made, have been examined and approved, and are on file in this office. And I hereby certify that they furnish such an accurate description of said Mining Claim as will, if incorporated into a patent, serve fully to identify the premises, and that such reference is made therein to natural objects and permanent monuments as will perpetuate and fix the locus thereof. I further certify that the value of the labor and improvements upon the said Mining Claim placed thereon by the applicant or his grantors, is not less than Five Hundred Dollars, as sworn to by the Deputy Surveyor, and that said improvements consist of Disc. Shaft, open cut, Shaft and Shafthouse.

And I further certify that this is a correct Plat of said Mining Claim or premises, made in conformity with said original Field Notes of survey thereof.

U. S. SURVEYOR-GENERAL'S OFFICE,
DENVER, COLORADO.
November 12th 1882

Albert Johnson
U. S. Surveyor-General for Colorado.

TRIBUNE, DENVER, COLO.

Survey No. 852
Miner's Bank Lode
Survey No. 309.
Polar Star Lode
Survey No. 289.
N. 84° 33' W. 300 ft.
S. 5° 27' W. 1500 ft.
N. 5° 27' E. 1500 ft.
N. 26° 05'
S. 36° 40' W.
COR. 1
COR. 2
COR. 3
COR. 4

SURVEY No. 1036

Mineral District No. 7

PLAT

OF THE CLAIM OF

— John J. Crooke et al —

UPON THE

— SARAH WOOD LODE —

— GALENA — MINING DISTRICT — HINSDALE — COUNTY, COLORADO.

Surveyed by — J. J. Abbott — U. S. Deputy Surveyor.

Containing — 10 — Acres.

Scale — 200 — Feet to an Inch

Var — 14° 40' — E.

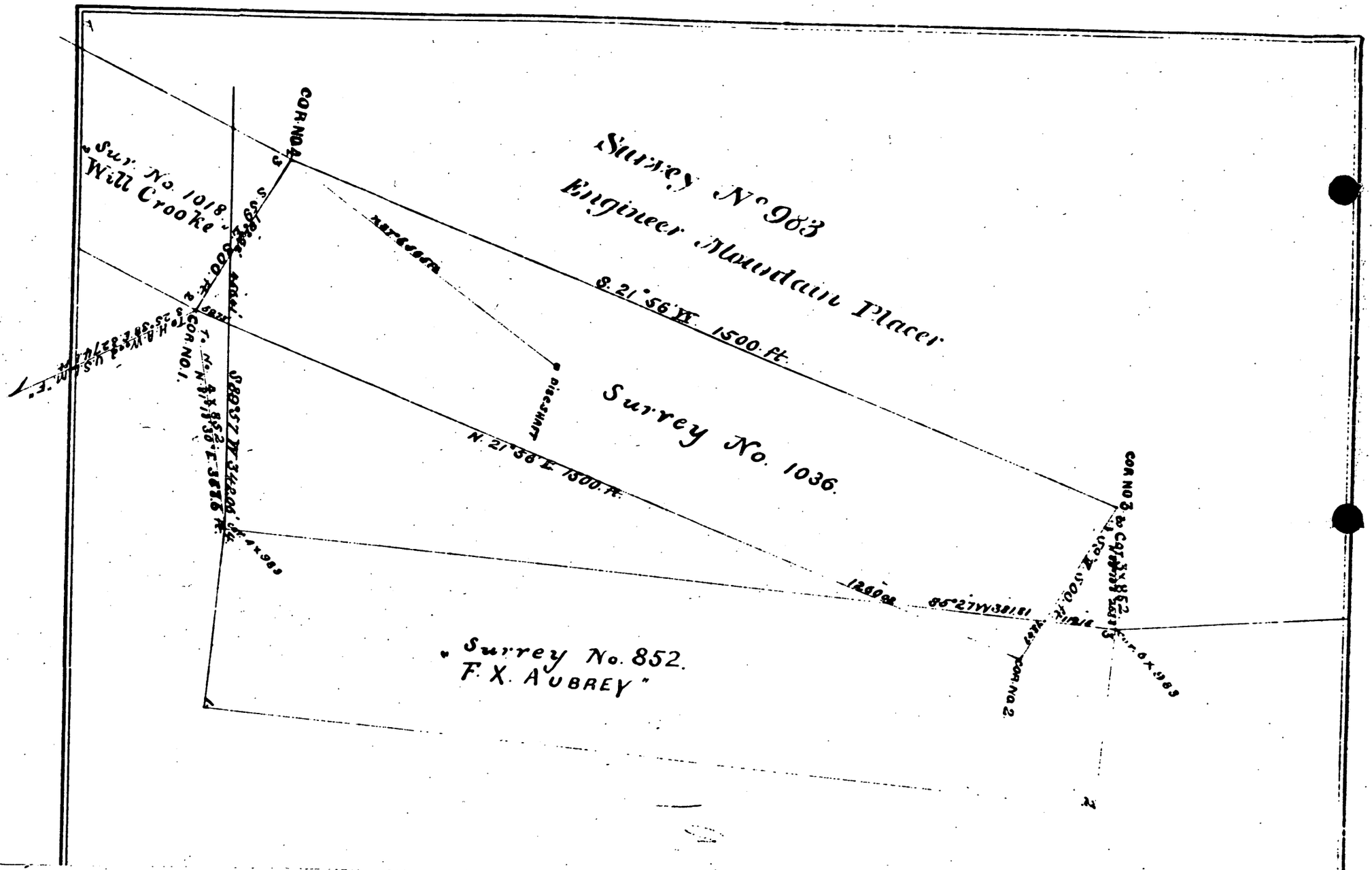
The original Field Notes of the claim of John J. Crooke et al. upon the Sarah Wood Lode from which this Plat has been made, have been examined and approved, and are on file in this office. And I hereby certify that they furnish such an accurate description of said Mining Claim as will, if incorporated into a patent, serve fully to identify the premises, and that such reference is made therein to natural objects and permanent monuments as will perpetuate and fix the locus thereof. ~~I further certify that~~ the value of the labor and improvements upon the said Mining Claim placed ~~thereon~~ by the applicant or his grantors, is not less than Five Hundred Dollars, ~~as sworn~~ to by the Deputy Surveyor, and that said improvements consist of .....

And I further certify that this is a correct Plat of said Mining Claim or premises, made in conformity with said original Field Notes of survey thereof.

U. S. SURVEYOR-GENERAL'S OFFICE,
DENVER, COLORADO.
June 6th 1882

Albert Johnson
U. S. Surveyor-General for Colorado.

TRIBUNE, DENVER, COLO.


Surrey No 983
Engineer Mountain Placer
S. 21° 56 W. 1500 ft.
Surrey No. 1036.
N. 21° 38 E. 1500 ft.
Surrey No. 1018.
Will Crooke
COR. NO. 4
COR. NO. 1
COR. NO. 2
COR. NO. 3
Surrey No. 852.
F. X. AUBREY

SURVEY NO. 1053

Mineral District No. 7

PLAT

OF THE CLAIM OF

Henry A Wood et al

UPON THE

SUPERIOR LODE

GALENA MINING DISTRICT HINSDALE COUNTY, COLORADO:

Surveyed by J J Abbott U. S. Deputy Surveyor.

Containing 9.85 Acres.

Scale 200 Feet to an Inch.

Var 14° 40' E.

The original Field Notes of the claim of Henry A. Wood et al. upon the Superior Lode from which this Plat has been made, have been examined and approved, and are on file in this office. And I hereby certify that they furnish such an accurate description of said Mining Claim as will, if incorporated into a patent, serve fully to identify the premises, and that such reference is made therein to natural objects and permanent monuments as will perpetuate and fix the locus thereof. ~~I further certify that~~ the value of the labor and improvements upon the said Mining Claim placed thereon by the applicant or his grantors, is not less than Five Hundred Dollars, as sworn to by the Deputy Surveyor, and that said improvements consist of

And I further certify that this is a correct Plat of said Mining Claim or premises, made in conformity with said original Field Notes of survey thereof.

U. S. SURVEYOR-GENERAL'S OFFICE,
DENVER, COLORADO.
June 10th 1882.

Albert Johnson
U. S. Surveyor-General for Colorado.

TRIBUNE, DENVER, COLO.

COR. No 3
N. 59° W. 300 ft.
COR. No 2
Survey No. 1053
S. 21° 50 W. 1500 ft.
N. 21° 50 E. 1500 ft.
Engineer Mountain Placer
Survey No. 983
Shaft
Discovery Shaft
COR. No 4.
S. 59° E. 300 ft.
COR. No 1
Swan Wood Sur. No. 1036.
F. X. Aubrey Sur. No. 852.

SURVEY No. 196
Mineral District No. 7

5°10 8°

PLAT

OF THE CLAIM OF

John S. Hough

UPON THE

Chimney Corner Lode

GALENA MINING DISTRICT HINSDALE COUNTY, COLORADO.

Surveyed by J. T. Abbott *U. S. Deputy Surveyor.*

Containing 10.26 *Acres.*

Scale 200 *Feet to an Inch.*

Variation 14° 40' E.

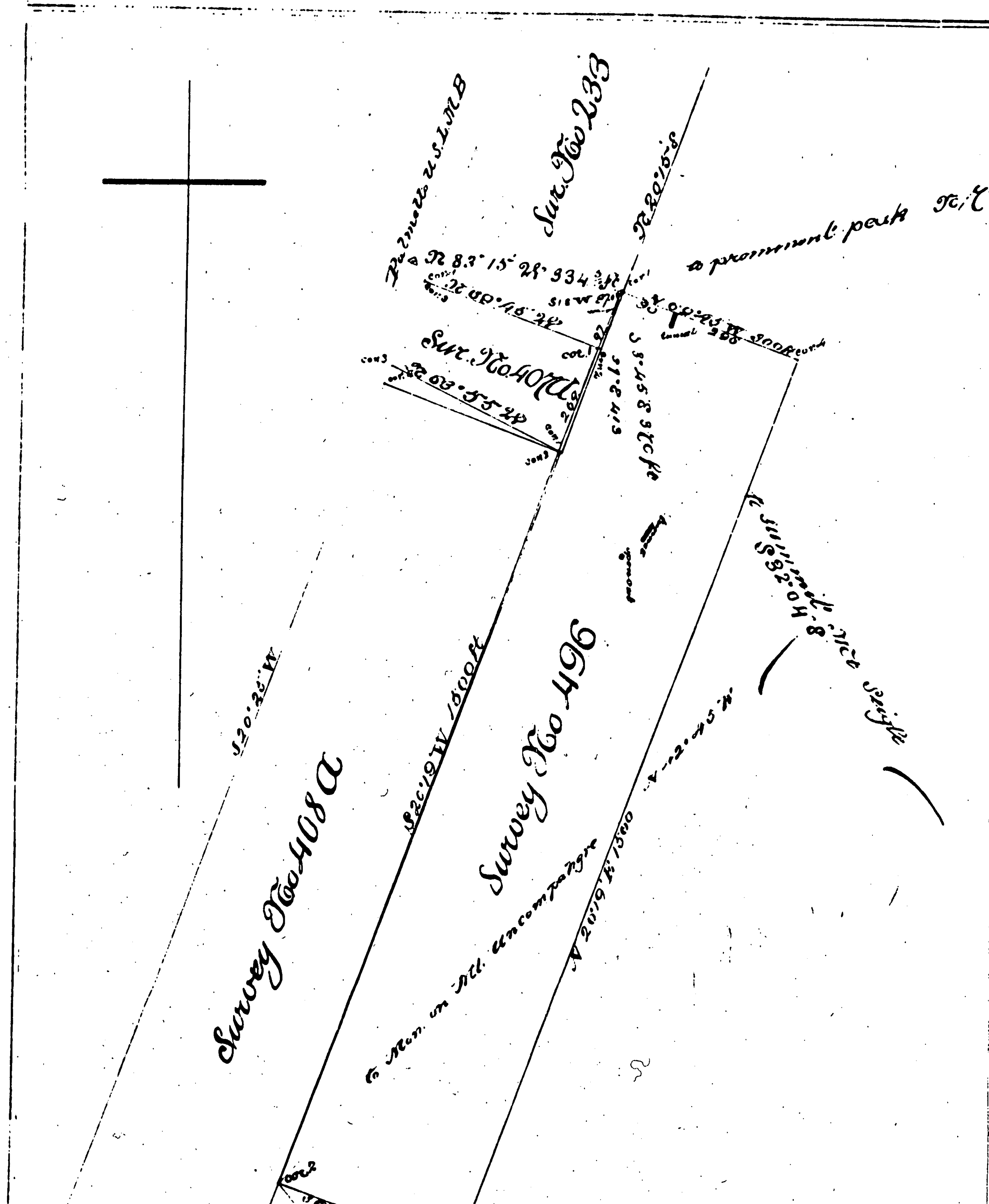
The original Field Notes of the claim of John S. Hough *upon the* Chimney Corner *Lode from which this Plat has been made, have been examined and approved, and are on file in this office. And I hereby certify that they furnish such an accurate description of said Mining Claim as will, if incorporated into a patent, serve fully to identify the premises, and that such reference is made therein to natural objects and permanent monuments as will perpetuate and fix the locus thereof. I further certify that the value of the labor and improvements upon the said Mining Claim placed thereon by the applicant or his grantors, is not less than Five Hundred Dollars, as sworn to by the Deputy Surveyor, and that said improvements consist of* Open Cut & Two Tunnels.

And I further certify that this is a correct Plat of said Mining Claim or premises, made in conformity with said original Field Notes of survey thereof.

U. S. SURVEYOR-GENERAL'S OFFICE,
DENVER, COLORADO.
FEBRUARY 12 1881.

Albert Johnson
U. S. Surveyor-General for Colorado.

TRIBUNE, DENVER, COLO.



Sur. No 233
N 20°15' E
N 83° 15' W 334 ft
to prominent peak
Sur. No 407 W
Survey No 408 A
S 20°20' W
S 20°19' W 1500 ft
Survey No 496
to Mon. on Mt. Uncompahgre
N 20°19' E 1500
cor 2
cor 3

PROPOSED EXPLORATION PROJECT

GALENA MINING DISTRICT

HINSDALE COUNTY, COLORADO

Palmetto Vein System

April 15, 1967

Roy Pray and Associates

Lake City, Colorado

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* A large scale map of Figure 7 is also contained in the back pocket of this report.

SUMMARY

During the summer and fall of 1966 Roy Pray and Associates, under a lease and option, completed a program of surface bulldozing and sampling of the Palmetto Vein system, located in the basin northeast of Engineer Mountain, in Hinsdale County, Colorado. As one phase of the overall program the old Palmetto shaft, last worked in 1882, was pumped down to the 200 Level, and the vein as exposed on this level was thoroughly sampled. Refer to Index Map, Figure 1 for location of Palmetto property.

The results of the surface sampling established the continuity of a strong continuous vein structure in excess of 4,000 feet along the strike with average values in silver and gold amounting to over $36 per ton over widths of from three to five feet. Sampling of the 200 Level in the Palmetto shaft indicated values in the range of $17.50 per ton over an average width of 30 inches.

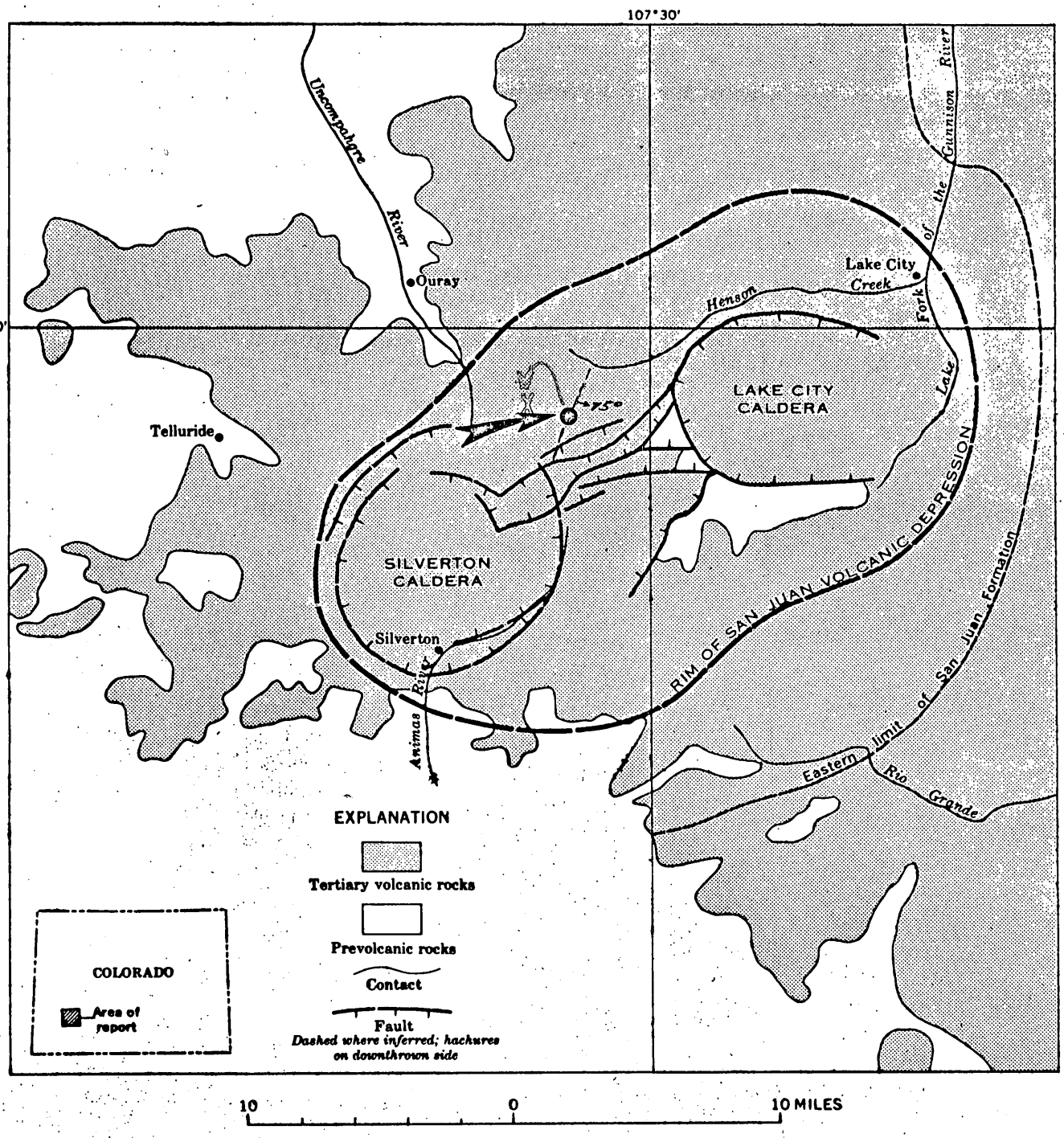
A careful review of all available history of the property indicates that commercial mineralization extended to the lowest levels of the shaft, perhaps 350 feet in depth. The nearby Frank Hough shaft was producing good grade ore from the lowest level, 450 feet from the surface, when the mine and shaft was lost by a fire. These reports, certainly empirical in principle, are supported in theory by geologists who have predicted the probability of commercial values extending to even greater depths. ?

It is anticipated that the exploration program as outlined in this report will imply sufficient ore reserves to justify a low-level development tunnel, from 500 to 1,000 feet below the present outcrop, of such magnitude to warrant a small-to medium-sized mill to be constructed on or near the property. The estimated cost of the overall exploratory program is $122,976; the diamond drilling phase amounting to $57,813, or $11.34 per foot, and the proposed 1,400 feet of drifting on the vein amounting to $65,163, or $46.55 per foot. ?

Silver production from the Palmetto property could be a significant contribution in helping to correct the imbalance between the present and predicted future supply and demand situation of this critical metal.

Roy Pray and Associates have filed an application with the Office of Minerals Exploration for financial assistance to complete the exploratory program as outlined in this report. Because of winter snow conditions which will prevent OME field examinations of the property until mid-May, the results of this application may not be known until the latter part of June 1967.

STRATIGRAPHY



Location of Palmetto Mine

Upper Henson Creek

Engineer Mountain, Colorado

Figure 1

INTRODUCTION

Roy Pray of Lake City, Colorado and Associates became interested in the old Palmetto mine and vein system in early 1966. Under a lease and option on the property the lessees began a program of bulldozing and sampling along the vein outcrop endeavoring to determine the possible tonnage and grade of ore that might be available for a small-to medium-sized mill.

While this work was in progress the lessees began dewatering the Palmetto vertical shaft which had been last worked in 1882. Pumping was started May 1, 1966 and the shaft was dewatered to the 200 Level on June 23rd. Sampling of the 200 Level was completed June 25th and the shaft was allowed to re-fill with water. The vein on the 200 Level was found to average 30 inches wide, and bulk samples averaging 30-40 pounds each were cut across the full width of the vein at intervals of approximately 30 feet. The vein throughout the full length of the drift, a distance of 300 feet, averaged 13.4 ounces of silver per ton. Refer to Figure 2.

It is assumed the vein above the 100 Level has been stoped nearly to the surface, as the back of the drift is timbered solid from end to end with ore chutes every 20 to 25 feet. There has been very little stoping from the 200 Level to the 100 Level, and old records indicate very little mining was done from levels below the 200 Level. The shaft is reported to be about 350 feet in depth. Refer to Figure 3.

Sampling during the summer and fall of 1966 from surface exposures over a distance of about 4,000 feet gave assays ranging from 0.02 ounces of gold and 5.7 ounces of silver per ton, to 0.34 ounces of gold and 50.3 ounces of silver per ton. All samples taken from surface vein exposures and dumps during the period averaged 0.16 ounces of gold and 23.82 ounces of silver per ton, or a value of $36.33 per ton. *

The favorable results of the work completed during the 1966 program gave credence to the sketchy reports of past production, and warrant more extensive exploration at depth. As a basic part of the proposed project, an exploratory drilling program has been designed to determine the possible potential tonnage available for a small mill to be built on the property. The purpose of this report is two-fold: first, as background engineering data to substantiate an application to the Office of Minerals Exploration for financial assistance to further explore the property; and, second, to assemble in one report all available data, old and new, on the property so that a more accurate picture can be presented to properly evaluate the potential of the Palmetto vein system.

The proposed exploratory program with cost estimates is discussed in detail in this report.

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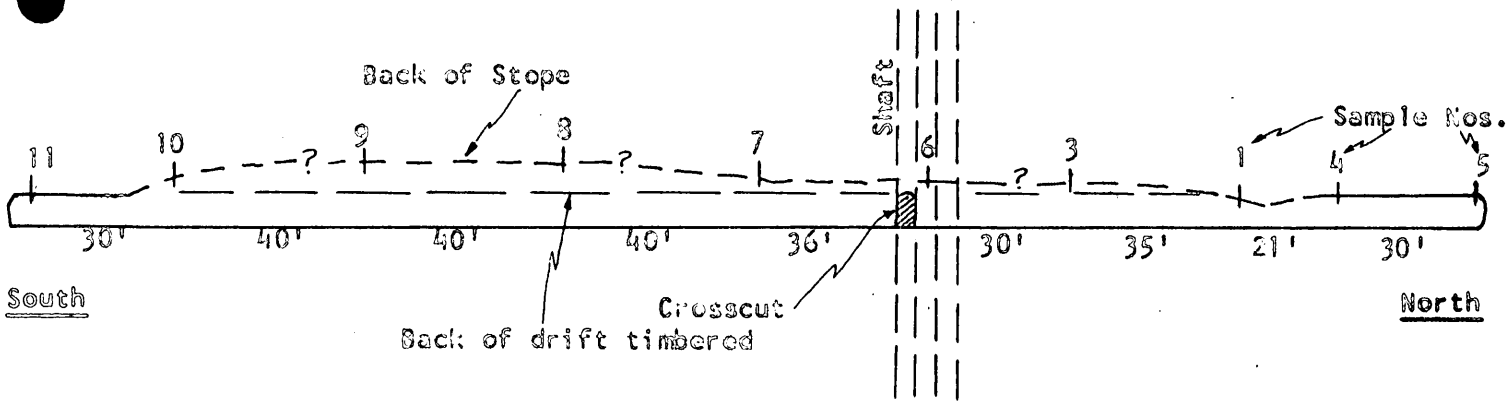
* Gold at $35.00 per ounce, silver at $1.293 per ounce.

BY Roy Pray DATE 6/25/66 SUBJECT PALMETTO MINE (Sketch Map) SHEET NO. 1 OF 2

CHKD. BY N. R. DATE Upper Henson Creek JOB NO.

200 Level Scale 1" = 40'



Sample No.	Width Inches	Oz. Ag.	Width x Oz.
1	33	5.1	168.3
2	40	1.4	(H.W. Same location as No. 1)
3	52	6.5	338.0
4	22	63.7 ✓	1,401.4
5	12	9.0	108.0
6	38	5.6	212.8
7	30	3.7	111.0
8	27	7.3	197.1
9	33	3.1	102.3
10	28	43.3 ✓	1,212.4
11	23	6.1	140.3
	298.0		3,991.6

Av. Width = 29.3" Wt. Av. = 13.40 Oz.Ag./ton

2.5' Av. = $17.29/ton

Sample areas of influence not considered a factor as samples were spaced fairly uniform. All samples were from 30-40 pounds and cut full width of vein.

Probable Tonnage (Above 200 Level) $\frac{(305' \times 80' \times 2.5')}{12}$ = 5,000 Tons

Below 200 Level $\frac{(300' \times 200' \times 2.5')}{12}$ = 12,500 Tons

17,500 Tons Total

The dumps on the Palmetto-First National Bank-Miner's Bank vein are estimated to contain between 4,500 and 5,000 tons of "mill-grade" ore, probably in the range of $25 to $30 per ton.

(Refer to Vertical Sketch Fig. 3)

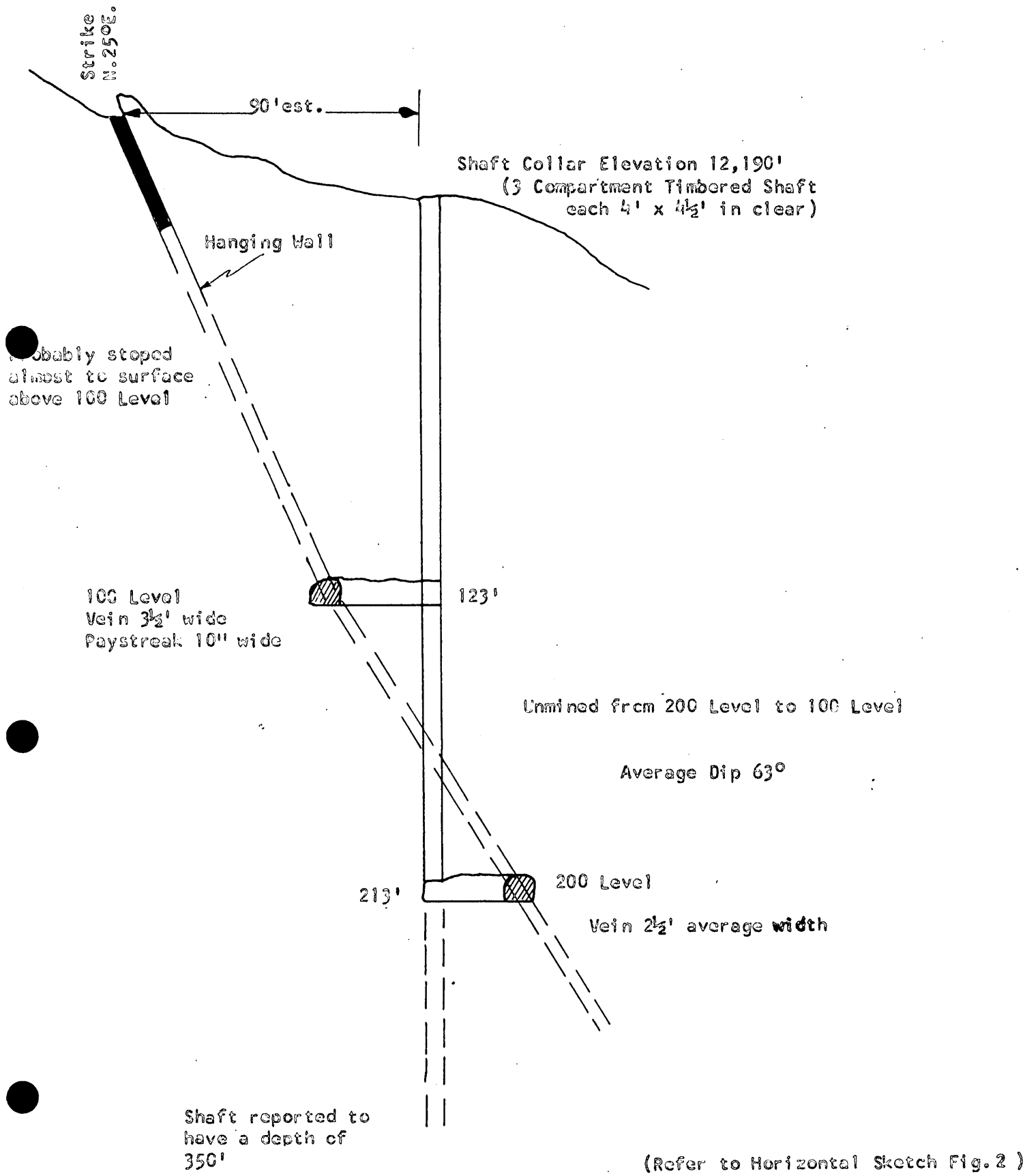
Figure 2

BY N. E. DATE 9/31/60 SUBJECT PALMETTO SHAFT (Sketch Map) SHEET NO. 2 OF 2

CHKD. BY N. E. DATE Upper Henson Creek JOB NO.

Engineer Mountain Area, Colorado Scale 1" = 40'

View Looking N-E



(Refer to Horizontal Sketch Fig. 2)

Figure 3

LOCATION AND ACCESSIBILITY

The Lake City quadrangle, adjoining the Ouray quadrangle on the west, is in southwestern Colorado, between longitude 107° 15' and 107° 30'W., and latitude 38° and 38° 15' N. Refer to Figure 1, Index Map showing the location of the towns of Lake City and Ouray, the Engineer Mountain area and the Palmetto mine.

The Palmetto mine in the Galena Mining District is located in Palmetto Gulch, a tributary of Henson Creek, which flows easterly a distance of 18 miles to Lake City. The Palmetto group of claims lie just west of the Lake City quadrangle. A well-graveled road extends from the paved highway at Lake City to the property located at an elevation of 12,190 feet above sea level. Engineer Mountain, at an elevation of 13,218 feet, forms the boundary line between Ouray, San Juan and Hinsdale Counties.

Although the area has an above-average snowfall, usually from December until the end of March, mining operations could be continued throughout the entire year with the utilization of proper snow removal equipment.

PHYSICAL FEATURES AND CLIMATE

Topographically, the Engineer Mountain area is one of sharp relief. The general area is composed mainly of igneous rocks, which, through stream and glacier action, has resulted in a topography of extreme ruggedness and irregularity. The rugged mountain ranges rise abruptly from a valley elevation of 8,000 feet, just north of Lake City to several peaks over 14,000 feet. The average difference in elevation between the stream beds and ridges separating them is about 2,500 feet.

The region generally drains toward the north, but the area from Engineer Mountain is drained northeasterly by Palmetto Gulch and then easterly toward Lake City by Henson Creek. The canyon for about 12 to 15 miles along Henson Creek is, in many places, very narrow and is subject to flash-floods during the spring and summer, and snow-slides during the late winter that, at times, either washes out or blocks the road. The road is maintained by Hinsdale County and is usually in good condition, even for the use of heavy trucks.

The area has an average rainfall with relatively cold winters and fairly cool summers. Undoubtedly, some contributing factors that made it difficult to operate in the area prior to 1920 was the complete lack of snow removal equipment, and the inefficiency of the early-day pumping machinery.

LABOR AND LIVING CONDITIONS

Lake City, a once-thriving mining town of about eight to ten thousand people, is now primarily a summer tourist resort. The summer population, which at times reaches over two thousand, drops off to a resident low of about 100 people during the winter months.

For the past several years an average of about 10 to 12 small mining and prospecting operations have been active in Hinsdale County during the summer months. Although experienced mining labor is scarce, there does exist a fair supply of competent miners in the nearby towns of Ouray, Silverton, Creed and Telluride. Two major mining operations, employing a total of about 800 men, are being operated in the district, one at Silverton and the other at Telluride. There are two fair-sized mining operations also at Creed, a distance of about 50 miles south from Lake City.

Wages vary from $2.50 for common labor to $3.25 and $3.75 an hour for miners and semi-skilled labor. There are at present no housing facilities at or near the Palmetto mine, the nearest housing and restaurants being in Lake City. Groceries and meats can be purchased locally, as well as gasoline, diesel and lubricating oil. Machine shops, hardware supplies, and mining equipment and supplies are available in Montrose, a distance of 85 miles from Lake City over a paved highway. Montrose is also the nearest rail-head to Lake City.

HISTORY - LAKE CITY AREA GENERAL

Placer gold was first discovered in the Lake City area about 1842 by a member of the Fremont party. The Ute-Ulay Hidden Treasure veins were discovered in 1871, which resulted in a great influx of prospectors into the area. In 1874 the Golden Fleece was found and the resulting boom reached its peak in 1880, with new discoveries being frequently reported, some of these being the Ocean Wave, Excelsior, Black Crook, Palmetto, Capitol, Pride of America, Golden Wonder and Vermont.

The Crook and Ocean Wave smelters were completed in 1878. A great amount of work was done on the Palmetto from 1878 to 1882. The Denver & Rio Grande Railroad started construction of a branch line to Lake City in 1881 but, due to financial difficulties, the line was not completed until 1889. The advent of the railroad greatly stimulated mining activity and in 1890 there were over 20 mines shipping ore and the high level of activity continued until the turn of the century. After 1900 mining activity dropped rapidly and operations have been spasmodic since that time.

The following charts show production of the county since 1884: 1 /

(Figures derived from United States Mint reports, 1884 to 1896, inclusive; from reports of State Bureau of Mines, Colorado, 1897 to 1903; from Mineral Resources of the United States, published by the United States Geological Survey, 1904 to 1908.) (a)No figures for lead and copper available.

Years	Gold Dollars	Silver Fine Ounces	Copper Pounds	Lead Pounds	Zinc Pounds	Total Value
1884...	$2,500	156,967	.....	.....	.....	$180,317
1885.....	.....	.....	.....	.....	.....	.....
1886...	2,060	18,586	.....	30,435	.....	23,743
1887...	5,214	94,546	13,545	657,400	.....	128,432
1888...	2,667	110,433	1,815	1,495,614	.....	172,586
1889...	1,680	18,673	40,000	244,500	.....	33,849
1890...	3,577	61,023	40,950	546,920	.....	96,112
1891...	20,594	186,841	3,636	5,441,380	.....	442,384
1892...	13,529	418,422	20,182	6,225,747	.....	653,107
1893...	88,279	340,774	(a)	(a)	.....	354,754
1894...	95,293	404,750	(a)	(a)	.....	350,286
1895...	274,421	466,836	.....	3,676,733	.....	689,577
1896...	215,648	465,598	13,006	6,934,099	.....	725,668
1897...	168,171	243,437	8,085	3,550,058	.....	501,822
1898...	51,282	186,456	104,038	9,828,482	.....	529,151
1899...	38,343	155,902	49,676	10,572,353	.....	612,561
1900...	56,470	155,485	29,180	9,377,062	.....	600,309
1901...	76,148	152,122	12,532	7,588,675	.....	496,792
1902...	98,348	117,177	8,314	6,213,763	.....	428,733
1903...	16,515	33,139	11,263	459,462	106,000	60,910
1904...	7,692	39,283	10,530	1,054,421	75,815	81,416
1905...	11,991	54,419	84,485	767,681	2,085	94,244
1906...	24,510	87,940	63,261	753,950	30,475	140,543
1907...	7,520	50,109	99,410	1,204,628	23,034	125,678
1908...	2,454	29,498	188,698	280,465	.....	54,776
Total	$1,284,906 oz. 62,163	4,047,416	802,606	78,903,828	237,409	$7,577,750
1908-1945..	8,977 oz.	1,730,850	2,154,234	20,571,071	1,117,225	$3,216,604
1946-1958..	191 oz.	36,696	47,500	1,692,100	372,000	$ 418,334
Total 1884-1958..	71,331 oz.	5,814,962	3,004,340	101,167,000	1,726,634	$11,213,688
1876-1883..	Estimated: No production figures available					$ 7,500,000
					Probable Total	$18,713,688

1 / Irving, J. D., and Bancroft, H., Geology and Ore Deposits Near Lake City, Colo., Bulletin U.S.Geological Survey No. 478, p. 15.
Mineral Resources of Colorado, 1947, Colorado Mineral Resources Board, pp. 404-405
Mineral Resources of Colorado, First Sequel, 1960, Colorado Mineral Resources Board, p. 157.

"No production is given for 1885 in the mint report, so the district was probably idle in that year. The production prior to 1884 can not be definitely determined, but as the Ute and Ulay mine was in active operation and the Ocean Wave and others were productive, it is probable that accurate statistics would show a yield nearly, if not quite, equal to that given in the table. This is the more likely as the years 1876 to 1881 marked the greatest boom that Lake City has ever experienced."

HISTORY - PALMETTO MINE

Unfortunately, accurate records of operations and production from the Palmetto-First National Bank-Miners Bank vein system are few and sketchy at best. However, this is understandable considering that the productive period ended in 1882, and the Palmetto workings have been under water since that time.

Mr. Ralph C. Horton, 1385 Glencoe Street, Denver, Colorado, present owner of the Palmetto group of claims, has done a commendable job of assembling information pertaining to the Palmetto mine and abstracts of his research are given below. Although much of the material that Mr. Horton was able to locate is non-technical, it still is valuable in adding to the overall picture of the history of the mine.

2 / "My information would be classified as hearsay and was given to me by Judge John C. Bell, who was a Congressman from Colorado during the Spanish American War .... Judge Bell was one of the attorneys for the old Palmetto Company who went to Lake City in 1875 or 1876, and later acquired an undivided one-half interest in the Palmetto, Ruby Queen, First National Bank, and Miners Bank Lodes, with M. D. Thatcher of Thatcher Bros., early day Colorado bankers, Judge H. A. Avery, who as a young man, was office manager and kept the books for the John S. Hough operations of the Palmetto mine, H. J. Alexander, later President of the First National Bank of Denver, who represented Thatcher Bros. in the early history of the Palmetto mine, and other old timers in the Lake City area who were familiar with the Palmetto property and its early history.

"My interest in the Palmetto Group dates back to 1922, at which time I talked to Bell, Avery, Alexander, Frank Hough (son of John S. Hough), James F. Steinbeck (owner of Sarah Woods and Superior), Hugh A. Coburn, Walter Mendenhall and others who were personally familiar with the early Palmetto history.

"All of my informants insist the Palmetto mine closed down on approximately August 1, 1882, and the large shaft on the Palmetto Claim has not been unwatered since. They were further of the opinion that the major portion of the production of ore was extracted from drifting, or in their development work. Hugh Coburn, who later became Sheriff of

---

2 / Direct quotations from information assembled by Mr. Horton pertaining to the Palmetto mine, 1965.

Hinsdale County, explained the production in 1892, that it was sorted ore from the Palmetto dump, and was packed over the hill by Johny Donald, who operated a pack string of mules in Ouray. Coburn stated he also packed sorted ore from the Palmetto dump around the turn of the century. .....

"During the summer of 1922, I, in company with John Foster, with whom I was associated on a Bond and Lease on the Fanny Fern Mine, a silver property near Lake City, inspected the property, and together with Judge H. A. Avery endeavored to lease the Palmetto, Ruby Queen and First National Bank Lodes. Our plan was to unwater the shaft and ship crude ore under the Pittman Act. We were not successful in obtaining a lease due to differences of opinion between the Thatchers and A. E. Reynolds, an early day mining man. In 1946 I again became interested in the property, and after six years I was able to acquire the above property, with the exception of the Polar Star Extension which I acquired in 1964 by Tax Deed, by Tax and Quit Claim Deeds from the record holders of title, ...

"..... I am setting forth the assays taken by myself since 1948, for which I have the assay certificates. I do not contend the samples were taken in conformance with accepted mining procedure, but rather were taken to indicate whether the quartz contained values, and I am inserting them for what they are worth. I have taken other samples which are in line with the samples hereafter set forth, but I do not have assay certificates available for verification.

DATE	LOCATION	AU	AG	PB	CU	ZN	REMARKS
8/26/1948	Dump	0.26	84.74				Palmetto
9/3/1948	Dump	0.47	113.00				Palmetto
9/9/1949	Outcrop	0.13	12.90	32.85%		13.60%	First National
9/9/1949	Dump	0.30	58.60				Palmetto
7/7/1949	Outcrop	0.10	14.70				First National
7/23/1951	Dump	0.16	26.69				Palmetto
7/28/1952	Outcrop	0.12	20.2				Miners Bank
7/28/1952	Outcrop	.04	6.9				First National
7/28/1952	Outcrop	0.13	17.1				Ruby Queen
7/28/1952	Outcrop	0.34	50.3				First National
7/28/1952	Outcrop	0.17	7.6	6.4%		9.5%	First National
7/23/1964	Outcrop	0.22	8.		.04%		Miners Bank
7/12/1965	Outcrop	0.12	28.26				Miners Bank
4/9/1966	Mendenhall	0.22	19.28	6.24%	0.752%		Roy Pray

"In 1922 I checked various governmental reports as to Palmetto history, and from 1946 to date, I added to this information.

"Ransome, in Bulletin 182, Silverton Quadrangle, Colo. 1901, has the following to say concerning Palmetto Mine:

" 'Palmetto Mine. This mine about one mile northeast of Engineer Mountain is on the continuation of Polar Star Lode, which here has a strike

of N23° and a dip of 75° to the Southeast. It was originally owned by J. S. Hough, who stated that the ore in the old workings resembled that in the Polar Star and consisted chiefly of argentite and ruby silver. It sometimes ran as high as $500 per ton. Several carloads of this rich ore were shipped about 1878. He subsequently sold the mine and a vertical three compartment shaft was sunk east of the vein to a depth of 400 or 500 feet, with the intention of cutting the ore body at a depth of a few hundred feet. The ore from this shaft contained much iron pyrite and was low grade. In 1882 a fifteen stamp mill was erected on Henson Creek, a mile below the mine and ore treated by chlorination. The mine during the year was working five levels and produced $14,840. It shortly afterwards closed. In the mint reports 1891, it is credited with a production of $9,566, which, if true, indicates a temporary resumption of activity in that year. The total output is not known. The mine has been idle several years, and the mill is dismantled. Specimens of the ore and vein matter on the dump resembled some of those from the Polar Star. It has been brecciated at least once, and healed with barren white quartz; crystals are common. The country rock is andesite and is evidently pregnated with pyrite and chalcopyrite near the vein.'

" 'Abstract from the Colorado Mining Directory - 1882, Hinsdale County. The Palmetto Mining and Milling Company, Superintendent, Robert Burnham, owns Palmetto, Ruby Queen and First National Bank. Three adjoining claims on the same vein cover 3,123 x 300 feet of surface ground, and situated on Engineer Mountain about 1-1/2 miles from Rose's Cabin, Galena District. Vein a fissure in fine grade porphyry, from 2 to 5 feet wide, pay streak from 10 to 20 inches, containing sulphides of iron, zinc and copper, mixed with ruby and native silver in a siliceous gangue matter. Milling when sorted 50 to 100 oz. silver per ton and assays of selected samples have given 800 oz. silver per ton. Development consists of one shaft, 350 feet deep, and some smaller shafts, with several drifts aggregating about 1,650 feet, and some winzes. Output 15 tons per day and treated at company's mill built by Frazer and Chalmers, Chicago, situated near the mine and containing 15 stamps, supplemented by one of Howell's roasting and chlorodizing furnaces, with combination amalgamating pans and settlers, and supplied with necessary motive power. Capacity 25 tons per day.'

"In 1946 a report was made by V. C. Kelly. 3/

"Page 454: 'The Palmetto Mine is located on Palmetto Gulch at an altitude of 12,190 ft. It was originally worked near the surface in a small shaft and tunnel. About 1880 a vertical three compartment shaft was sunk about 75 feet east of the vein in the hanging wall. The shaft is reported to have been 400 or 500 feet deep. The vein near the workings strikes about N23°E and dips 70°E. .....

3/ Kelly, V. C., Geology, Ore Deposits and Mines of Mineral Point, Poughkeepsie and Upper Uncompahgre Districts, Ouray, San Juan, Hinsdale Counties, Colorado. pp. 454, 465, 466.

" 'Ore near the surface was reported to derive most of its value from argentite and ruby silver, as were the ores of the Polar Star Mine. Several carloads of this rich ore worth as much as $500 per ton were shipped about 1878. The ore from the deep shaft was pyritic and low grade but was treated by chlorination in a 15-stamp mill located on Henson Creek about a mile below the mine. In 1882, five levels were being worked from the shaft. The mine has been idle since 1891. In 1881, the mine had a 15-stamp mill capable of handling 25 tons per day; 400 tons of ore yielding $28,000 were milled. In 1882 an additional 400 tons were milled, yielding $14,840.'

"Page 465: 'The area is remote and generally out of reach of available low tunnels. The principal future of deposits in this area (Note: Engineer Mountain Area) depends on the milling of low grade ore through such tunnels as the Mammoth. The Mammoth and the deeper Palmetto workings have shown mill grade ore is likely to be dominant in veins of this area.'

"Page 466: 'The evidence seems to be clear that the ores are dominantly hypogene. Although there may be some downward decrease in silver content due to hypogene zoning, the production records do not bear this out markedly. There is no uniform, abrupt, or sharply defined horizon below which the veins may be decidedly lower in silver or gold content. Output records furthermore, do not show a greater base metal content at lower altitudes in the veins. In general, therefore, the evidence tends to encourage exploration for metals of all sorts at any altitude above the top of the pre-cambrian basement rocks.'

4 / " 'On the west side of the Caldera the pattern of faults and veins extend continuously to the Silverton center, a total distance of more than six miles. East of the Hinsdale County line the vertical extent of mineralized ground above drainage levels is as much as 2,000 to 3,000 feet. The area is therefore a potentially large source of low grade ores, and the records of such veins as the Frank Hough, Golconda, Isolde, Palmetto, Wyoming and others indicate that small bodies of high grade ore may also be expected.'

5 / "October 18, 1879: 'A carload of ore from the Palmetto mine recently delivered to the works of Mather and Giest at Pueblo for treatment, yielded an average value of 258 ounces silver per ton. The richest grade ore which formed the larger portion of the shipment gave 475 ounces silver per ton.'

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4 / Burbank, W. S., Mineral Resources of Colorado, 1947. p. 443.

5 / From Silver World newspapers formerly published in Lake City, Colorado. Presently on file in the Colorado Museum.

"November 8, 1879: Ruby Queen -- 'This is an extension of Palmetto. It shows 18 inches of pay mineral, which shows, if anything, better than that of the Palmetto. The workings of this mine developed still another continuation of the Palmetto vein called the First National Bank ...'

"November 29, 1879: '..... Fifteen men are now working on the Palmetto and Ruby Queen and will continue developing all winter, as they have supplies to last that time. A very fine body of brittle and ruby silver has been struck in the Ruby Queen. The pay streak of the Palmetto is over 12 inches. The mineral is ruby and brittle silver first grade, running 475 ounces silver per ton. The average in silver of the ore taken out between a depth of 50 feet it is safe to say over 200 ounces, and the average mill run from the entire shaft is 258 ounces. The pay streak of the ore from the Ruby Queen is from 18' to 24', same grade of mineral as the Palmetto.'

"June 5, 1880: Palmetto -- '.... In order that a better understanding may be obtained of the important changes contemplated in the operation of the Palmetto mine, we give a sketch of the present developments, followed by a statement of proposed changes by which the property will be systematically insured against eruptions of water and its output increased.

" 'The present shaft (Note: evidently the old incline) which is sunk on the vein is 162 feet deep. At the bottom, the ore is solid fully two feet wide and shows wire and brittle silver. The shaft pitches toward the south at an angle of about 73 degrees. At a depth of 52 feet from the surface, it is intersected by a cross-cut. At 100 feet there are two drifts, that to the south being 180 feet, the other toward the north is in 130 feet; the latter not now worked. The south drift shows 20 inches of ore at the breast, which is equally as rich as elsewhere in the mine. Past work on the mine has been done under difficulties incident to irruptions of water which has consumed valuable time to remove by the slow process of bucket and whim as also all the ore mined.

" 'As a result of the recent examination of the Palmetto mine by J. M. Harper in the interest of the Palmetto Corp. Mining & Milling Co., it has been decided to operate the mine by means of a vertical shaft. The proposed shaft is to be constructed in the best manner known to mine engineering, and for use as long as it may be possible to pursue the rich ore body. In order to accomplish this important result, it has been decided to commence the shaft at such a distance from the surface of the vein as shall strike it a depth of about 400 feet. This shaft will be timbered in the best manner and divided into three compartments each 4 x 4½ feet inside measurement which will be sufficient size to accommodate one ladder-way with pump pipes and two hoisting cages all safely separated.'

"March 5, 1881: 'Since our last report on the Palmetto, the shaft has been sunk to a depth of 177 feet. Three shifts are employed. They sink about one foot in 24 hours. Thirty-five men in all are employed. Our last report stated that a tunnel has been run from the shaft to tap the vein which it did in about 24 feet. Since then, drifts have been run along the vein. That toward the north is 16 feet and that toward south is 8 feet. The vein is four feet wide with two pay streaks, the one on the hanging wall 6 inches wide, the other on the footwall is 18 inches wide.'

"November 20, 1881: 'The Palmetto Mill was shut down for the season. The recent run of seven days resulted in Silver Bricks to the value of about $8,000.'

"January 7, 1882: 'Silver $1.05 an oz.'

"March 18, 1882: Palmetto. 'This mine is showing up well and is expected to surprise the boys this coming summer. The various points in the mine look well. Mineral of high grade two feet wide is found in the fourth level. The shaft is sunk to its required depth for the fifth level, the timbers are being placed to secure it when the fifth level will be started. As there is a rich body of mineral gone down from the fourth level above this point, the expectation of Manager Burnham of cutting it rich is high.'

"February 11, 1882: Palmetto. 'Manager J. H. Smith of the Palmetto Mine informs us that a rich ore strike is being followed on the fourth level.'

"May 20, 1882: 'There are over 1,000 tons of ore on the dump of the Palmetto to be used as a starter for the Palmetto Mill, all of the machinery which will be in operation by 1st of July. Supt. Burnham is in 75 ft. on 330 ft. level on No. 3 cross-cut, leaving only 10 ft. or 15 ft. to go to cut the vein.'

"May 27, 1882: Palmetto. 'In the 330 ft. level, which is a cross-cut from the shaft of the Palmetto, a blind vein has again been cut showing 13 inches wide. This vein was cut once before in one of the upper levels but was much narrower. The new development showing widening and solidification. It is thought that ten foot extension of cross-cut will cut Palmetto vein.'

"June 9, 1882: Palmetto. 'A great number of men are employed. Work is pushed at every point, a great quantity of mineral is brought to the surface every day and teams are busily engaged hauling it to the mill.'

"July 8, 1882: Palmetto. 'The stope from the third level of the Palmetto is yielding some handsome high grade mineral, brittle and ruby silver, making glad the hearts of the stockholders.'

"July 18, 1882: Palmetto. 'This Mill, one of the best built and

furnished in any mining country, started for a continuous run last Thursday at 10:00 A.M. An immense quantity of ore is now at the mill and enough will be daily produced by the mine to keep the supply up to the capacity of 15 stamps. Robert Burnham is the Superintendent and thoroughly understands the intricate processes by which crude ore is transformed into purified silver bricks.'

"August 5, 1882: Palmetto. 'The long and steady draft made upon the exchequer of the Palmetto Company for development work, and delay in starting and realizing from the output has, we regret to learn, resulted in a temporary financial embarrassment which necessitated shutting down on the Mine Wednesday. The indebtedness is chiefly to employees for wages, which is unfortunate, as the men need their money. We learn that efforts are being made to secure a loan until mill can earn necessary money. Meanwhile, mill will run steadily on the ore at hand and produced, converted into silver and, thus, into money, so that it is merely a question of a short time ere the indebtedness can be paid up from the large accumulated product of the mine.'

"November 4, 1882: Palmetto. 'The Palmetto is silent now, but it will sing with a sweet silvery voice in the future.'

6 / "May 1, 1880: 'Mr. Stockder this week made an assay of ore taken from the lower level of the Palmetto which exhibited the immense value of 2,530 oz. silver and 55 oz. gold to the ton. How is this for high?'

"August 18, 1880: 'A. E. Reynolds, Treas. of the Palmetto Mining Co., is superintending the removal from the lixivation works of the engine and boiler which will be transferred to the Palmetto Mine and used to drive a steam drill which will be introduced in a few days as an experiment. The engine for hoisting purposes will soon be erected over the main shaft.'

"Jan. 1, 1881: Palmetto Consolidated Mining Co. '.... The company owns the Palmetto, 1,450 feet; the Ruby Queen, 173 feet; First National, 1,500 feet--a total of 3,123 feet in the direct line.

" 'The company became the possessor of this property April 15, 1880, and at once began active operations, the development at this time consisted of an incline shaft in the vein 157 feet deep, from which, at a depth of 55 feet from the surface, a drift has been run a length of 165 feet; below this point 50 feet is level No. 2 with a drift 350 feet, and below this level there still remains 52. From the beginning

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6 / From Mining Register newspapers formerly published in Lake City, Colorado. Presently on file in the Colorado Museum.

this incline shaft was abandoned by the company on account of the immense volume of water that accumulated in the bottom, which it was found impossible to remove by manual labor, and the fact that the shaft was too small to permit of the use of the introduction of proper machinery.

" 'Hence a vertical shaft was projected and begun at once which will intersect the vein at a depth of 320 feet and admit of the use of the heaviest machinery. This shaft which is now down 100 feet is certainly the longest and possibly the best constructed in the San Juan Country. It is 4½ x 12 feet 8 inches in the clear, divided into three compartments of 4 x 4½ feet in the clear. It is entirely timbered by square timbers 10 x 10 inches framed in five foot sections. Behind the timbers it is closely lagged with 3-inch sawed plank. The compartments are also lined inside, making them perfectly safe.

" 'When the shaft has been sunk a depth of 130 feet (which will occur this month), a crosscut will be run to the vein and connections made with present workings. This crosscut will intersect the vein 40 feet below the bottom of the incline shaft, making a total depth from the surface of 200 feet on the vein. Similar crosscuts will be run to intersect the vein every 100 feet of depth gained.

" 'The shaft house is 50 x 60 feet in dimension and so constructed that it shelters all the machinery now in the mine and the carpenter and blacksmith shops. The other buildings of the company consist of a Superintendent's Office, a boarding house for workmen 24 x 40 feet, a bunk house 24 x 48 feet, a storehouse 16 x 40 feet, and a stone powder magazine 18 feet square in the clear. All these buildings have been constructed in the most substantial manner and made ample for as large a force of men as may be employed in years to come.

" 'The machinery of the mine consists of a hoisting engine capable of doing the work in the shaft to a depth of 350 feet; a 75-horse power Ingersoll Air Compression engine, and six Ingersoll drills, complete with full equipment and all necessary paraphernalia for mining operations. There is now at the mine a year's supply of provisions, tools, ammunition, etc. for 30 miners.

" 'Pay ore was found in the incline shaft at a depth of ten feet from the grass roots. From that point to the bottom it has shown a very remarkable increase both in quantity and value, that taken from the point at which it was first found down to No. 1 level, milling ore over 100 oz. silver to the ton. From No. 1 to No. 2 level, the average value of the ore more than doubled; from No. 2 level to the bottom of the shaft, the increase in the value has been proportionate, as has also been the dimensions of the ore body, which from a width of 8 inches has increased to over 2½ feet at the bottom of the shaft. No ore has been milled from below the second level, but a number of assays show a considerable increase in value, some running as high as 3,500 oz. in silver and 55 oz. in gold per ton, a total coin value of $5,000. The character of the mineral is what is called in San Juan as dry ore, or ore that

contains no galena. Its principal constituents are ruby, brittle and native silver, with some zinc blende and ferruginous quartz.

" 'The company contracted last June with Latter, Mind and Company, San Francisco, for the erection of a mill to treat the Palmetto ores. This mill is situate at the confluence of Henson with Palmetto Creek on the Palmetto wagon road, 3/4 of a mile from the mine. It is the only mill of the kind in the San Juan, and is known as the dry crushing, chlorinating and amalgamating process with 15 stamps, rotary driver and White and Howell Chlorinator and roaster. There are 8 amalgamating pans, 4 settlers, and every other appliance for convenience and economy. The power and the machinery mentioned is sufficient to treat the ores from ten additional stamps which can be added to the works at a nominal expense when required. The 15 stamps in position are capable of treating 25 tons of ore a day, which the mine will be capable of producing as soon as connections are made from the vertical shaft.'

"July 20, 1881: Palmetto. 'The mill is running smoothly. The first silver brick was produced yesterday but too late for us to learn its value.'

"Sept. 16, 1881: 'Palmetto M & M Co. The first air compressor drill was started in the north drift and the 4th level of the Palmetto Mine Sunday. The hoisting facilities are unequal to the task of removing the output at present. Mill is running smoothly and producing base bullion.'

"Sept. 20, 1881: '..... The working shaft is 230 feet deep. The first level extends north 100 ft. The second level extends north 140 feet and south 180 ft. The third level, north 175 ft. and south 175 ft. The winze from first to third level, 130 feet .... Ten tons of ore are lifted to the dump daily and a force of 50 men constantly employed, seven of whom are assorting the same..... One week's run at the Palmetto recently on Palmetto ore netted nine silver bricks valued at $1,000 each, now enroute to Kountz Bros., New York. ..... (The nine bars of bullion referred to weigh 900 lbs. and are valued above $10,000. They are the product of 100 tons of ore and the result of seven days' run.--Ed. Register)'

"Feb. 17, 1882: Palmetto. 'In the 4th level south this week a body of rich ore was encountered which carries a large percent of brittle silver with fine ruby. The strike was made simultaneous with a change in the general vein foundation and indicates a permanent improvement of considerable value. Some of our old miners and prospectors who have seen the mineral are quite enthusiastic over it.'

"March 2, 1882: '.... A large amount of ore is now on the dump ready for the mill, and by the time the roads are opened for its transportation, there will be sufficient ore out, and from dead work done alone, to keep stamps busy for a long time. It is safe to say

the running of the mill for the next year is assured already. The fact of large bodies of ore on the lower levels of the mine speaks very well for its permanency and prospective success.'

"August 11, 1882: Palmetto. 'The mine has been shut down with a large reserve of ore in sight in the stopes. The mill is running favorably with two batteries, one having been disabled. Several bars of bullion have been produced but the management has not given their value to the public.'

"August 25, 1882: Palmetto. 'The Palmetto mill sent down a thousand dollar brick this week. Mill still running.'

"December 30, 1882: Palmetto (Silver World) Ore Production,

1882

Palmetto (1st Class) Treated Palmetto Mill - 400 tons	$14,840
Palmetto (2nd & 3rd Class) on hand, estimated 600 tons	12,000
Total -	$26,840' "

Mr. Horton states concerning the F. X. Aubrey claim, Survey No. 852: "Frank Hough, son of John S. Hough, was the owner of the F X Aubrey. He contended there was a showing of high grade copper in the property. He stated also his father performed the development work on the property and the ore was similar to that of the Polar Star. The map of the area indicates the F X Aubrey Lode covers approximately 250 feet of the Palmetto-Miners Bank vein. It also covers a vein running parallel with the Palmetto vein, and those old timers familiar with the property state that it has a high grade copper-silver showing in what has been referred to as the 4th level of the Polar Star Lode on the north side of Engineer Mountain. I personally am convinced that this tunnel or shaft is on the F X Aubrey."

Mr. Horton states concerning the Miners Bank Lode claim, Survey No. 309: "The Miners Bank Lode was originally owned by M. D. Thatcher, John C. Bell and A. E. Reynolds. It is located on the north side of Engineer Mountain, on the Polar Star-Palmetto vein. It has been extensively prospected and small quantities of ore have been shipped. Otie Olson is supposed to have leased the claim right after the turn of the century, and the story goes he shipped ore valued at $5,000. Standard Metals, in their recent survey of the property, said: 'A self-potential survey was conducted over the Miners Bank, First National Bank and Palmetto, with the Miners Bank showing the best anomally.' "

On May 1st, 1956 Mr. Horton executed a lease to New-Mar Uranium Corporation for a ten year term. A couple of years later this lease was assigned to Standard Metals Corporation. And, on April 13, 1962 Standard surrendered its lease. It appears a geologic survey was made by Standard Metals in 1961. No drilling or exploration work was done on

the Palmetto group of claims, and only one assay was taken. At Mr. Horton's request Standard sent their findings in their geologic survey as it applies to the Palmetto Group of claims:

"The longest vein in this area is the Mammouth-Polar Star-Palmetto structure, which is about a mile in length and is exposed vertically for approximately 1,000 feet. It is reasonably continuous with a few offsets and also a number of areas of overburden where the vein is obscure. The vein varies in width from about 5 to 30 feet and averages about 7 to 10 feet. It strikes N15°E and dips southeast about 70°.

"Sulphides in the vein are pyrite, sphalerite and galena in a gangue of massive white and often druzy quartz. Silver is often associated with the galena, or may be in a separate portion of the vein. Gold often occurs in the pyrite. Neither of the precious metals is present in sufficient quantity to warrant mining them.

"The Polar Star portion of the vein was mineralized sufficiently for the early prospectors to extract approximately $250,000 in values, predominantly lead-silver. In this area the vein is brecciated, indicating successive fracturing and re-healing with quartz. The wall rock adjacent to the vein has been sericitized, kaolinized and pyritized.

"North of the Polar Star the vein is known as the Miners Bank-First National Bank-Palmetto portion, where the strike has turned slightly to N25°E and dips from 75° to 90° southeast. The south end of the Miners Bank, a zone of kaolinization and sericitization, is the only evidence of the vein; but further north it again becomes predominantly a quartz-filled fissure. Disseminated sulphides of sphalerite, galena and pyrite form the mineralization. Celadonite is a common mineral in the country rock in the vicinity of the vein.

"A self-potential survey was conducted over the Miners Bank, First National Bank and Palmetto, with the Miners Bank showing the best anomaly. However, the anomalous zone, registering a profile of 130 millivolts, occurs where the vein is obscure, indicating the possibility of a small orebody at this location."

Mr. Horton further states: "In the fall of 1962 I gave Fred Zannett a Lease and Option on the Palmetto Group of claims. In 1963 Zannett, in company with Joe Pitts and Sandy Sterne formed a company known as Independence Mining Company, obtained a new lease and option. The lease was given on the condition that the new company would unwater the large shaft located on the Palmetto property. They failed to meet this requirement. Mr. Pitts informed me their engineers, after an examination of the property, recommend that instead of pumping out the shaft, a cross-cut be run which would cut the shaft at a depth of 400 feet. This cross-cut would be 1,500 feet in length. I recognize that

this eventually is the proper way to operate the Palmetto, as it would be more economical and would eliminate pumping and hoisting."

REGIONAL GEOLOGY

Volcanic actions during the Tertiary period resulted in an exceptionally large mass of extrusive rocks, up to 7,500 feet thick, superimposed upon a basement complex of Precambrian, Paleozoic, and Mesozoic rocks, forming the western San Juan Mountains. The deformation of the earth's crust through the volcanic-tectonic cycle resulted in two separate calderas probably derived from a common parant magma, as evidenced by the similarity of chemical and mineral characteristics. Refer to Figure 1.

The oldest recognized formation is the San Juan Tuff, consisting predominantly of rhyodacitic tuff breccia, with lava flows, volcanic conglomerates, and some quartz latitic-welded ash-flow tuffs having a maximum thickness of 3,000 feet.

The next formation (intermediate) has been designated as the Silverton Volcanic Group, and is divided into four units. From the bottom up these units have been named the Picayune Formation consisting of thin to thick flows, breccias and tuffs, mainly composed of basaltic andesite and rhyolite, with a thickness of up to 2,000 feet; the Eureka Tuff, predominately rhyodacitic to rhyolitic welded ash-flow tuffs with thickness up to 1,000 feet; the Burns Formation consisting of rhyodacitic eruptive materials, contains some tuffaceous shale and limestone; and on top, the Henson Formation, having a maximum thickness of 1,000 feet, consisting of the Henson Tuff, exposed in the head-waters of Henson Creek, and a pyroxene-quartz latite.

The third and youngest major unit is the Potosi Volcanic series, consisting of the Gilpin Peak Tuff, predominately quartz latite-welded ash-flows, and the Sunshine Peak Rhyolite, consisting of both extrusive and intrusive rhyolitic rocks. The rocks have a composition from quartz latite to rhyolite, and range in thickness from zero up to a few hundred feet.

Palmetto Vein System

The Palmetto-First National Bank-Miners Bank-Polar Star-Mammouth vein outcrop can be traced from north of the Palmetto shaft southerly over Engineer Mountain ridge a strike distance of over 7,000 feet. The vein is fairly straight and the curve indicated on the map, Figure 4, and the photograph, Figure 5, is mainly due to the effect of topography on the southeasterly dip of the vein. The vein is exposed vertically about 1,000 feet, and varies in width from three feet to over 20 feet, having a fairly uniform ore zone from three to five feet wide within the vein structure. In many of the old workings the high grade pay-streak within the vein was mined when only 10 to 14 inches wide.

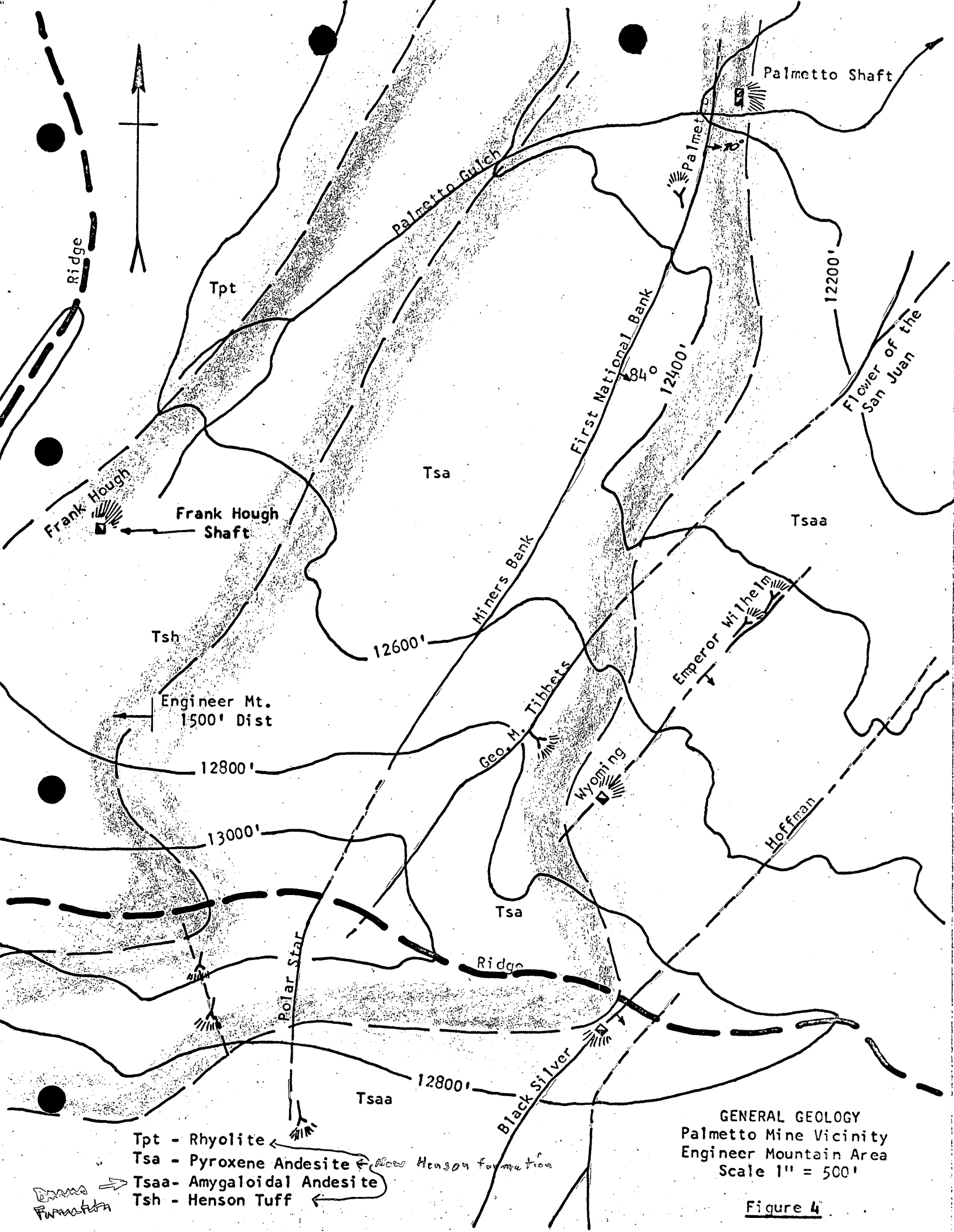
Palmetto Shaft
Palmetto Gulch
Palmetto
10°
Ridge
Tpt
12200'
First National Bank
84°
12400'
Flower of the San Juan
Tsa
Frank Hough
Frank Hough Shaft
Tsaa
Miners Bank
Emperor Wilhelm
Tsh
12600'
Engineer Mt. 1500' Dist
Geo. M. Tibbets
12800'
Wyoming
13000'
Hoffman
Tsa
Ridge
Polar Star
Black Silver
12800'
Tsaa
Tpt - Rhyolite
Tsa - Pyroxene Andesite
Now Henson Formation
Tsaa- Amygaloidal Andesite
Tsh - Henson Tuff
GENERAL GEOLOGY
Palmetto Mine Vicinity
Engineer Mountain Area
Scale 1" = 500'

Figure 4

The predominate gangue material comprising the fissure vein is massive white quartz, sometimes druzy in texture, containing as an average minor amounts of pyrite, galena and sphalerite. However, some zones along the outcrop have appreciable amounts of sulphides, giving assays as high as 32 percent lead and 13.6 percent zinc. Copper assays are consistently low. The localized distribution of the heavy sulphides may possibly be caused by pay shoots distributed along the vein. The lateral segregation of commercial zones with intervening unprofitable portions of the vein is quite typical in almost all of the Lake City, Henson Creek, and Engineer Mountain lodes. This phenomenon certainly should be taken into consideration in planning a program of exploration or development, as these zones along the strike of the vein may offer the most rewarding targets. The Pray crosscut driven in 1966 to intersect the vein 100 feet below the outcrop may actually have penetrated the vein between ore shoots, although 16 inches on the hanging wall is ore-grade rock.

This crosscut, to explore the vein approximately 200 feet northerly from the First National Bank shaft, was driven during the summer of 1966. The tunnel, approximately 6½ x 7½ feet in the clear, has a total length of 242 feet, and intersected the vein 231 feet from the portal. The wall rock throughout is a fairly uniform pyroxene andesite, and stands well without timbering. Figure 6 shows the crosscut portal, with the ridge extending north from Engineer Mountain in the background.

The vein as exposed in the tunnel is six feet wide and has a strike of N25°E., and dips 85° easterly. On the hanging wall there is an ore zone 16 inches wide which assayed 5.6 ounces of silver per ton, no gold values, 2.6 percent lead, 9.7 percent zinc, and 0.31 percent copper. Samples taken from a 30-inch zone in the center of the vein and 13-inches on the footwall, gave a weighted average of 0.52 ounces of silver per ton, no gold, 0.17 percent lead, 0.26 percent zinc, and 0.19 percent copper.

As illustrated in Figure 4, the northern 4,500 feet of the vein outcrops in a pyroxene andesite, which extends a short distance on the south side of Engineer Mountain ridge. Here the formation changes to an amygdoloidal andesite which contains the southern 1,000 feet of the Polar Star vein. As Irving and Bancroft 7/ pointed out, the geology of the region has little apparent connection with the deposition of the ores. The richest mines are in the andesite of the Picayune volcanic

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7/ Work cited in footnote 1, p. 69.

group, but veins found elsewhere in the district have the same general mineralogic content.

There is no evidence to indicate the gold and silver mineralization is near-surface and epithermal in origin, as is usually the case when associated with fumaroles and hot springs as typified by the majority of gold and silver occurrences in areas such as Nevada.

The ores reported in the lower levels of the Palmetto shaft come from a true fissure vein, and to a depth of approximately 350 feet have not become impoverished in mineral value. For this reason and because of past severe glacial and landslide action, it is quite evident that zones of rich secondary ore deposition, that may have possibly occured at one time, have since eroded and the ores remaining are in fact primary in character. If this premise is correct, and Kelly 8 / substantiates this theory when he states: "Although there may be some downward decrease in silver content due to hypogene zoning, the production records do not bear this out markedly. There is no uniform, abrupt, or sharply defined horizon below which the veins may be decidedly lower in silver or gold content. Output records, furthermore, do not show a greater base metal content at lower altitudes in the veins. In general, therefore, the evidence tends to encourage exploration for metals of all sorts at any altitude above the top of the pre-cambrian basement rocks." Burbank 9 / also supports the theory that: "The area is ..... potentially a large source of low grade ores ...."

Old reports indicate that a good grade of ore was being mined 450 feet deep at the bottom of the Frank Hough shaft at the time the shaft caught fire and caved. Refer to Figure 4 for location of the Frank Hough shaft.

The Polar Star lode, which is on the southern extension of the Palmetto vein system, produced rich silver ore carrying argentite and proustite, from the deepest workings, probably over 500 feet from the surface. Unfortunately, the data available do not fix the depth at which these argentiferous minerals change to low-grade ore, however, the indications are that it may be less than 1,200 feet below the outcrop, although it is well known that in other regions many extend to greater depths.

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8 / Work cited in footnote 3, p. 466

9 / Work cited in footnote 4, p. 443

PROPOSED DIAMOND DRILLING PROGRAM

Tabulation of Proposed Drill Holes

Hole No.	Location	Stage	Length Ft. (Maximum)	Inclination	Bearing	Size (Minimum)
1	Site 1 DWG No. 1	I	450	-47°	N.20°W	BX
2	Site 1 DWG No. 1	I	450	-47°	S.60°W	BX
3	Site 2 DWG No. 2	I	500	-51°	N.24°W	BX
4	Site 2 DWG No. 2	I	500	-51°	S.65°W	BX
5	Site 3 DWG No. 3	I	450	-49°	N.35°W	BX
6	Site 3 DWG No. 3	I	450	-49°	S.~~95~~°W 65	BX
		Total	2,800			
7	Site 4 DWG No. 4	II	1,250	-48°	S.83°W	BX
8	Site 5 DWG No. 5	II	1,050	-55°	N.77°W	BX
		Total	5,100			

Not good sites

General Discussion of Drilling Program:

It is estimated that the length of the drill holes as shown on the DWG's Nos. 1-5, inclusive, may be in error as much as 10 percent due to brunton survey and the apparent variation in dip of the vein structure. As evidenced in the Pray crosscut, the vein has a dip of from 80-85 degrees easterly, although the dip near the Palmetto shaft may only be about 60 degrees. Refer to Figure 7 for drill hole locations. *

Referring to the discussion of June 5, 1880, page 9 of this report, it is noted that the dip of the inclined shaft sunk on the vein was 73 degrees. However, in discussing the crosscut to the vein from the 330-foot level of the vertical shaft, the May 20, 1882 discussion page 10, states that the vein would be encountered approximately 90 feet from the shaft. If this is in fact the case, as illustrated on DWG No. 1, the vein from the 213-foot level to the 330-foot level would have a dip of only 60 degrees.

The maximum footages listed in the above chart should be more than sufficient to intersect the vein in all holes, and probably will be considerably less in several holes. After the drill sites have been completed transit surveys will be made to the vein outcrop to give more accurate control as to probable length of the individual holes.

As illustrated in DWG's Nos. 1, 2 and 3, Stage I holes are designed to intersect the vein at an average depth of 400 feet. Holes Nos. 3 to 6 inclusive, will explore the vein approximately 200 feet below the proposed exploratory drifts on the vein, and holes Nos. 1 and 2 will penetrate the vein about 70 feet below the bottom of the

* A large scale map of Figure 7 is contained in the back pocket of this report.

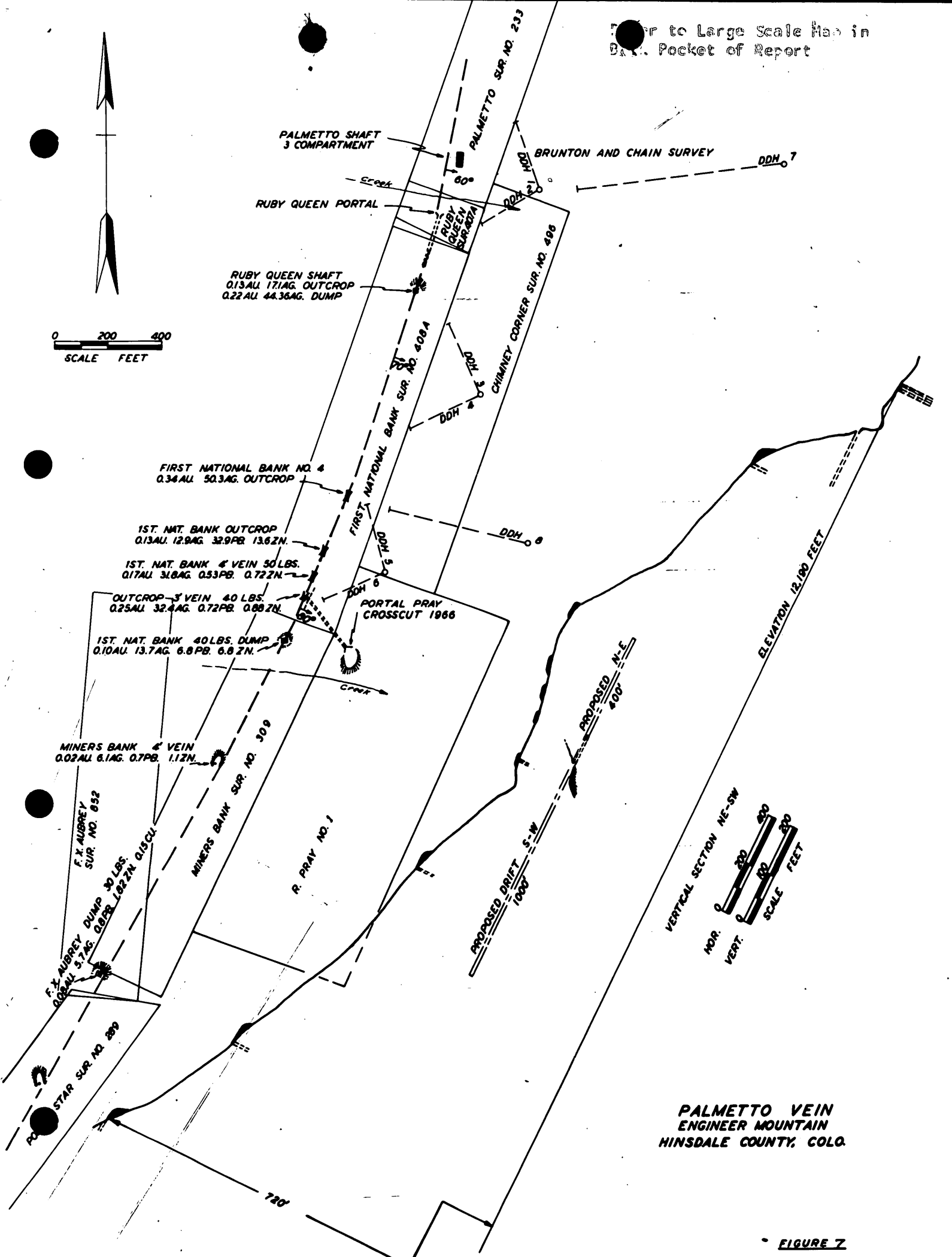
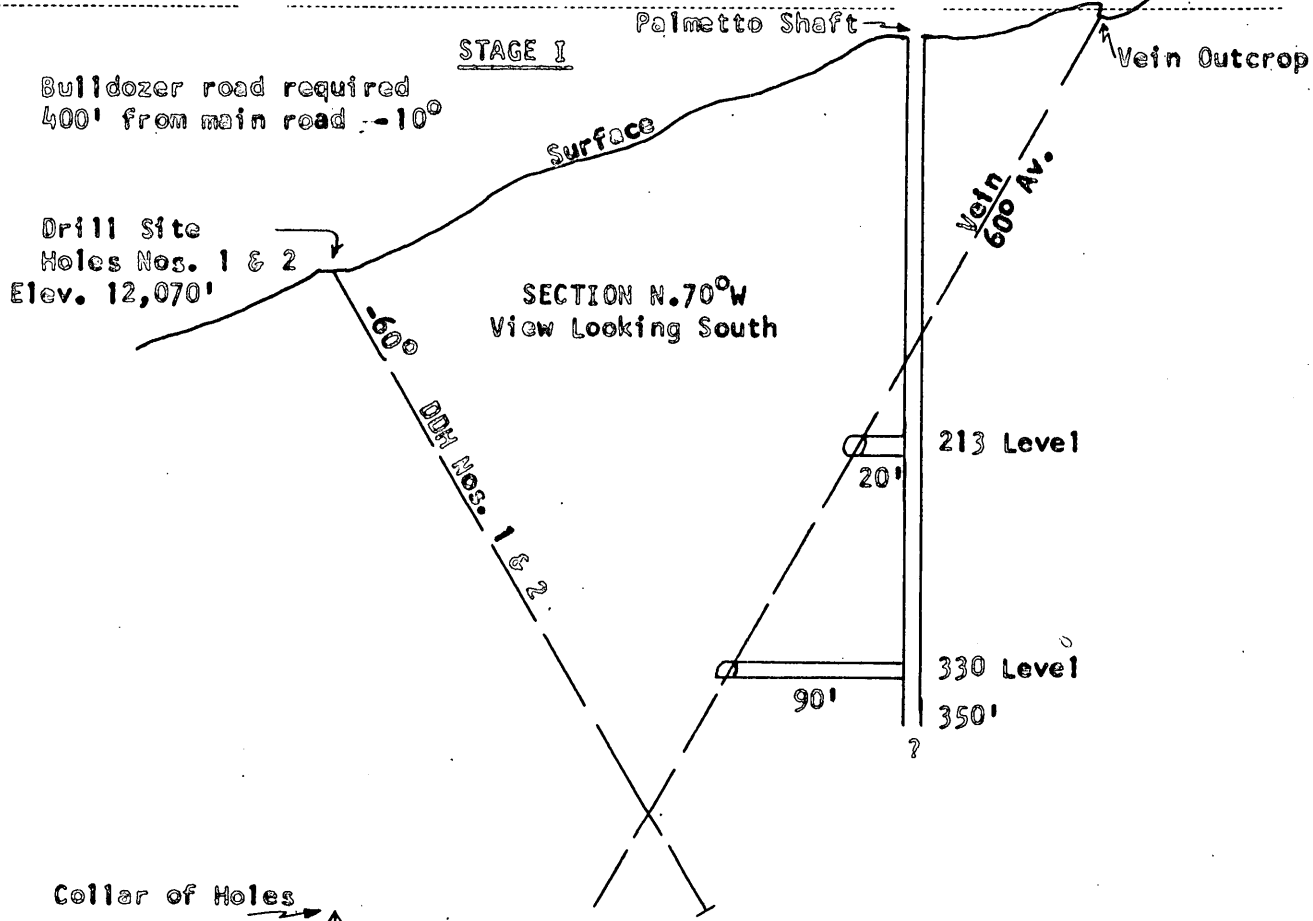

Refer to Large Scale Map in Back Pocket of Report
PALMETTO SUR. NO. 233
PALMETTO SHAFT
3 COMPARTMENT
BRUNTON AND CHAIN SURVEY
DDH 7
DDH 1
DDH 2
60°
Creek
RUBY QUEEN PORTAL
RUBY QUEEN SUR. 407A
RUBY QUEEN SHAFT
0.13AU. 17.1AG. OUTCROP
0.22AU. 44.36AG. DUMP
CHIMNEY CORNER SUR. NO. 496
0 200 400
SCALE FEET
FIRST NATIONAL BANK SUR. NO. 408A
DDH 3
DDH 4
FIRST NATIONAL BANK NO. 4
0.34AU. 50.3AG. OUTCROP
DDH 8
1ST. NAT. BANK OUTCROP
0.13AU. 12.9AG. 32.9PB. 13.6ZN.
DDH 5
1ST. NAT. BANK 4' VEIN 50 LBS.
0.17AU. 31.8AG. 0.53PB. 0.72ZN.
DDH 6
OUTCROP 3' VEIN 40 LBS.
0.25AU. 32.4AG. 0.72PB. 0.88ZN.
PORTAL PRAY
CROSSCUT 1966
1ST. NAT. BANK 40 LBS. DUMP
0.10AU. 13.7AG. 6.8PB. 6.8ZN.
Creek
ELEVATION 12,190 FEET
PROPOSED N-E
400'
MINERS BANK 4' VEIN
0.02AU. 6.1AG. 0.7PB. 1.1ZN.
MINERS BANK SUR. NO. 309
F.X. AUBREY
SUR. NO. 852
R. PRAY NO. 1
F.X. AUBREY DUMP 30 LBS.
0.08AU. 3.7AG. 0.8PB. 1.82ZN. 0.15CU.
PROPOSED DRIFT S-W
1000'
VERTICAL SECTION NE-SW
HOR.
VERT.
SCALE FEET
STAR SUR. NO. 289
720'
PALMETTO VEIN
ENGINEER MOUNTAIN
HINSDALE COUNTY, COLO.

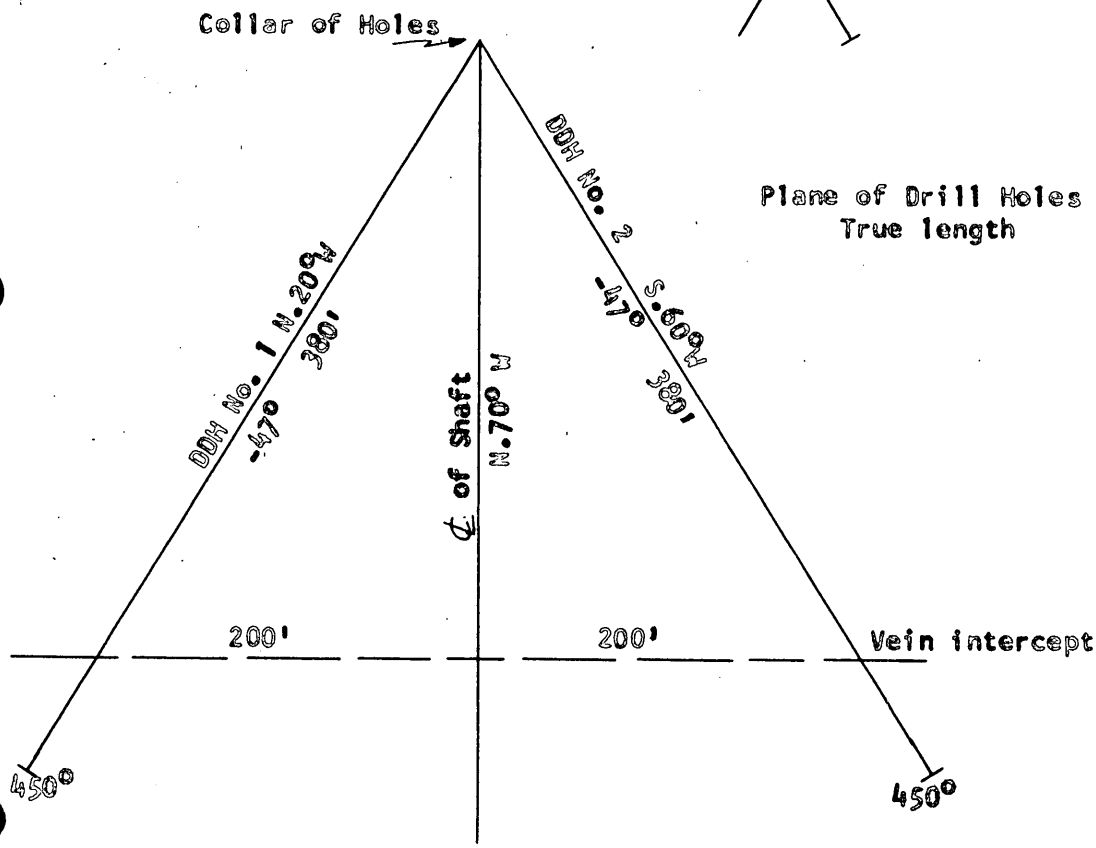
FIGURE 7

BY N.E. DATE 3/15/67 SUBJECT PALMETTO VEIN SHEET NO. ____ OF ____

CHKD. BY N.E. DATE ____ Engineer Mountain Area, Colo. JOB NO. Scale 1" = 100'

Proposed Drill Holes Nos. 1 & 2





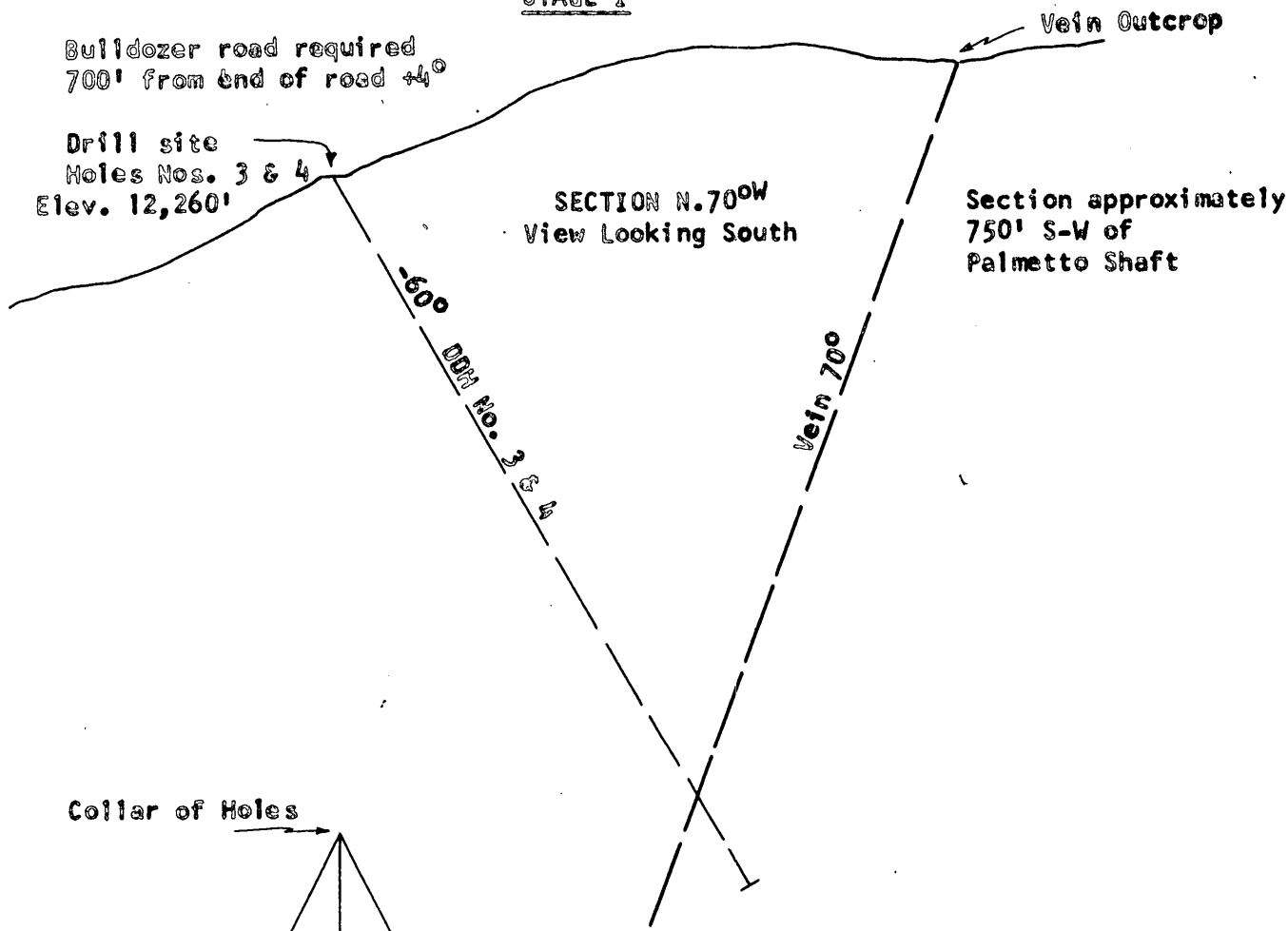
DWG NO. 1

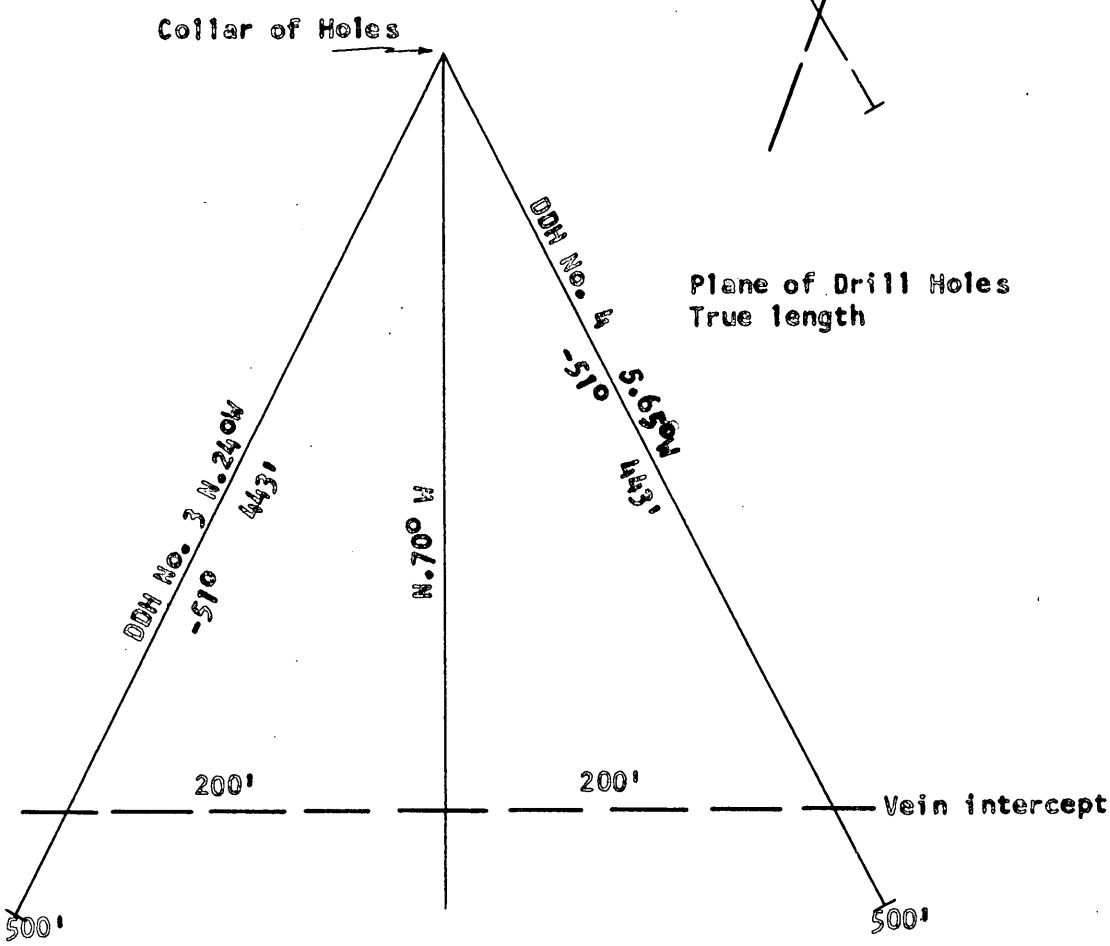
BY NE DATE 3/15/67 SUBJECT PALMETTO VEIN SHEET NO. ..... OF .....

CHKD. BY NE DATE ..... Engineer Mountain Area, Colo. JOB NO. Scale 1" = 100'

Proposed Drill Holes Nos. 3 & 4

STAGE I





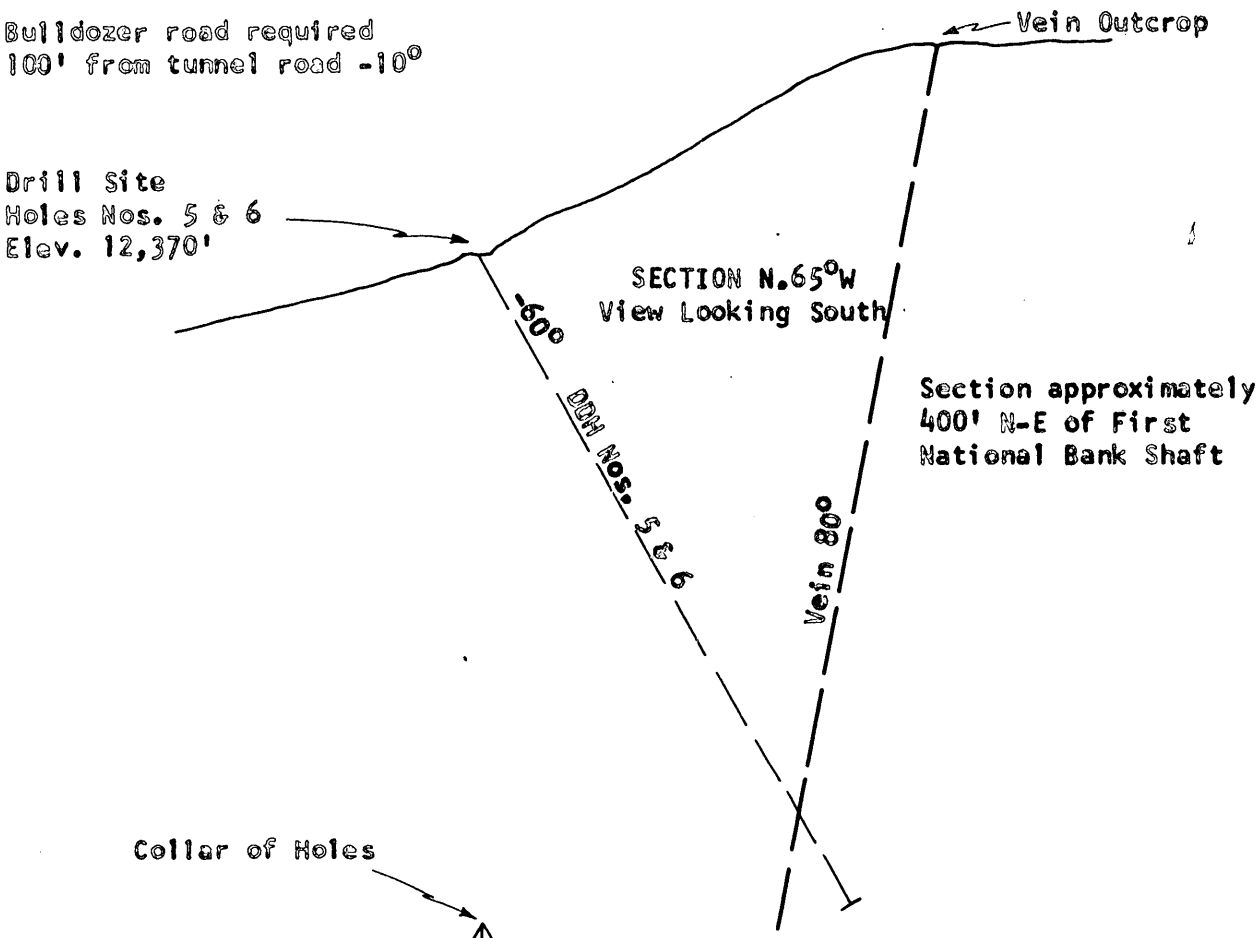
DWG NO. 2

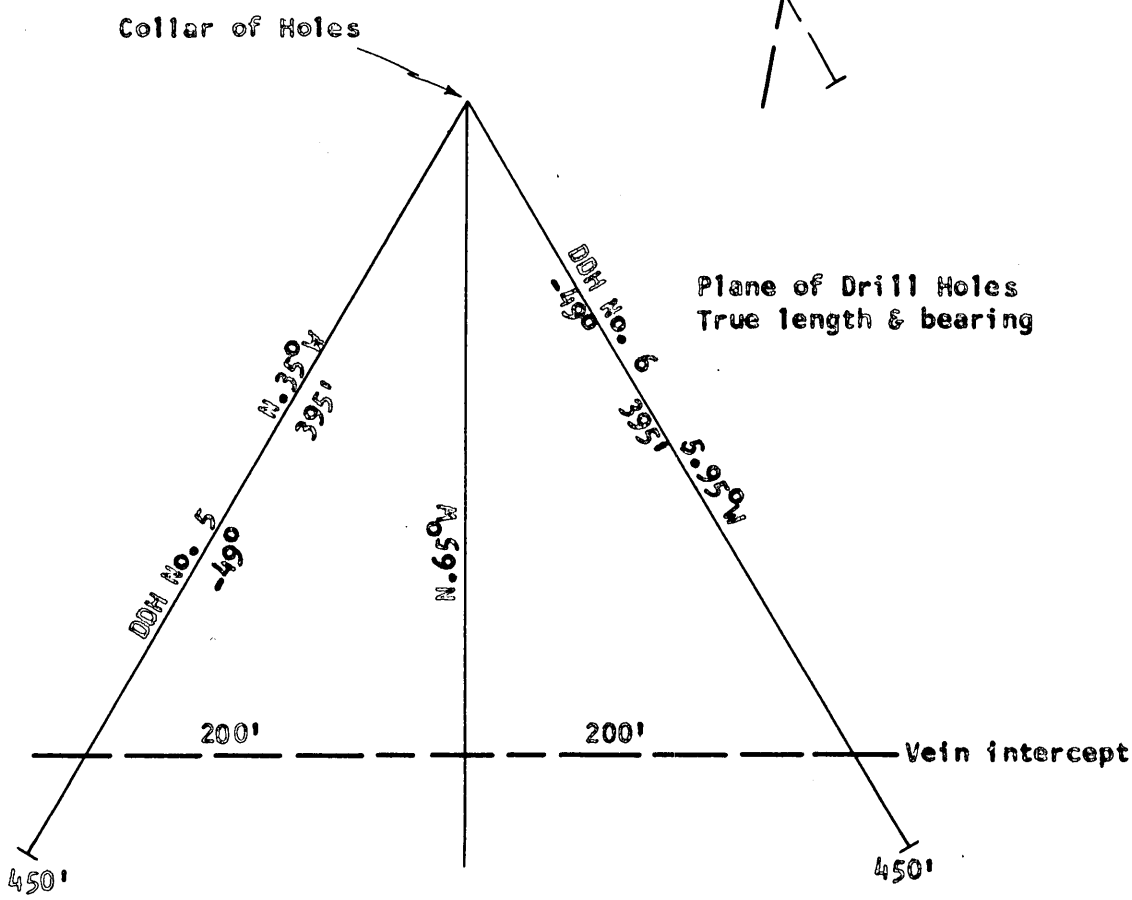
BY N.E. DATE 3/15/6 SUBJECT PALMETTO VEIN SHEET NO. ____ OF ____

CHKD. BY N.E. DATE ____ Engineer Mountain Area, Colo. JOB NO. ____

Proposed Drill Holes Nos. 5 & 6 Scale 1" = 100'

STAGE I





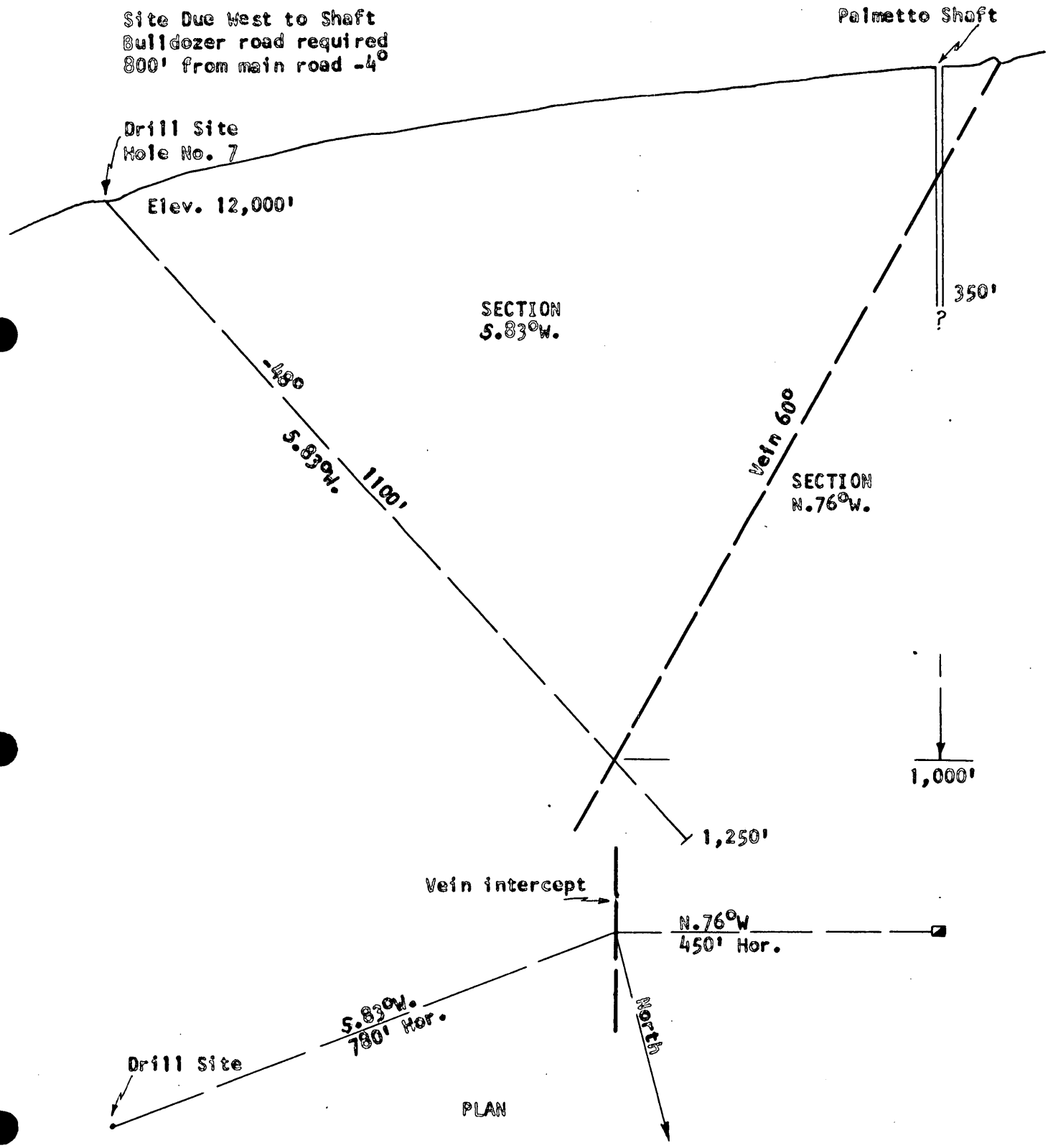
DWG NO. 3

BY N.E. DATE 3/15/61 SUBJECT PALMETTO VEIN SHEET NO. ____ OF ____

CHKD. BY N.E. DATE ____ Engineer Mountain Area, Colo. JOB NO. ____

Proposed Drill Hole No. 7 Scale 1" = 200'

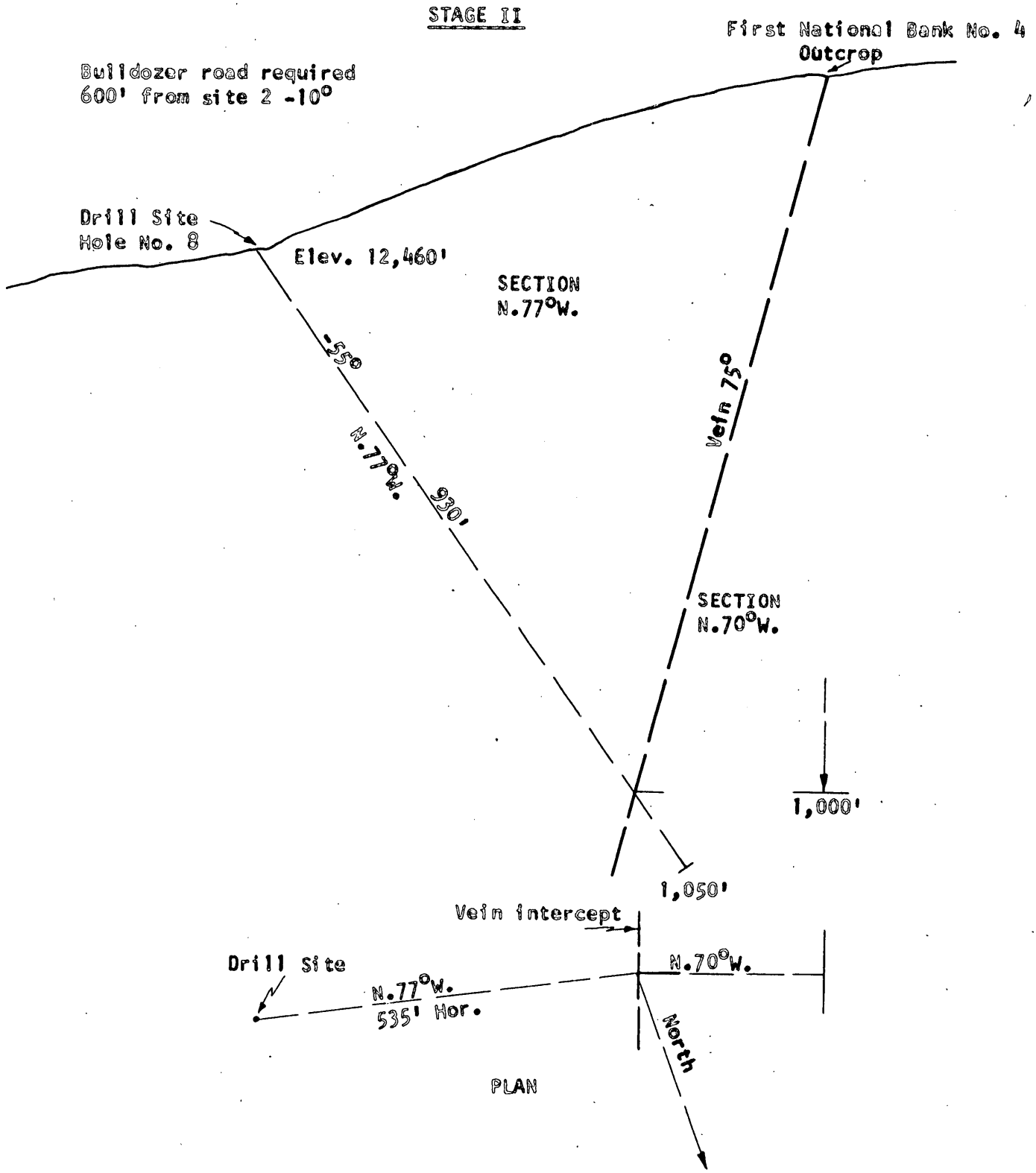
STAGE II



DWG. NO. 4

BY N.E. DATE 3/15/6[illegible] SUBJECT PALMETTO VEIN
CHKD. BY N.E. DATE
Engineer Mountain Area, Colo.
Proposed Drill Hole No. 8
SHEET NO. ..... OF .....
JOB NO.
Scale 1" = 200'

STAGE II



DWG NO. 5

Palmetto shaft. These holes should prove that the vein contains commercial ore at depths comparable to that reported in the lowest workings of the Palmetto shaft and the Frank Hough shaft reported to be 450 feet deep.

Holes Nos. 7 and 8, designed to explore the vein at depths of 1,000 feet below the surface will test the theories of Kelley 10 / and Burbank that "evidence tends to encourage exploration for metals of all sorts at any altitude above the top of the pre-cambrian basement rocks." ?

Because of the relatively short season it is deemed advisable to request two drilling units to complete the required footage in as short a time as possible. It should be stipulated in the formal Bid and Schedule of Unit Prices sent to drilling companies that the Company will not be responsible for road maintenance in the event of unseasonable early snows.

In case the drilling contractor desires to use a pump and water lines to supply water to the drill sites, in no case will the line be over 1,200 feet in length and with nominal pumping head.

Estimates of Diamond Drilling Costs

The following estimates of drilling costs at the Palmetto property are based upon eight holes (Six Stage I holes and two Stage II holes) having a total estimated footage of 5,100 feet.

A. Independent Contracts

(1) Diamond Drilling

It is contemplated to do all phases of the drilling under contract, including all necessary equipment, labor, supplies and water. The Company will prepare the access roads and the five surface drill sites under separate contract.

Stages I & II: The eight holes shown on DWG's Nos. 1-5 inclusive, total 5,100 feet. The cost differentials as bid between Stage I holes and Stage II holes are relatively insignificant, so unit costs are based on the full footage. The

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10 / Work cited in footnote 3, p. 466.

5,100 feet are estimated at an average overall cost of $11.34/ft. As the bids submitted (refer to Annex B) are tentative bids, it was deemed advisable to take the average of the two lowest bids for estimating the job.

				Cost	Unit Cost Per Foot
Item 1.	Mobilization and demobilization:		$1,775.00		
Item 2.	Non-coring:				
	0- 500 ft. Est. amt.				
	NX 1,200 ft.	$6.75/'	8,100.00		
	BX 900 ft.	$6.00/'	5,400.00		
	500-1,300 ft. Est. amt.				
	NX 350 ft.	$7.68/'	2,688.00		
	BX 350 ft.	$6.93/'	2,425.50		
Item 3.	Coring:				
	0- 500 ft. Est. amt.				
	900 ft.	$8.13/'	7,317.00		
	500-1,300 ft. Est. amt.				
	600 ft.	$9.05/'	5,430.00		
Item 4.	Reaming BX to NX (Per ft.)				
	Est. amt. 500 ft.	$4.65/'	2,325.00		
Item 5.	Cementing & redrilling (Per hr.)				
	Est. amt. 50 hrs., $18.00/hr.		900.00		
Item 6.	Drilling mud, cement, etc.				
	Est. cost		1,000.00		
Item 7.	Casing left in holes. No bid.				
	Est. cost		500.00		
Item 8.	Standby time				
	Est. amt. 50 hrs, $16.75/hr.		837.50		
	Incidental allowance				
	$1.25/' for 4,300'		5,375.00		
	Based upon 4,300' bid			$44,073.00	$10.25
	Cost based on 5,100'			$52,275.00	$10.25

		Cost	Unit Cost Per Foot

(2) Bulldozing

It is contemplated to do the bulldozing work for drill roads and drill sites under contract, including equipment, labor, fuel, etc., on a per-hour basis. It is estimated that a total of 2,500 feet of access road and five drill sites can be constructed in 92 hours' time (D7 or equivalent unit) at a rate of $15.00 per hour.

Operation of bulldozer	$1,380.00		
Charge for moving	75.00		
Est. standby time 10 hrs.	75.00		
		$ 1,530.00	$ 0.30

Total Cost Independent Contracts:

Diamond drilling	$52,275.00	$10.25
Bulldozing	1,530.00	0.30
	$53,805.00	$10.55

B. (1) Labor, Project Engineer: (Company)

It is estimated two drilling units can accomplish an average of 100 feet per working day.* The total footage then could be drilled in approximately 50 working days or about two months, figuring 25 working days per month. Additional full-time labor would consist of:

One project engineer @ $1,000/mo.	$2,000.00		
Per diem @ $10.00/day	500.00		
	$2,500.00		
		$ 2,500.00	$ 0.49

(2) Operating Materials & Supplies: (Company)

Core boxes (100 @ $1.40 ea.)	$ 140.00		
Misc. drafting, office and report supplies	100.00		
	$ 240.00		
		$ 240.00	$ 0.05

*Two units two shifts per day (25 ft. per shift per unit)

		Cost	Unit Cost Per Foot
(3) Operating Equipment: (Company)			
One pickup truck, (3,500 miles @ 10¢/mile)	$ 350.00	$ 350.00	$ 0.07
(4) Miscellaneous: (Company)			
Analytical work, (50 samples, average 150 determinations @ $3.00 ea.)	$ 450.00		
Accounting services	200.00		
Workmen's Comp., Social Security and Unemployment Ins., 12.2% of $2,200.00 11/	268.40	$ 918.40	$ 0.18
Total Cost (Company)		$ 4,008.40	$ 0.79

RECAP, Drilling Project

A. Total Independent Contracts:		
(1) Diamond drilling	$52,275.00	$10.25
(2) Bulldozing	1,530.00	0.30
B. Company: (Labor, materials, equipment, etc.)	4,008.40	0.70
Total Cost of Drilling Project	$57,813.40	$11.34

11/ Workmen's Comp., 4.7%; Social Security Taxes, 4.4% (Employer's Share); Unemployment Insurance, 3.1%; Total, 12.2%

PROPOSED DRIFTS ON VEIN

It is proposed to drift on the vein from the end of the Pray crosscut northerly a distance of 400 feet and southerly a distance of 1,000 feet. Refer to Figure 7. In drifting northerly the vein will be explored at a depth of from 100 to 130 feet below the outcrop. The drift southerly will explore the vein at depths up to 225 feet below the outcrop. This proposed underground work will explore the ore zone approximately half-way between the outcrop and the zones to be tested by Stage I drill holes.

Estimated Costs of Exploratory Drifts
(Av. size 6 x 7½ ft. in clear)

	Cost	Unit Cost Per Foot
(1) Labor:		
4 ft. av. round, based on 8 ft. per shift* (two headings): 4 miners @ $2.75/hr., av./day w/overtime 6th day = $95.33/shift (Time required, 14.6 weeks; use four months)	$16,682.75	
One foreman-surface man @ $550/mo. (4 months; swing shift only)	2,200.00	
Preparation: repair crosscut, install switches at crosscut-vein intersection, setting up machinery, moving, etc. (1 week)	972.00	
Project engineer: @ $1,000/mo. plus per diem; bookkeeping, surveying, mapping, reports, supervision day shift. (Overlap on diamond drilling phase; two extra months)	2,500.00	
	$22,354.75	
Workmen's Comp., S.S., and Unemployment Insurance, 11.71%	$ 2,617.74	
	$24,972.49	$17.84
(2) Materials and Supplies		
1. Explosives: (Per 4' round) Powder $18, fuse $2.80, caps $1.20	$ 7,700.00	$ 5.50
2. Rails (20#) 10 tons @ $260/ton	2,600.00	1.86
3. Spikes, angle-bars, bolts & ties	910.00	0.65
4. 1" water line (1,700')	595.00	0.42
5. 2" air line and couplings (1,700')	918.00	0.66
6. Pipe line valves and fittings	65.00	0.05

* Two shifts per day until north drift is completed, then three shifts per day or remainder of south drift (Anticipate 4 feet per round is conservative).

(2) Materials and Supplies (Continued)	Cost	Unit Cost Per Foot
7. Drill steel - one integral 6' steel @ $21 ea. Av. four 4' rounds/steel w/ resharpening =	$ 1,848.00	$ 1.32
8. Air and water hose	210.00	0.15
9. Rock drill rentals (3 drills w/legs)	720.00	0.51
10. Rock drill repairs, oil, etc.	744.61	0.53
11. 600 CPM Compressor (rental)	1,600.00	1.14
12. Diesel fuel, oil, filters, etc.	2,000.00	1.43
13. Vent. fan 3,000 CFM (rental, gas.)	240.00	0.17
14. Vent. pipe 10" 1,500', fittings	1,550.00	1.11
15. Two 128 Mucking machines (rental)	1,140.00	0.82
16. Four 1-ton muck cars (rental)	160.00	0.11
17. Two ½-ton pickups, transportation, etc., (rental)	2,000.00	1.43
18. Two car passes; 360 cu.ft. ea. @ $1.00/cu. ft. w/2 18" gauge switches @ $100 ea.	920.00	0.66
19. Miscellaneious small tools, picks, shovels, etc.	100.00	0.07
20. Timbering est. 10% = 140'; 300 bd. ft. 8 x 8's, 3 x 12's, braces, wedges, per set $30. Labor/set $40 plus 11.71% = $44.68; Final contract should be per set cost. (30 sets)	2,240.40	1.60
21. Assays: 10' intervals, Av. 4 determinations/ sample @ $3.00 ea.	1,680.00	1.20
22. Transportation cost, gas, oil, repairs	1,750.00	1.25
	$56,663.50	$40.48
23. Misc. overhead, breakdowns, delays, 15%	8,499.53	6.07
Total Cost 1,400'	$65,163.03	$46.55

RECAP, Total Project

Diamond drilling	$57,813.40
Drifting underground	65,163.03
TOTAL	$122,976.43

APPLICANT'S RIGHTS IN LAND

The following nine patented claims situate in the Galena Mining District, Hinsdale County, Colorado:

Palmetto Lode	U.S. Survey No. 233
Ruby Queen Lode	U.S. Survey No. 407A
First National Lode	U.S. Survey No. 408A
Chimney Corner Lode	U.S. Survey No. 496
Miners Bank Lode	U.S. Survey No. 309
F. X. Aubrey Lode	U.S. Survey No. 852
Sarah Woods Lode	U.S. Survey No. 1036
Superior Lode	U.S. Survey No. 1053
Fractional interest of Polar Star Extension	U.S. Survey No. 7863

All of the above patented claims are owned by Ralph C. Horton, 1385 Glencoe Street, Denver, Colorado. Abstracts of Titles are brought down to 1952 on the Palmetto, Ruby Queen and First National Bank claims; to 1953 on the Miners Bank and Chimney Corner claims; and to 1956 on the F. X. Aubrey, Sarah Woods and Superior claims. On June 22, 1964 the northern 3,383 acres of the Polar Star Extension Lode was acquired by tax deed.

True copies of the following documents are included in separate folder Annex B, which is a part of this report:

1. Mining Lease (and option to purchase), dated April 1, 1966, between Ralph C. Horton and Roy Pray. Recorded in Hinsdale County, Colorado on April 13, 1966, Book 59, Pages 80-A to 84 inclusive.

2. Assignment of Mining Lease, dated April 6, 1966, between Roy Pray and Leon Haas and Joe Ianni. Recorded in Hinsdale County, Colorado April 13, 1966, Book 59, Pages 85 to 89 inclusive.

CONCLUSIONS

Roy Pray and Associates propose a thorough investigation by diamond drilling and underground drifting on the Palmetto - Ruby Queen - First National Bank vein system located in the Galena Mining District of Hinsdale County, Colorado in view of the following reasons:

(1) The results of the bulldozing and surface sampling program carried out during 1966 has shown a strong continuous vein for over a distance of 4,000 feet that averages from three to five feet wide, and contains average values in the range of 0.16 ounces of gold and 23.82 ounces of silver per ton. In addition, it is estimated that dumps from shallow workings along the vein contain up to 5,000 tons of ore-grade material, averaging from $25 to $30 per ton.

(2) The program of de-watering the old Palmetto shaft to the 200 Level was successful in determining that the vein on that level averaged 30 inches wide, containing silver values in the range of 13.5 ounces per ton. This program also determined that Probable ore reserves above the 200 Level were in the magnitude of 5,000 tons.

(3) A review of available old records indicates the ore was continuous to the lowest level from the shaft (probably 330 feet), and that additional Probable reserves may be in the range of 12,500 tons. The limits of the ore down-dip have not been delineated.

(4) The program established the probable impracticability of utilizing the Palmetto shaft for future mining of the property because of excessive water pumping problems.

(5) A review of the mineralogy of the veins in the general area, as well as reports made by government geologists, indicate that commercial values may extend to considerable depths--probably in excess of 1,200-1,500 feet below the surface.

(6) The economic picture relative to silver is exceedingly bright. The large discrepancy between supply and demand foreshadows a price increase within a relatively short time. The Palmetto vein system could materially add to the Treasury Department's dwindling reserve of this important metal.

ROOT & SIMPSON, Inc.

TEL. CHERRY 3223 METALLURGICAL CHEMISTS AND ASSAYERS P. O. BOX 2069

DENVER 1, COLORADO

SPECIMEN ASSAY

ASSAYED FOR	MARKS
Ralph C. Horton	First National Bank No. 2

GOLD OZS. PER TON	SILVER OZS. PER TON	WET LEAD PER CENT	COPPER PER CENT	ZINC PER CENT	INSOL. PER CENT	IRON PER CENT	BISMUTH PER CENT	PER CENT
0.34	50.3			Dump Sample				

DATE 8/28/52 CHARGES $2.00

Paid CHR. Root & Simpson, Inc.

ROOT & SIMPSON, Inc.

TEL. CHERRY 3223 METALLURGICAL CHEMISTS AND ASSAYERS P. O. BOX 2069

DENVER 1, COLORADO

SPECIMEN ASSAY

ASSAYED FOR	MARKS
Ralph C. Horton	Palmetto No. 1 or Ruby Queen Shaft

GOLD OZS. PER TON	SILVER OZS. PER TON	WET LEAD PER CENT	COPPER PER CENT	ZINC PER CENT	INSOL. PER CENT	IRON PER CENT	BISMUTH PER CENT	PER CENT
0.13	17.1							

DATE 8/28/52 CHARGES $2.00

Paid CHR Root & Simpson, Inc.

ROOT & SIMPSON, Inc.

TEL. CHERRY 3223 METALLURGICAL CHEMISTS AND ASSAYERS P. O.

DENVER 1, COLORADO

SPECIMEN ASSAY

ASSAYED FOR	MARKS
Ralph C. Horton	First National

GOLD OZS. PER TON	SILVER OZS. PER TON	WET LEAD PER CENT	COPPER PER CENT	ZINC PER CENT	INSOL. PER CENT	IRON PER CENT	BISMUTH PER CENT	PER CENT
0.13	12.90	32.85		13.60	Surface Cut			

DATE 9/12/49 CHARGES $4.50

Paid CHR. Root & Simpson, Inc.

Minerals Assay Laboratory

Date 7/19/66

549 Noland Avenue -:- Grand Junction, Colorado

Phone 242-8021

NAME Mr. Roy Prey ADDRESS Lake City, Colorado

CC: Mid-Continent Uranium Co.

LAB. NO.	7/18/66 SAMPLE RECEIVED		% Lead Pb	% Zinc Zn	PERCENT URANIUM % U_3O_8	PERCENT VANADIUM % V_2O_5	OZ. GOLD PER TON	OZ. SILVER PER TON	PERCENT COPPER % Cu
1036	#1 Below Main Dump Surface						0.01	1.0	
1037	#2 Ruby Queen Face						0.00	0.0	
1038	#3 Parallel Vein Chimney Corner						0.00	13.4	
1039	#4 East Portion	Surface 3½'	0.72	0.88	Large Sample 40#		0.25	32.2	0.19
1040	#5 West Portion	Surface 3½'	0.53	0.72	" "	50#	0.17	31.6	0.18

Palmetto

(#35.=) Av .21 au = $7.35
(#1.29) Av 31.90 ag = 41.15
48.50

TOTAL CHARGES $

R. E. Morris

Minerals Assay Laboratory

Date 9/6/66

549 Noland Avenue -:- Grand Junction, Colorado

Phone 242-8021

NAME Mr. Roy Prey ADDRESS Lake City, Colorado

CC: Mid-Continent Uranium Co.

LAB. NO.	9/6/66 SAMPLE RECEIVED		% Lead Pb	% Zinc Zn	PERCENT URANIUM % U_3O_8	PERCENT VANADIUM % V_2O_5	OZ. GOLD PER TON	OZ. SILVER PER TON	PERCENT COPPER % Cu
1335	Sample #1 Hanging Wall	16"	2.6	9.7			0.00	5.6	0.31
1336	Sample #2 Footwall	13"	0.34	0.50			0.005	0.96	0.18
1337	Sample #3 Center Cut	30"	0.10	0.15			0.00	0.36	0.19
		59"							

New Palmetto Crosscut (1966)
225'

TOTAL CHARGES $

R. E. Morris

2114 CURTIS STREET TELEPHONE 623-1852

CHARLES O. PARKER & CO.

CHEMISTS • ASSAYERS • ENGINEERS

DENVER, COLORADO 80205

Folio 8733

Date Dec. 22, 1966

Roy Prey
Lake City
Colorado

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
Ore Sample	0.22	44.36						

Ruby Queen Shaft Dump (10# sample)

Gold at _____ per ounce Copper at _____ per unit

Silver at _____ per ounce Zinc at _____ per unit

Lead at _____ per unit _____

Charge $ 2.50

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

Assay Office and Laboratory of W. H. SMITH

115 EAST FIFTH STREET

BOX 612 TELEPHONE 359

Leadville, Colo., Oct. 3 1956 66

I Hereby Certify that Sample Assayed for Roy Pray
gave the following results per ton:

NUMBER	Ounces GOLD	Ounces SILVER	Per Cent LEAD	Per Cent ZINC	Per Cent COPPER	Per Cent IRON	Per Cent MANG.	Per Cent SILICA	Per Cent SULPHUR	Per Cent LIME
1	0.10	13.7	6.8	6.8	0.6	First Nat. Bank Shaft Dump 40#				
2	0.08	5.7	0.8	1.8	0.15	Fix. Aubrey Dump 30#				
3	0.02	6.1	0.7	1.1	0.1	Miners Bank 41"				

Charges $19.50

W. H. Smith Assayer

Date 7/6/66

Minerals Assay Laboratory

549 Noland Avenue -:- Grand Junction, Colorado

Phone 242-8021

NAME Mr. Roy Frey ADDRESS Lake City, Colorado

CC: Mid-Continent Uranium Co.

LAB.	7/5/66 SAMPLE RECEIVED	PERCENT URANIUM % U_3O_8	PERCENT VANADIUM % V_2O_5	OZ. GOLD PER TON	OZ. SILVER PER TON	PERCENT COPPER % Cu
960	Sample#1			0.00	5.1	
961	Sample#2			0.00	1.4	
962	Sample#3			0.00	6.5	
963	Sample#4			0.04	63.7	
964	Sample#5			0.00	9.0	
965	Sample#6			0.00	5.6	
966	Sample#7			0.00	3.7	
967	Sample#8			0.00	7.3	
968	Sample#9			0.00	3.1	
969	Sample#10			0.01	43.3	
970	Sample#11			Trace	6.1	

Palmetto Mine
200 Ft. Level
(Refer to Sketch Map for Sample locations)

TOTAL CHARGES $

R. E. Morris

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

June 7, 1979

Mr. William J. Horton
3829 East Nobles Road
Littleton, Colorado 80120

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hindsdale County, Colorado
Contract 2247

Dear Mr. Horton:

On October 6, 1977, we sent you a letter about rerecording unpatented mining claims by October 22, 1979, because of provisions in Public Law 94-579. A copy of the letter is enclosed. We asked you to advise us that you had rerecorded your claims by signing, dating, and returning a copy of the letter to this office. We have not received a reply from you on this matter.

Because of the opportunity for you to rerecord the claims in the next 4 months, the need to protect your interest in the claims, and the Government's interest as a consequence of its rights to royalty on production from these claims, we are sending this reminder to you.

Please take care of this matter at your earliest convenience, sign, date, and return the enclosed copy.

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

November 7, 1978

Mr. William J. Horton
3829 East Nobles Road
Littleton, Colorado 80120

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Horton:

As requested by phone on November 7, 1978, we enclose a copy of OME Contract 2247.

Please note on Figures 1 and 2 that the portal and approximately first 70 feet of the Pray crosscut are on unpatented claim R. Pray No. 1. As this was an unpatented claim and has been abandoned (reverted to the Bureau of Land Management), you should protect this entry into the mine by staking a claim (and maintaining it) surrounding that portion of the Pray crosscut.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

September 15, 1978

Mr. William J. Horton
Mountain Bell
950 15th Street, Room 1130
Denver, Colorado 80202

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Horton:

This is to inquire about any action you may have taken in response to our letters to you dated January 30, 1978, and October 6, 1977 (copies enclosed).

Please reply at your earliest convenience.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

R 111

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

January 30, 1978

Mr. William J. Horton
Mountain Bell
950 15th Street, Room 1130
Denver, Colorado 80202

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Horton:

This is in reply to your letter of January 20, 1978, informing us that the unpatented claims described in the subject OME contract have "reverted to the Bureau of Land Management."

We understand that upon expiration of a lease with Glen Explorations, Inc., ownership of the property reverted to your father, Ralph C. Horton, and upon his death, responsibility for the property described in the contract passed to you. We understand, too, that you are aware of the royalty obligations under the OME contract.

Inasmuch as the Operator, Roy Pray and Associates, failed to retain its rights in the unpatented claims, those rights were not available for transfer. One possible solution that can be taken now to protect the Government's interest would be to stake a claim covering the area at the portal of the Pray crosscut--the only tunnel entry to the mine. A claim adjacent to the east side lines of the Miner's Bank and First National Bank patented claims in the vicinity of the portal would suffice.

The Palmetto vein system, possible source of ore and subsequent royalties to the Government, dips east-southeast under the unpatented claims, which formerly were a part of the land described in the contract. The vein explored on the OME contract does not crop out on the land covered by the reverted unpatented claims so the possibility of production and royalty is not jeopardized by the loss of those claims. However, your right of access to the mine via the Pray crosscut should be assured by staking a new claim. If another claimant has not restaked Pray's claims, at least one claim should be staked as suggested to protect access to the crosscut.

If this course of action is taken, please date, add the name of the new claim, and sign and return our letter to you dated October 6, 1977.

Also, we should have a map showing the new claim in relation to the portal and the patented claims.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

R. III

Recd 1/26/78

William J. Horton

930 Fifteenth Street
Denver, CO 80202

January 20, 1978

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
Mail Stop 953

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Kirkemo:

In reference to your letter of October 6, 1977 concerning the new legislation requirements regarding unpatented mining claims and affidavits of annual assessment work, I would like to advise that my family and I do not own the unpatented mining claims in Contract 2247. The claims in question, namely: Pray #1, Pray #2, Pray #3 and Pray #4 as recorded in Book 60, page 1 through 8 of Hinsdale County, Colorado, belong to Mr. Roy Pray.

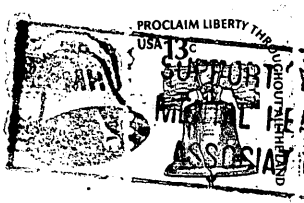
I discussed the matter with Mr. Pray and he informed me that the claims had reverted to the Bureau of Land Management.

I would be happy to do whatever is necessary, but considering I do not own the unpatented claims and they are now Bureau of Land Management property, I am at a loss as to a course of action.

If I may provide additional information, please advise.

Sincerely,

William J. Horton



United States
Department of the Interior
Geological Survey
Reston, Va. 22092

Mail Stop 953

William J. Horton
931 Fourteenth Street, Denver, CO 80202

930 Fifteenth

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

October 6, 1977

Mr. William J. Horton
Mountain Bell
950 15th Street, Room 1130
Denver, Colorado 80202

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Horton:

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 for two reasons--to alert you to the need to rerecord in order to retain the claims, and to protect the Government's interest in the land and in royalty from possible production therefrom during the period of royalty obligation which continues beyond October 22, 1979.

We would appreciate being advised that you have rerecorded your claims. Accordingly, please return to us one copy of this letter dated and signed where applicable in the statement below.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

"The unpatented mining claims described in the contract cited above were recorded on _____ in accordance with Section 314, P.L. 94-579."
(date)

Signature _____

Title _____

Date _____

HR 9/27/76

United States Department of the Interior

GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO:

August 8, 1976

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: 6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

An annual inspection of the subject property was made on July 27, 1976 in reference to the subject contract's continuing obligations for OME royalty payments from production.

Exploration work under the subject contract started September 25, 1967 and was terminated August 29, 1970. The purpose of the project was to explore by drifting and crosscutting for silver-bearing ore bodies and along the Palmetto vein system occuring in volcanic rocks of the Silverton Volcanic Group of Tertiary age.

The exploration work resulted in a discovery of a silver-bearing ore shoot, and a Certification of Possible Production was issued on February 23, 1971. The government's lien for payment of royalties expires on September 8, 1980.

Since the exploration work was completed, the lease expired and ownership reverted to the owner. The owner also has since passed away and the property is now in the hands of the owner's son, William J. Horton. He is aware of the royalty obligations resulting from the discovery of ore.

It was ascertained during the inspection that there has been no production from the mine resulting from the OME contract work. Several mining companies have examined and appraised the property during the past few years but none of them have apparently been interested enough to lease the property. The owner is desirous of leasing to a small company that can operate the mine with only one or two crews without using a great amount

of overhead. Milling in the Lake City area is a real problem at the present time. Earlier company plans were to construct a mill near the old Palmetto shaft below the present workings to enable mining and milling to be conducted the year round, but the plans were never consummated.

J. William Hasler

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

United States Department of the Interior
GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO: P. O. Box 25046 - Building 53 - MS 953

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 05 1976
INITIALS | CODE
HR

March 1, 1976

Mr. William J. Horton
Mountain Bell
950 15th Street, Room 1130
Denver, Colorado 80202

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Horton:

In reply to your telephone request of February 12, 1976, the outstanding balances on the subject contract as of January 31, 1976 were as follows:

Principal balance	$44,382.49
Accrued Interest	$21,357.03
Total	$65,739.52

Your father, with whom I visited on numerous occasions, before, during and after the completion of the exploration work at the Palmetto property was familiar with the terms of the OME contract and I am sure had talked with you about it throughout the course of the contract. His interest in the property was all-consuming and justifiably so as it was the result of life long dream to find more ore, mine and to realize some production from it. I too would enjoy seeing the Palmetto mine come into production and not from just a production or repayment viewpoint.

I thoroughly enjoyed and valued your father's friendship. It seemed a regular yearly function for us to lunch together during the Colorado Mining Association meetings each February over the past few years. I was shocked to read of his passing as I had hoped such a friendship would not end -- at least so suddenly. We all have too few acquaintances

like your father during ones lifetime. Please accept my sincere expressions of condolance to you, your mother and sister in the loss of your father.

The minerals assistance program administered by the U. S. Geological Survey was designed to assist small mine operators in exploration and in their search for certain critical and strategic minerals. Some of the favorable aspects of this program are that if, upon completion of exploration work no ore has been discovered, and a certification of discovery is not executed, the government writes off their contribution, and the Operator is no longer obligated to repay the government. If, upon the completion of exploration work under a contract, ore was discovered and a certification of discovery was made, as in the case of this contract, the operator or owner is obligated to repay the government's share, with interest from production. This outstanding balance should not be considered the same as a debt on a commercial loan, but an obligation payable only in the event of production. This does not place a roadblock to development of the property.

Pursuant to Article 6 of the subject contract, as amended, the Government certified that mineral or metal production may be possible as a result of the exploration work.

Therefore, royalties shall be paid to the government provided in the contract on all production from the land described in the contract from September 8, 1967, to September 8, 1980, or until the total amount contributed by the Government under the contract ($44,383.00) is fully repaid with interest at the rate of 7¼ percent per annum, whichever occurs first. The payment of royalties is secured by a lien upon the land and upon any production therefrom.

The impact of the obligation, however is mitigated by the plan of repayment. Unlike a conventional commercial loan which requires repayment in full plus interest on a predetermined schedule, only royalty payments on this OME loan are required <u>only</u> if there is production in the period from September 8, 1967 to September 8, 1980. The outstanding balance of principal and interest may be repaid in full prior to that date if production is sufficient to make such action possible. Upon termination of the period for royalty payments, the Government would write off the unpaid balance, and would retain no further interest in the land or in any production therefrom. The amount of individual royalty payments would not exceed 5 percent of the gross proceeds of each shipment or sale regardless of the total amount of outstanding balance on the OME loan. This repayment plan should not be a burden on the producer nor a deterrent to further exploration or development of the property by the Operator or successor interests. If there is no production, no royalty payment would be possible or expected.

We are happy to have been of assistance to your father in his efforts to explore for ore at the Palmetto property, and especially for having met with some degree of success, and it has been a pleasure to serve you. Should you have any further questions concerning the subject contract please feel free to call on us.

Sincerely yours,

J. William Hasler

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

cc: Chief, OME
OME chron
Mr. Hasler
OME-6630

✓
HK

United States Department of the Interior

GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO: P. O. Box 25046 - Building 53 - MS - 913

February 12, 1976

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

This is to inform you that the owner of the Palmetto property, Mr. Ralph C. Horton, passed away January 3, 1976.

My memorandum, dated September 19, 1975, to you concerning the subject docket indicated that the lease to Glen Explorations had expired and that the property had returned to its owner.

I had talked with Mr. Horton just prior to his passing and he indicated that he had had several inquiries from mining companies concerning the subject property, and that he was anxious to have someone develop the property for him, since he was now eighty years old and that he didn't have too much longer to wait for the mine to go into production.

Today, his son, William J. Horton, called me inquiring about the status of the contract concerning the outstanding balance and accrued interest on the subject contract.

If you will send me the data I will correspond with him concerning the settlement of his father's estate and inform him of the balance of the principal and accrued interest. I will also explain to him the terms of the contract. He has his father's file on the property which includes a copy of the Operator's application for financial assistance and the Operator's final report, and I believe a copy of the contract.

J. William Hasler

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

Principal [illegible] $44,382.49
[illegible] $21,357.03

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

February 25, 1976

Memorandum

To: Field Officer, OME Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

In reply to your memorandum of February 12, 1976, the outstanding balances on the subject contract as of January 31, 1976, were as follows:

Principal balance	$44,382.49
Accrued interest	21,357.03
Total	$65,739.52

I believe that a letter (copy enclosed) similar to the one I wrote on January 15 to Mr. John L. Larsen, Western States Minerals, Inc. (OME-6646), would adequately explain the responsibility of Mr. William J. Horton to the contract. We also have replied to several Congressional inquiries on the Larsen matter, copies of which have been sent to you.

The main idea to convey to Mr. Horton is that the outstanding balance should not be considered the same as a debt on a commercial loan, but as an obligation payable only in the event of production. This does not place a road block to development of the property.

Harold Kirkemo

Enclosure

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

22 SEP RECD

United States Department of the Interior

GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO: P. O. Box 25046 - Building 53 - Mail Stop 953

September 16, 1975

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

This memo is in reference to a call yesterday from Gail Wiegand concerning the sending of a form MME 63 to the subject operator.

Last April 8 (see enclosure) Gail called requesting information where to send MME Form 63 for the subject property. She had sent one to the President of Glen Exploration, at 1204 Praetorian Building, Dallas, Texas and it was returned without having been answered. She then called information at Mary's suggestion, and obtained the whereabouts of Glen Exploration. She talked with Mr. Jack Fraser, 1850 Mercantile, Dallas Building, Dallas, Texas, at which time he informed her that Glen Explorations, Inc. was filing bankruptcy. Gail informed him to write that information on the MME Form 63 and return it to Washington, which apparently he did not do.

Yesterday, I called and talked to Mr. Ralph C. Horton, owner of the subject group of claims, presently under lease to Glen Explorations, Inc., who had signed the lien and subordination agreement (MME Form 52) which was made a part of the subject contract.

Mr. Horton informed me that he had had a telephone conversation with Mr. Jack Fraser about April 8, 1975 and was informed that Glen Explorations, Inc. had filed bankruptcy, but that Mr. Fraser thoguht they might make out okay, however, he was not certain.

Yesterday, (9/15/75) Mr. Horton informed me that Glen Explorations, Inc. was in default on their lease with Mr. Horton, and that Glen Explorations, Inc. had paid him $1,000.00 for the first year of their lease, but had not paid the specified amount to Mr. Horton for the succeeding four years,

nor had they completed any of the exploration work prescribed under the terms of the lease. Mr. Horton thought that the ownership of the subject property had reverted back to him because of the failure of Glen Explorations, Inc. to comply with the terms of the lease, for the past four years.

Mr. Horton said that he would call Mr. Fraser and then inform me as to whether or not the ownership of the subject property has reverted to Mr. Horton, the owner. Mr. Horton also informed me that Mr. Joe Ianni, a partner with Mr. Roy Pray and Mr. Leon Haas had passed away, and that Mr. Ianni was the principal financial source for the Roy Pray and Associates as well as Glen Explorations, Inc. This may be the reason for Glen Explorations, Inc. filing bankruptcy about April 8, 1975.

I will contact Mr. Horton in a few days and ascertain the present property ownership, and so inform you of it. Royalty payments are due on production from the subject property until September 8, 1980, or until the total amount contributed by the Government under the contract $44,383.00) is fully repaid with interest at the rate of 7¼ percent per annum, whichever occurs first.

J. William Hasler

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

Enclosure

April 8, 1975

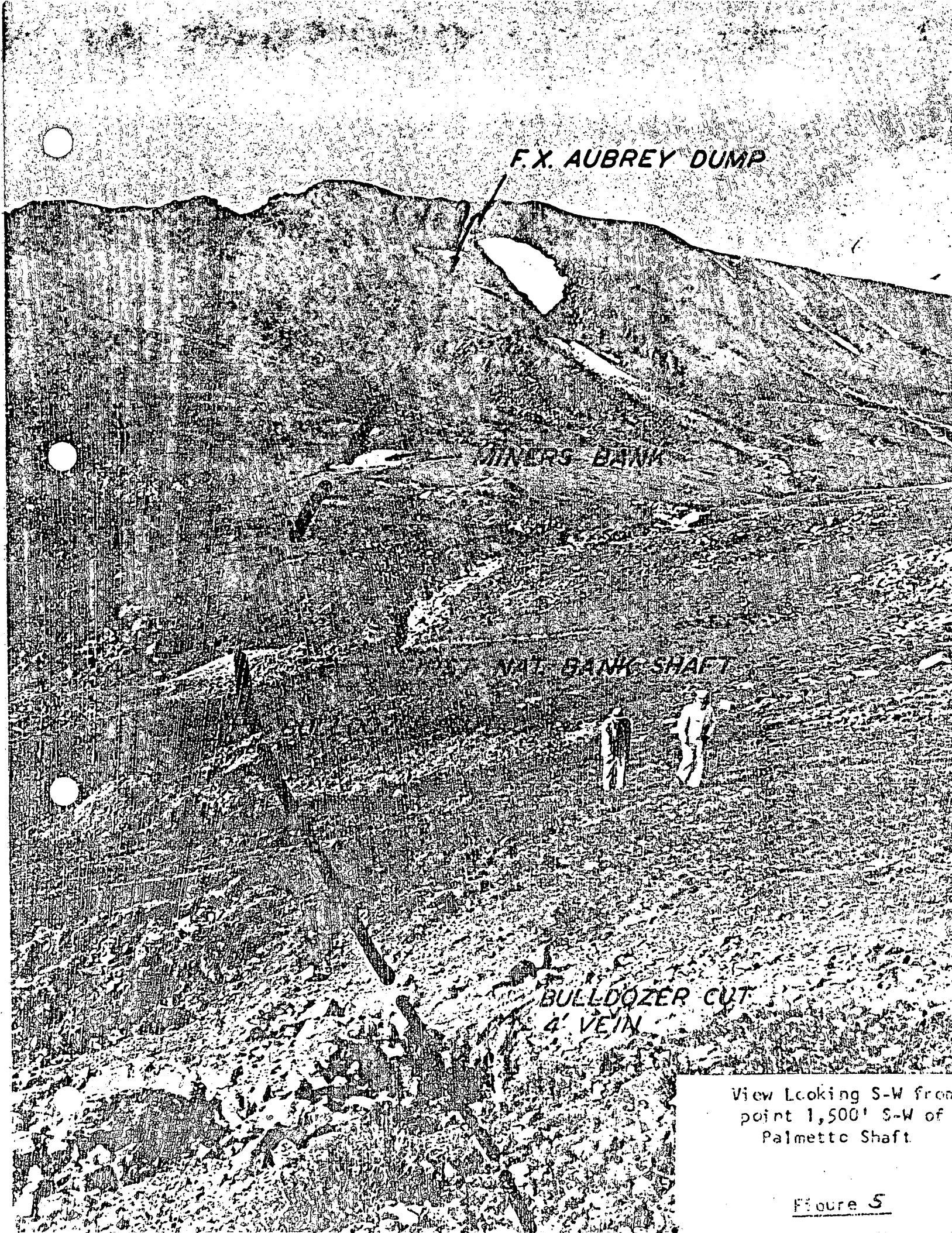
Gail Wiegand called and wants to know where to send the MME Form 63 for OME-6630 (Roy Pray property). She had sent one (MME Form 63) to the President (no name) at 1204 Praetorian Building in Dallas, Texas and it was returned. I suggested she call information and ask the whereabouts of Glen Explorations, Inc. which she did and talked to Jack Fraser 1850 Mercantile, Dallas Building, Dallas Texas. Said they were filing bankruptcy. Gail told him to write that on the MME 63 and return it to the OME office, Washington.

Gails
Her Mtg

Mary

I called Ralph Horton today 9/15/75. He informed me that Glen Exploration had not done anything at the Palmetto Mine since 1970. The lease called for Glen Expl. to pay Horton $1,000.00 per year plus other work. They paid him only $1,000.00 for the first year, consequently their lease is in default. Mr. Horton also informed me that Jane Hood died and that she was the money behind the whole operation. The property has never or should have reverted to the owner (Mr. Horton) Horton lives at 1385 Glencoe Street, Denver, Colo Telephone 377-0374

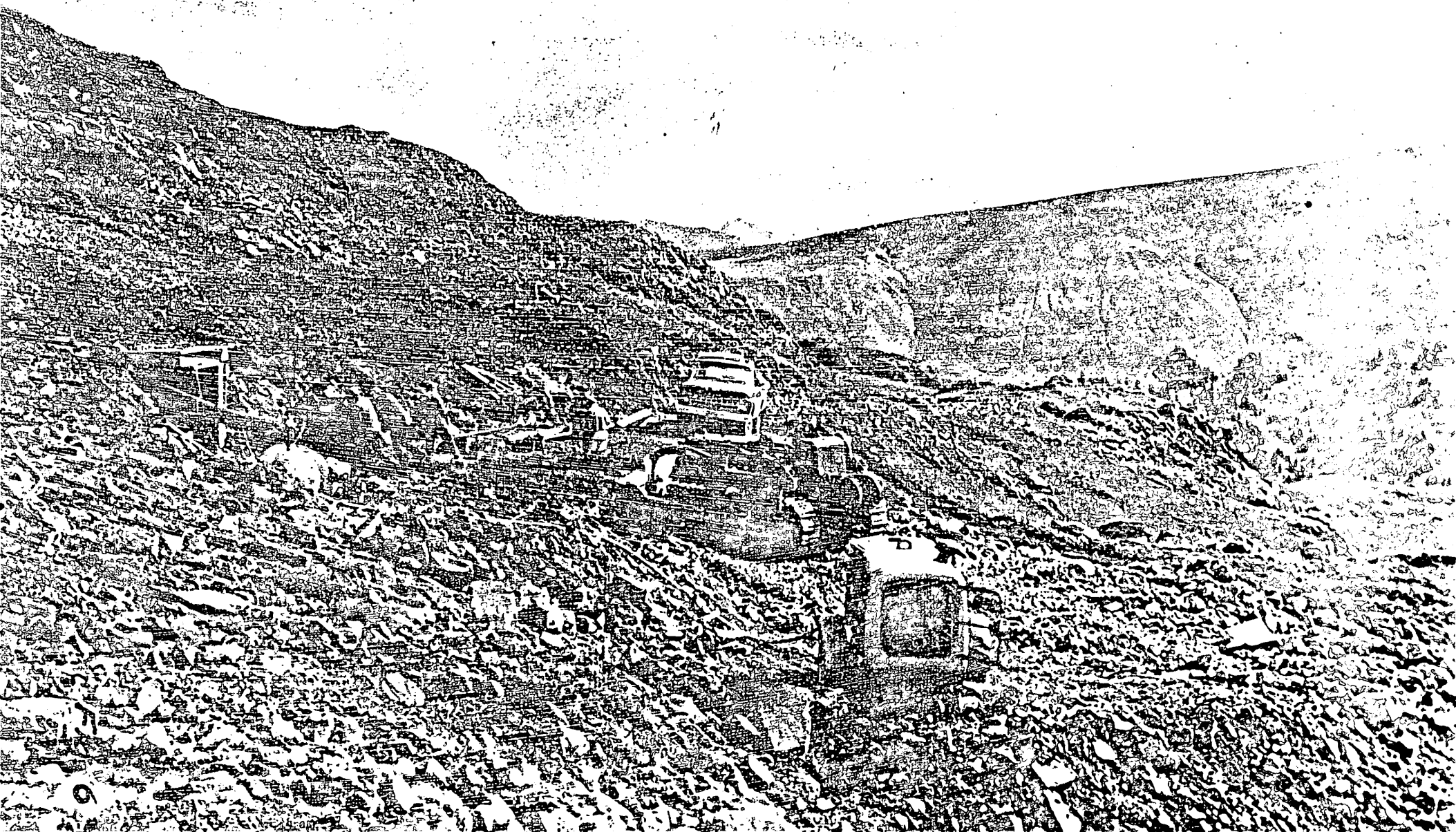
Bill



View Looking S-W from point 1,500' S-W of Palmetto Shaft

Figure 5

PORTAL PRAY CROSSCUT
VIEW LOOKING NORTH



Standard Form No. 65
November 1961
General Services Administration
General Regulation No. 27

U.S. Government Messenger Envelope

65-106

NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM		NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM	
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[illegible] Ford [illegible]	STOP		STOP
~~Motion Picture Servic~~ ~~Dept. of Agriculture~~ ~~Wash D.C.~~ ~~Attn: J. J. Sanders~~	STOP		STOP
~~Bill Neuman~~ ~~Rm. 4203 - GS. Bldg.~~	STOP		STOP
Hal James Rm 4244, GSA	STOP		STOP
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Use other side

Use STOP only when messenger service between Government buildings in Washington, D.C., is required or wherever a STOP system is used. Your mail room has STOP information.

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1. Void Previously Used Block
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4. Send Surplus Envelopes to Supply Room for Reissue

Maps - Plates
OME-6630
Reg Prog & Assessment

NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM		NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM	
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Use other side first

☆ U.S. GOVERNMENT PRINTING OFFICE: 1965—O-760-950

File in Roy Pray & associates Docket

IN REPLYING PLEASE QUOTE
FW-1375
CEH

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
DENVER REGIONAL OFFICE
7224 FEDERAL BUILDING
1961 STOUT STREET
DENVER, COLORADO 80202

July 17, 1973

OME Region III
RECEIVED
JUL 19 1973
Denver, Colorado

Mr. William Hassler
Department of the Interior
U.S. Geological Survey
Denver Federal Center, Bldg. 53
Denver, Colorado 80225

Re: United Australian Oil, Inc.

Dear Mr. Hassler:

Enclosed is a copy of Litigation Release No. 5946 dated June 25, 1973, which relates to securities fraud, mail fraud, violations of the registration provisions of the federal securities laws, and conspiracy to violate those statutes in connection with the sale of securities of the subject company. You will note that Roy J. Pray, of Canon City, Colorado, OME6630 entered a plea of guilty in connection with certain of the above charges.

The case received widespread publicity in both newspapers at Dallas, Texas.

Very truly yours,

Donald J. Stocking

Donald J. Stocking
Regional Administrator

Enclosure:
As stated

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 24 1973

INITIALS	CODE
	170

as April of 1972. The certified financial report as of May 26, 1972 was alleged to have contained an overstatement of income of approximately $2 million.

The five individual defendants have previously consented to similar Orders of Permanent Injunction without admitting or denying the allegations in the Commission's Complaint.

Mr. Moran wishes to acknowledge that the New York Stock Exchange, Inc. assisted the Commission in its investigation leading to the filing of the Complaint in this matter.

For further information, see Litigation Release No. 5906.

Litigation Release No. 5946/June 25, 1973

U.S. v. UNITED AUSTRALIAN OIL, INC., et al. (N.D. Tex.)

Robert F. Watson, Administrator of the Fort Worth Regional Office of the Securities and Exchange Commission, and Frank McCown, United States Attorney for the Northern District of Texas, today jointly announced that after an eight-day trial in Federal District Court in Dallas the jury found defendant Wallace L. Hammer, a/k/a J. B. Roach, of Scottsdale, Arizona, guilty of 17 counts of a 42-count indictment, and defendant Edward J. Prince, of Chicago, Illinois, guilty of 4 counts of the same indictment. The jury did not reach a verdict on defendants Ross H. Scott, an attorney from Dallas, Texas, and Archie S. Barnhill, a certified public accountant from Irving, Texas.

The 42-count indictment which was returned on April 5, 1973, charged 18 individual defendants and United Australian Oil, Inc., Dallas, Texas, with securities fraud, mail fraud, violations of the registration provisions of the federal securities laws, and conspiracy to violate those statutes. Prior to the trial, E. O. Blakeway, of Dallas, Texas; Clarence S. Burch, a/k/a Pat Burch, of Houston, Texas; Gerald F. Burch, a/k/a Mike Burch, of Dallas, Texas; Doyen D. Golding, a/k/a Don Golding, of Jacksonville, Texas; Newton L. Campbell, a/k/a Walter E. Hendricks, of Houston, Texas; Neva J. Jackson, a/k/a Neva Stewart, of Scottsdale, Arizona; Kenneth Mjaaland, of Dallas, Texas; Roy D. Pray, of Canon City, Colorado; Warren W. Stepp, of Springfield, Missouri; W. Lee Thompson, of Dallas, Texas; Hardy Buford Todd, a/k/a Boots Todd, a/k/a W. H. Walker, of Oklahoma City, Oklahoma; and United Australian Oil, Inc. plead guilty to one or more counts of the indictment.

Defendants Charles I. Allen, of Oklahoma City, Oklahoma, and Charles H. Farr, of Norman, Oklahoma, were severed and are awaiting separate trials. Sentencing of those found guilty by the jury and those who plead guilty was set by federal district judge Sarah T. Hughes for July 13, 1973.

The indictment charged that the defendants acquired control of United Australian Oil, Inc., a shell corporation with public shareholders, in August, 1967, and thereafter placed worthless assets or bankrupt companies into United Australian Oil, Inc. in exchange for the company's stock. The indictment charged that the defendants then had United Australian Oil, Inc. become its own stock transfer agent and distributed false and misleading information about United Australian Oil, Inc. and its assets. The indictment alleged that the defendants printed up United Australian Oil stock certificates and sold them to the public and retained the proceeds of these sales for their own benefit.

For further information see Litigation Releases 4001, 4314, 4315, 4349, 4374, 5847 and Securities Exchange Act Release 8498.

Litigation Release No. 5947/June 25, 1973

SEC v. WESTERN OIL DEVELOPMENT CORPORATION, et al. (N.D. Ca.)

Gerald E. Boltz, Regional Administrator, Los Angeles Regional Office, and Leonard H. Rossen, Associate Regional Administrator, San Francisco Branch Office, of the Securities and Exchange Commission announced today that U.S. District Judge Albert C. Wollenberg has permanently enjoined George L. Batis, a Vice President of the Bank of America, from further violations of the anti-fraud provisions of the Federal securities laws. The court issued the injunction following a three day trial in which it found that Batis, during 1971, aided and abetted the fraudulent offer and sale of stock of the Western Oil Development Corporation (WODCO), formerly a San Mateo, California-based real estate acquisition and development company.

The court found that Batis, who has been with the Bank of America (Bank) for 31 years, attended two meetings in September and October 1971, with New York City securities brokers at which meetings he misrepresented the relationship between the bank and WODCO by stating that the Bank referred distressed properties to Western Oil for its acquisition. At the meetings Batis failed to dispel the inference created by Tumminello, president of Western Oil, and/or William S. Bennett, consultant to the company, that the Bank had an unusually close relationship with Western Oil when, in fact, no such relationship existed through Batis or otherwise. Batis further failed to inform the attendees at the meetings that Bennett had previously been indicted for his participation in the so-called Silverthorne case although he knew such information would be important to the brokers. The court also found that at the time of the two meetings, Batis knew that Western Oil and/or Tumminello were past due in payment of notes to the Bank but he said nothing to the attendees at the meetings.

Additionally the court found that Batis had spoken with prospective purchasers of Western Oil stock referred to him by the company and failed to inform them that the company and Tumminello were past due on payment of notes to the Bank, that he had been discussing with Tumminello possible means by which the past due notes could be repaid, including liquidation of various Western Oil assets, and that Bennett had been indicted for his

IN REPLYING PLEASE QUOTE
FW-1375
CEH

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
DENVER REGIONAL OFFICE
7224 FEDERAL BUILDING
1961 STOUT STREET
DENVER, COLORADO 80202

July 17, 1973

OME Region III
RECEIVED
JUL 19 1973
Denver, Colorado

Mr. William Hassler
Department of the Interior
U.S. Geological Survey
Denver Federal Center, Bldg. 53
Denver, Colorado 80225

Re: United Australian Oil, Inc.

Dear Mr. Hassler:

Enclosed is a copy of Litigation Release No. 5946 dated June 25, 1973, which relates to securities fraud, mail fraud, violations of the registration provisions of the federal securities laws, and conspiracy to violate those statutes in connection with the sale of securities of the subject company. You will note that Roy J. Pray, of Canon City, Colorado, entered a plea of guilty in connection with certain of the above charges. OME663

The case received widespread publicity in both newspapers at Dallas, Texas.

Very truly yours,

Donald J. Stocking

Donald J. Stocking
Regional Administrator

Enclosure:
As stated

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 24 1973

INITIALS	CODE
	120

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

SEP 25 1972

AIRMAIL

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Glen Explorations, Inc.
1204 Praetorian Building
Dallas, Texas 75201

Gentlemen:

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 29 1972

INITIALS	CODE
HK	120
gla	130
	220

copy to R-III

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since November 22, 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 "A Special Agreement Concerning Land" in Annex I of the contract, has any land situate within 600 feet of the boundaries of the land described in this contract been acquired? If so, please describe. Yes / / No /X/

2. Since November 22, 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: Olen Exploration, Inc.

Name	*Title*
Jack R Frazer	Pres.
Address	*Date*
1204 Praetorian Bldg, Dallas, Tex	9/27/72

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

JAN 20 1972

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 9 1972

INITIALS	CODE
HK	120
gla	130
	220

AIRMAIL

Mr. Jack R. Fraser
President
Glen Explorations, Inc.
1204 Praetorian Building
Dallas, Texas 75201

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Fraser:

Your attention is called to our letter of November 29, 1971, which acknowledged receipt of our MME Form 63 letter inquiry which you completed and returned on November 22, 1971. However, your attention was directed to an Item 1 statement, "Please see attached map." The map was not received with the Form 63 and you were requested to send two copies.

Under Item 1 of the inquiry, referring to "A Special Agreement Concerning Land" in Annex I of the contract, you indicated that land situated within 600 feet of the boundaries of the land described in the subject contract had been acquired. We therefore need the map to complete our review and trust it will be forwarded without further delay.

Sincerely yours,

Copy to R-III

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

2/7/72

Dear Mr. Kirkemo:

We were in error when we stated that we had acquired additional lands in the Palmetto area. We had in mind another acquisition. I'm sorry for this misunderstanding.

Jack R. Fraser

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/20/72		120
		220

AIRMAIL

JAN 20 1972

Mr. Jack R. Fraser
President
Glen Explorations, Inc.
1204 Praetorian Building
Dallas, Texas 75201

Re: OME-6630 (Silver)
Roy Fray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Fraser:

Your attention is called to our letter of November 29, 1971, which acknowledged receipt of our MME Form 63 letter inquiry which you completed and returned on November 22, 1971. However, your attention was directed to an Item 1 statement, "Please see attached map." The map was not received with the Form 63 and you were requested to send two copies.

Under Item 1 of the inquiry, referring to "A Special Agreement Concerning Land" in Annex I of the contract, you indicated that land situated within 600 feet of the boundaries of the land described in the subject contract had been acquired. We therefore need the map to complete our review and trust it will be forwarded without further delay.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
OME Docket
OME Reading File
OME Region III
Mr. Kirkemo
130

GLAult/a 1-20-72

ME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/29/71		120
		220

AIRMAIL

Mr. Jack R. Fraser
President
Glen Explorations, Inc.
1204 Praetorian Building
Dallas, Texas 75201

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Fraser:

We acknowledge with thanks receipt of one copy of the MME Form 63 which you completed on November 22, 1971, regarding the status of the subject property.

Under Item 1 of the inquiry, you stated, "Please see attached map." However, since the map was not attached to the form, we would appreciate receiving two copies of the map at your earliest convenience.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
OME Docket
OME Reading File
OME Region III w/cy MMR Form 63 completed 11/22/71
Mr. Kirkemo
130

GLAult/a 11/29/71

Office of Minerals Exploration
Building 53 Room 28

A 30
HK 120

September 9, 1971 220

Memorandum

To: The Record

From: W. L. Emerick, Office of Minerals Exploration

Subject: Subpoena for narrative reports for October 2, 1969 and November 12, 1969, on Docket No. 6630, Contract 2247, Roy Pray and Associates.

Called H. Kirkemo, Washington, D. C., and related call from Captain Blodgett of Denver County Sheriff's office re above subpoena. H. Kirkemo checked with Washington Solicitor's office who stated Denver County Sheriff could not serve subpoena on an individual in another county. H. Kirkemo called Lafferty's office in Grand Junction and explained situation. Secretary said she would try to reach Lafferty in Lake City because trial was already in session. Secretary called Kirkemo back and told him to instruct Region III office to contact Captain Blodgett and have him send all papers and other material back to Lafferty's office in Grand Junction.

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

cc: Chief, Office of Minerals Exploration
OME-6630
Mr. Emerick

Office of Minerals Exploration
Building 53 Room 28

HK 1.22

September 9, 1971

Memorandum

To: The File

From: W. L. Emerick, Office of Minerals Exploration

Subject: Subpoena for narrative reports for October 2, 1969 and November 12, 1969 on Docket No. 6630, Contract 2247, Roy Pray and Associates.

Captain Blodgett, County Sheriff, Denver, Colorado called and said he had a subpoena to be served on J. William Hasler or H. Kirkemo to obtain the above two reports. He asked that the two documents be sent Air Mail Special Delivery to:

District Court Clerk
Hinsdale County District Court
Lake City, Colorado 81235

in time for court session on September 10, 1971.

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

cc: Chief, Office of Minerals Exploration
OME-6630
Mr. Emerick

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

November 16, 1971

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Glen Explorations, Inc.
1204 Praetorian Building
Dallas, Texas 75201

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 24 1971

INITIALS	CODE
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1 cy read

Gentlemen:

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

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

This letter is identical to the request sent to you on September 8, 1971, requesting to be advised of the status of the subject property and production therefrom since August 31, 1970. To date, we have not received a reply. Please give this matter your immediate attention.

Sincerely yours,

Harold Kirkemo

Kirkemo
e of
loration

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.

☐ Show to whom, date and address where delivered

☐ Deliver ONLY to addressee

RECEIPT

Received the numbered article described below.

REGISTERED NO.

CERTIFIED NO. 133624

INSURED NO.

DATE DELIVERED 11-19-71

① SIGNATURE OR NAME OF ADDRESSEE (*Must always be filled in*) Stuart J. Scott

② SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

③ SHOW WHERE DELIVERED (*only if requested*)

6630-Glen Expl.

o55—16—71548-11 367-198 GPO

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since August 31, 1970, 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 "A Special Agreement Concerning Land" in Annex I of the contract, has any land situate within 600 feet of the boundaries of the land described in this contract been acquired? If so, please describe. Yes ☒ No ☐

Please see attached map.

2. Since Aug 31, 1970, 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
N-A.		

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

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

3. Since Aug 31, 1970, has any production been transported through workings (*see* *of contract*)? Yes ☐ No ☒

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

Disposition of Material	Quantity	Value
N-A		

Submitted by:

Name Jack R Fraser	*Title* Pres.
Address 1204 Professional Bldg. Dallas, Tex.	*Date* Nov. 22, 1971

LAW OFFICES
JOHN C. LAFFERTY
636 GRAND AVE.
P. O. BOX 13
GRAND JUNCTION, COLORADO 81501
242-0206

September 2, 1971

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 7 1971
INITIALS | CODE
gla | 130
HK | 120
| 220

Mr. Harold Kirkemo, Chief
Office of Mineral Exploration
United States Department of Interior
Geological Survey
Washington, D.C. 20242

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Kirkemo:

Enclosed is a copy of the Pre-Trial Order entered by Judge Calhoun in the Rash vs. Pray case. You will notice that the third paragraph thereof provides that the defendants produce to me copies of certain monthly narrative reports concerning the above captioned OME contract. The copies of the narrative reports needed concern the narrative reports dated October 2, 1969 which describes activities for the month of September, 1969 and the narrative report dated November 12, 1969 describing activities for the month of October, 1969.

The trial of this case commences in the Hinsdale County District Court, Lake City, Colorado, next Thursday, September 9, 1971 and it is preferable that said copies of the narrative reports be sent to me by return mail. However, if your procedures require, kindly forward said copies directly to the office of the Clerk, Hinsdale County District Court with reference to this case.

Copies of this letter and said Pre-Trial Order are being sent to Mr. J. William Hasler at your Denver office so that he may be duly informed in making available copies of said reports. Your attention herein is appreciated.

Very truly yours,

JOHN C. LAFFERTY

JCL/sc
Enc: Pre-Trial Order
cc: J. William Hasler

IN THE DISTRICT COURT IN AND FOR THE

COUNTY OF HINSDALE AND STATE OF COLORADO

Civil Action No. C-1288

[illegible] doing business as [illegible] INDUSTRIAL REPAIR, Plaintiff, vs. [illegible] PRAY, individually, doing business as PALMETTO MINING CO., and ROY PRAY, as a partner of PALMETTO MINING CO., and PALMETTO MINING CO., a co-partnership. Defendants.	PRE-TRIAL ORDER

This matter came on for pre-trial conference the 20th day of July, 1971, at Delta, Colorado. The plaintiffs appeared by Mr. John C. Lafferty, and the defendants appeared by Mr. Millard S. Fairlamb.

Plaintiff's motion to amend the caption is hereby granted.

It is hereby ordered that defendants produce to the counsel for plaintiffs monthly narrative reports submitted to the government under Contract No. 2247 for plaintiff's inspection and copying. Such reports to be made available on or before 20 days prior to trial date.

Pre-trial statements are hereby acknowledged and filed [illegible]

[illegible] shall be as set forth in [illegible] pre-trial statements. [illegible] county witnesses maybe subpoenaed without further order of the Court. Additional witnesses maybe endorsed not less than 10 days prior to trial by submitting to the Court and opposing counsel a list of the proposed witnesses together with a brief statement as to what they will testify to.

Exhibits will be as listed in the pre-trial statements. Additional exhibits maybe listed not less than 10 days prior to trial by submitting to the Court and opposing counsel a list of the proposed exhibits and a brief statement as to what they purport to show.

Trial shall be to a jury of six to commence at 10:00 a.m. on September 9, 1971, in Lake City, Colorado.

Done in open Court this 20th day of July, 1971.

BY THE COURT:

/s/ Fred Calhoun
Judge

IN REPLY REFER TO:

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

Office of Minerals Exploration
Building 53 Room 28

August 23, 1971

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

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

OFFICIAL
COPY
O. M. E.
RECEIVED
AUG 26 1971
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gla / 30
~~DHR / 20~~
220

FINAL FIELD REPORT - OME EXPLORATION PROJECT

By W. L. Emerick

August 23, 1971

1. OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Operator: Roy Pray and Associates
c/o Crystal Lodge
Lake City, Colorado 81235

Property: Consisted of ten (10) patented and four (4) unpatented lode mining claims, including all rights pertaining thereto, in unsurveyed sec. 19, T. 43 N., R. 6 W., New Mexico Principal Meridian, Galena mining district, Hinsdale County, Colorado. A map showing the area of these claims was attached to the contract.

Ownership: The Operator was in possession of eight (8) of the patented claims under the terms of an Assignment of Mining Lease, dated April 6, 1966, from Leon Haas and Joe Ianni, assignees, and of the remaining two (2) patented claims under the terms of a Supplemental Agreement, dated August 26, 1967, from Ralph C. Horton, the owner. The Operator was in possession of the four (4) unpatented claims by right of location.

2. Purpose of Project: The purpose of the project was to explore by drifting and crosscutting on a crosscut level for silver-bearing ore bodies in and along the Palmetto vein system occurring in volcanic rocks of the Silverton Volcanic Group of Tertiary age.

3. Contract: Dated September 8, 1967, for a term of 8 months, later extended by amendments to 35 months and 3 weeks.
Original contract amount - $64,640.00.
Government participation - 75 percent, $48,480.00.

Amendments - No. 1 - February 9, 1968, to extend the time for completion of the work from 8 to 14 months, and to extend the maximum period for royalty payments from 10 to 11 years.

No. 2 - June 20, 1968, to suspend work under the contract for 2 months.

FINAL FIELD REPORT

Amendments (Continued) - No. 3 - November 22, 1968, to extend the time for completion of the work from 14 to 26 months, to extend the maximum period for royalty payments from 11 to 12 years, and to suspend work under the contract for 8 months.

No. 4 - February 13, 1970, to extend the time for completion of the work from 26 to 35 months, to extend the maximum period for royalty payments from 12 to 13 years, to suspend work under the contract for 6 months, and to revise in Exhibit A the entire section under Estimated Costs of the Work.

No. 5 - June 1, 1970, to extend the time fixed in Amendment No. 4 for suspension of work an additional six (6) weeks.

4. Project Work: Started September 25, 1967. Terminated August 29, 1970.

Cost Items	Authorized			Completed	
	Units	Rate	Amount	Units	Amount
Mobilization of equipment and rehabilitation of crosscut	-----	-----	$975.00	-----	$975.00
Drifting and cross-cutting	1,400 feet	$42.45/foot	$59,430.00	1,287 feet	$54,633.15
Ground Support	78 feet	Various	$1,240.00	65 feet	$1,040.00
Assaying for gold, silver, lead, zinc and copper	477 samples	Various	$2,695.00	-----	$2,228.50
Office Expense	6 months	$50.00/month	$300.00	-----	$300.00
Total Costs			$64,640.00		$59,176.65
Government participation at 75 percent			$48,480.00		$44,382.49
Paid to the Operator					$44,382.49

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

Effectiveness of the Work - The target area was adequately explored.

Efficiency of Operation - The operation was adequately supervised but progress was slowed by mechanical breakdowns, labor shortages and problems, and by severe winter weather conditions causing early closing of the mine in the fall and late starts in the spring.

5. Reports:

Operator's Final Report - An acceptable Final Report was transmitted to Washington by the Field Officer, Region III, on November 5, 1970.

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

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 October 5, 1970.

Royalty Review - There was no production sold and no royalty was due the Government. A Royalty Review was not requested.

6. Project Results:

Discoveries - The project work resulted in the discovery of a silver-bearing ore shoot. Maps, estimate of reserves found, and assay data were included with the Operator's Final Report. Ore reserves estimated as a result of the OME work were 256,400 tons of indicated and inferred ore that was estimated to average about 0.086 ounces of gold, 5.36 ounces of silver, 3.56 percent of lead, 7.56 percent of zinc, and 0.36 percent of copper per ton.

Certification - Certification was recommended based on the ore discovery by the OME work and a Certificate of Possible Production was issued on February 23, 1971. The Government's lien for payment of royalties expires on September 8, 1980, or when the total amount contributed by the Government is fully repaid with interest at the rate of 7-1/4 percent per annum, whichever occurs first.

Production

- There has been no production reported to the Government as of the date of this report.

Royalties

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

7. Geologic Summary

- The ore deposit occurs in a prominent quartz vein in andesitic rocks of Tertiary age. The vein strikes generally about N. 25° E. and dips 70°-85° E. The vein averages about 3 feet in width. Ore minerals are mainly sphalerite, galena, chalcopyrite, and pyrite with values in silver and gold. Gangue material of the vein consists mainly of iron-stained quartz and altered country rock. Not too much is known of production from the district. Luedke of the U.S.G.S. states that "production information cannot be separated according to district but must be given as county totals." Commodity totals to 1965 compiled by Luedke and based on published production figures of the U.S.G.S. and U.S.B.M. are:

Gold	-	71,558 ounces
Silver	-	5,831,910 ounces
Copper	-	3,012,000 pounds
Lead	-	101,188,000 pounds
Zinc	-	1,734,000 pounds
Total value	-	$11,204,505.00

Form 7
2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/21/71		120
		220

AIRMAIL

MAY 21 1971

Mr. John C. Lafferty
636 Grand Avenue
P. O. Box 13
Grand Junction, Colorado 81501

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Lafferty:

This is in further reply to your letters of May 4 and 13, 1971, to Mr. J. W. Hasler, Field Officer, OME Region III. You inquired about the availability of certain monthly narrative reports submitted to the Government by Roy Pray & Associates, Operator, during the course of work under the contract cited above. Further, you state that you may want to subpoena these reports on behalf of one of the parties in two pending law suits concerning allegedly faulty equipment which caused delay in completing work in a drift.

In the event the Court requests these records, we would make them available upon receipt of a subpoena.

Under any other circumstance, as explained by Mr. Hasler in his letter to you dated May 11, 1971, the procedure for anyone to inspect or obtain such company confidential information is to obtain the written permission of an authorized representative of Roy Pray & Associates or, if its rights to ownership have been surrendered, of the present owners. We then can make the material available to you for inspection in our office in Denver or Washington, D. C., or copies can be obtained at cost through arrangements with a duplicating firm here.

Roy Pray was a partner in Roy Pray & Associates.

Sincerely yours,

Harold Kirkemo
gla

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
OME docket
OME Region III
OME Reading File
Mr. Kirkemo
HKirkemo/gla 5-21-71

Office of Minerals Exploration
Building 53 Room 200

May 11, 1971

Mr. John C. Lafferty
638 Grand Avenue
P. O. Box 13
Grand Junction, Colorado 81501

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

INITIALS
gla 30
HK 20
220

Dear Mr. Lafferty:

Please pardon my delay in replying to your request dated May 4, 1971 which arrived in this office May 5, 1971, concerning the Palmetto Mining Company property.

All data, monthly and final reports, concerning OME contracts, are considered company confidential and cannot be released to unauthorized individuals. I would suggest that you contact Mr. Roy Pray at Canon City, Colorado, and request copies of the reports from him, as all of our data, concerning the progress of the OME contract work, come from the Operator. In this case, it would be Mr. Pray.

Sincerely yours,

J. William Hasler

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

cc: Chief, OME with copy of incoming letter
OME-6630
OME chron
Mr. Hasler

LAW OFFICES
JOHN C. LAFFERTY
636 GRAND AVE.
P. O. BOX 18
GRAND JUNCTION, COLORADO 81501
242-0206

Rec'd 5/5/71

May 4, 1971

Mr. William Hasler, Chief Engineer
U.S. Geological Survey
Office of Mineral Exploration
Federal Center
Denver, Colorado 80225

Re: Palmetto Mining Co. - O.M.E. Contract

Dear Mr. Hasler:

I am informed that the above named partnership entered into an O.M.E. Contract during the year 1968 which provided for certain drift operations to be completed by December 31, 1969, on the Palmetto Mine claims. The Palmetto Mine claims were located in Hinsdale County, Colorado in the vicinity of Engineers Pass.

I understand also that Mr. Pray, one of the partners of Palmetto Mining Co., filed certain monthly narrative reports with your office describing said drifting operations and the monthly progress made therein.

I would like to obtain copies of said monthly progress reports. Kindly advise me as to the procedures to be followed in this regard.

Very truly yours,

John C. Lafferty

JOHN C. LAFFERTY

JCL/sc

OFFICIAL COPY

MAY 20 1971

INITIALS	CODE
	130
	120

Office of Minerals Exploration
Building 53 Room 200

May 17, 1971

Mr. John C. Lafferty
636 Grand Avenue
P. O. Box 13
Grand Junction, Colorado 81501

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Lafferty:

Your letter, dated May 13, 1971 was received this morning, concerning the above referenced docket. We are referring your letter of request to our Washington office for reply.

Sincerely yours,

J. William Hasler

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

cc: Chief, OME with original of incoming letter
OME-6630
OME chron
Mr. Hasler

JWHasler/mc/5/17/71

LAW OFFICES
JOHN C. LAFFERTY
636 GRAND AVE.
P. O. BOX 18
GRAND JUNCTION, COLORADO 81501
242-0206

OME Region III
RECEIVED
MAY 17 1971
Denver, Colorado

May 13, 1971

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
U.S. Department of the Interior
Geological Survey
Federal Center, Bldg. 53, Room 200
Denver, Colorado 80225

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Hasler:

Thank you for your letter dated May 11, 1971 concerning the captioned matter. Copies of the reports mentioned are needed with regard to two law suits pending concerning an alleged defective and inoperable compressor causing delay in completion of the drifting work. In the event that I subpeonaedthese reports in behalf of one of the parties in said law suit, kindly advise whether there would then be any complications involved in forwarding copies of said reports to the Court for use as exhibits at the trial.

Also kindly advise whether Roy Pray was identified as an individual or as a partner with regard to said contract.

Sincerely yours,

John C. Lafferty

JOHN C. LAFFERTY

JCL/sc

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/8/71		120
		220

May 18, 1971

Memorandum

To: Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Enclosed is a copy of the Field Officer's letter of January 29, 1971, forwarding a copy of the Report of Review issued in December 1970 to the subject Operator, which are forwarded at this time to complete your files. A Certification of Possible Production was issued on this contract February 23, 1971.

Harold Kirkemo

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo

GLAult/a 5-18-71

Office of Minerals Exploration
Building 53 Room 200

INITIALS	CODE
cgla	1/30
HK	1/20

January 29, 1971

Mr. Roy Pray
235 Park Lane
Canon City, Colorado 81212

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

Enclosed is the Operator's copy of a Report of Review issued in December 1970 for your perusal and retention.

I concur in the facts as stated in this report.

Sincerely yours,

J. William Hasler

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

Enclosure

cc: Chief, OME (2) ✓
OME-6630
OME chron
Mr. Hasler

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/18/71		120
1/18	Cal	220
		120M

JAN 18 1971

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Fray and Associates
Palmetto Property
Rinscale County, Colorado
Contract 2247

Enclosed are the Field Office's and Operator's copies of a Report of Review issued in December 1970 on the subject contract.

If you concur in the facts as stated in this report, one copy should be sent to the Operator with any comments you may care to make, and the other copy retained for your files. 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 concur, both copies of the report should be returned to this office with appropriate comments.

Harold Kirkemo

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo
130

GLAult/a 1-18-71

Form 7
(63)

OFFICIAL FILE COPY

Date	Surname	Code
11/10/70		120
11/10	Cal	220
		120M

NOV 1 0 1970

Memorandum

To: Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

The Operator under the subject contract has submitted an acceptable final report. Therefore, the $200.00 withheld from the August 1970 voucher may now be paid to the Operator.

Harold Kirkemo (gla)

Harold Kirkemo

cc: Director's Reading File
Mineral Resources
OME file
OME Reading File
OME Region III
Mr. Kirkemo

GLAult/a 11-10-70

paid

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

November 5, 1970

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INITIALS	CODE
glo	120
bal	120
	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Transmitted herewith are three copies of a final geologic and engineering report on the subject contract prepared by Mr. Norman E. Ebbley, the Operator's consulting mining engineer and geologist. The report complies with Article 5(c) of the subject contract and adequately includes 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, and a summary of the work performed and the unit costs thereof. The report is acceptable.

The Operator's voucher for August, 1970 submitted on September 9, 1970 may also be considered as his final voucher. This voucher was processed with recommendations for payment except for the withholding of $200.00 pending submittal of a final geologic and engineering report.

The Operator had completed a total of 1,255 linear feet of drifting along the Palmetto vein, plus 32 feet of drifting to explore the hangingwall and footwall splits along the vein zone as of August 29, 1970. "The time fixed by Article 1(a) of the contract as amended by Amendment No. 4, dated February 13, 1970 for completion of the work, is further extended from twenty-six (26 to thirty-five (35) months and three weeks from the date of the contract, or until August 29, 1970."

The contract allowed for a total footage of 1400 feet of exploratory drifting along the Palmetto vein structure. Work was begun on October

15, 1967, however due to repeated heavy winter snows, late spring snows, September and October snows, during 1968, 1969 and 1970 at elevations above 10,000 feet above sea level, together with labor and other operational difficulties slightly over ten months were actually worked in a four year period, or approximately two and one-half months per season.

Exploration work completed to date shows that the Palmetto vein is a narrow and continuous quartz-sulphide vein containing values in gold and silver. The Operator's consulting geologist estimates ore reserves consisting of 38,950 tons of "Probable" ore and 217,450 tons of "Inferred" ore. Based on September 15, 1970 prices, the gross value of ore on the Tunnel level would be $50.39 per ton, for the entire ore shoot, 715 feet in length. If a minimum mining width of 3 feet is used the gross value would be reduced to $45.70 per ton. The average grade of ore (page 10 of the Operator's final report) would gross $41.50 per ton. At September 15, 1970 prices the 21,450 tons of probable ore would gross $890,175.00. If this ore could be mined and milled at a cost of $20.00 per ton the Operator may net as much as $429,000.00 from the "probable" ore reserves, and a possible $4,675,175 from the 217,450 tons of inferred ore of the same grade.

The exploration work performed along the Palmetto vein, under the subject contract has resulted in the discovery of mineral or metal that may be mined at a profit, and production may result from a mining operation. Because of this discovery it is recommended that the property be so certified, and that royalties shall be paid to the Government as provided in the contract on all production from the land described in the contract.

As soon as you inform me as to the acceptability of this report, I will instruct the Operator how to claim the $200.00 presently being withheld, and proceed to close out the subject contract.

J. William Hasler

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

Enclosures

ROOT & SIMPSON, INC.
METALLURGICAL CHEMISTS AND ASSAYERS
PHONE 244-3223 DENVER, COLORADO 80218
ADDRESS P.O. BOX 18329

ESTABLISHED 1902

CARL H. ROSS
PRESIDENT AND TREASURER

Oct. 29, 1970

Assayed for: U.S. Geological Survey:Off. Minerals Exploration
Samples taken by M. Hadley

OME 6630 Palmeto Vein	Oz.Gold per ton	Oz.Silver per ton	Lead Percent	Copper Percent	Zinc Percent
0-1024 FwFault LeftRib	0.01	2.0	0.1	0.04	None
0-970-s.5' vein	0.03	6.21	0.77	0.76	1.36
0-1173.5 HWFault Rt.Rib	0.01	3.6	6.33	0.05	9.15
0-1225-18" FwGauge	0.055	6.85	0.2	0.8	None

Charges: $ 56.00

Signed Root & Simpson, Inc.

ROOT & SIMPSON, INC.
METALLURGICAL CHEMISTS AND ASSAYERS
PHONE 244-3223 DENVER, COLORADO 80218
ADDRESS P.O. BOX 18329

ESTABLISHED 1902

CARL H. ROSS
PRESIDENT AND TREASURER

Oct. 29, 1970

Assayed for: U.S. Geological Survey: Off. Minerals Exploration
Samples taken by J. H. Foster

OMB 6630 Palmoto Vein	Oz. Gold per ton	Oz. Silver per ton	Lead Percent	Copper Percent	Zinc Percent
0-1024 Ft Fault Left Rib	0.01	2.0	0.1	0.04	None
0-970-0.5' vein	0.03	6.21	0.77	0.76	1.36
0-1173.5 Ft Fault Rt. Rib	0.01	3.6	6.33	0.05	9.15
0-1225-18" Fr Zenco	0.055	6.05	0.2	0.8	None

Charges: $ 56.00

Signed Root & Simpson, Inc.

ROOT & SIMPSON, INC.
METALLURGICAL CHEMISTS AND ASSAYERS
PHONE 244-3223 DENVER, COLORADO 80218
ADDRESS P.O. BOX 18329

ESTABLISHED 1902

CARL H. ROSS
PRESIDENT AND TREASURER

Oct. 29, 1970

Assayed for: U.S. Geological Survey:Off. Minerals Exploration
Samples taken by [illegible]

OME 6630 Palmeto Vein	Oz.Gold per ton	Oz.Silver per ton	Lead Percent	Copper Percent	Zinc Percent
0-1024 FwFault LeftRib	0.01	2.0	0.1	0.04	None
0-970-s.5' vein	0.03	6.21	0.77	0.76	1.36
0-1173.5 HWFault Rt.Rib	0.01	3.6	6.33	0.05	9.15
0-1225-18" FwGauge	0.055	6.85	0.2	0.8	None

Charges: $ 56.00

Signed Root & Simpson, Inc.

FINAL REPORT

Palmetto Property
Hinsdale County, Colorado
Roy Pray & Associates
(Glen Explorations, Inc.)

Office of Minerals Exploration
Docket No. OME-6630 (Silver)
Contract 2247

October 1, 1970

NORMAN E. EBBLEY
MINING ENGINEER AND GEOLOGIST
PHONE 242-4579 - P. O. BOX 863
GRAND JUNCTION, COLORADO
81501

Operator's Final Report

REGISTERED PROFESSIONAL ENGINEER
STATE OF COLORADO

P. O. BOX 883
GRAND JUNCTION, COLO.

NORMAN E. EBBLEY
MINING GEOLOGIST

October 1, 1970

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Building 53, Room 203
Federal Center
Denver, Colorado 80225

Subject: Final Report
Docket No. OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colo.
Contract 2247
Amended Application

Dear Mr. Hasler:

Submitted herewith is the Final Report on subject contract. To eliminate repetition as much as possible data previously submitted in Annex A, Engineering and Geological Report, April 15, 1967, has been omitted. These chapters, such as Location and Accessibility, Physical Features and Climate, Labor and Living Conditions, History, Regional Geology, etc., are discussed in the original report.

This report is confined to work accomplished under the subject contract, with a general summary, ore reserve calculations, and accompanying maps. The maps include underground geology maps, an assay map, and a plan and longitudinal map showing ore blocks.

Mr. Roy Pray and Associates, Mr. Ralph Horton, property owner, and Glen Explorations, Inc. are sincerely appreciative of the Office of Minerals Exploration's participation in this project.

Yours very truly,

Norman Ebbley

Norman Ebbley, Consultant

Encls: Three copies of Report

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NORMAN E. EBBLEY
MINING ENGINEER AND GEOLOGIST
PHONE 242-4579 - P. O. BOX 883
GRAND JUNCTION, COLORADO
81501

SUMMARY

During the summer and fall of 1966 Roy Pray & Associates, under a lease and option on the Palmetto property, completed a program of surface bulldozing and sampling of the Palmetto vein, located in the basin northeast of Engineer Mountain, in Hinsdale County, Colorado. The old Palmetto shaft, reported to be from 350 to 400 feet in depth and not worked since the year 1882, was dewatered down to the 200-foot level and the vein on this level was sampled.

While the above work was being accomplished a 250-foot crosscut tunnel was driven to intersect the vein about 90 feet below the outcrop and 1650 feet southwesterly of the Palmetto shaft.

In April 1967 Roy Pray & Associates filed an application for financial assistance with the Office of Minerals Exploration to drive a 1400-foot drift on the vein from the Pray crosscut, and to complete a proposed diamond drilling program from the surface to explore the vein at depth. The drifting phase of the program was approved by the OME and was completed at the end of August 1970. The diamond drilling phase of the program has been held in abeyance until the drifting work was finished and it is now contemplated to re-apply for financial assistance with the OME to carry out the diamond drilling program.

The work completed to date has shown that the Palmetto vein is a narrow but continuous quartz-sulphide structure, also containing values in silver and gold. Ore reserves are estimated at 38,950 tons of "Probable" ore and 217,450 tons of "Inferred" ore.

Although the work accomplished to date has indicated a narrow ore shoot over 700 feet in length a diamond drilling program will be required designed to extend the ore body both laterally and to depth. If this program proves successful much of the Inferred ore should change to the category of Probable ore, with sufficient tonnages and grade to justify a mining and milling operation.

RECOMMENDATION

It is recommended that consideration be given to further exploratory work on the Palmetto vein by a surface diamond drilling program to test the structure at depth. This drilling program should also explore the area indicated as Block B, and directly below, with the view in mind of possibly extending the Ruby Queen drift southwest under this favorable area.

NORMAN E. EBBLEY
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Description of the Palmetto Vein

The drift on the Palmetto vein has shown that the structure is a narrow but continuous quartz vein containing sphalerite and galena with minor amounts of pyrite and chalcopyrite, with additional values in silver and gold. An effort to illustrate the vein by detailed geological mapping proved rather unsuccessful as the sulphide-quartz zone within the vein is very narrow and not consistant, and mineralization occurs disseminated on both sides.

Generally the sulphide-quartz zone is less than two feet in width and may not average more than one and one-half feet wide. In sampling an effort was made to include the disseminated mineralization so that a mining width would be considered.

In many areas the vein proper has assay walls, especially on the hanging wall side, grading into the altered andesite wall. Assay results in many cases proved to be surprising as zones considered low grade turned out to be better grade and conversely where silver and gold values were concerned.

The underground geology is shown on the seven ($8\frac{1}{2}$"x 11") maps with emphasis upon structural aspects. A major mineralized fault-vein striking South 25° West intersects the Palmetto vein at a point 1,015 feet from the crosscut and continues along the vein a distance of 240 feet to the present face. The fault is evidently pre-mineral and has changed the Palmetto vein dip from east to west. Heavy clay gouge within the structure has caused excessive caving and would make mining in this area difficult. This fault-vein may be represented on the surface near the south end of the Miner's Bank claim by a nearly parallel structure containing fair values in silver and copper. This supposition is strengthened by the increased silver and copper values occurring in the fault near the present face.

Sampling

The Palmetto vein, from the Pray crosscut southwest to the end of the drift, was sampled each round by cutting a 10 to 12-pound sample of the vein material breast high at the face. Sample distances along the vein varied according to the footage broken each round, but averaged approximately 5.5 feet over the entire drift length. The samples were usually taken by Roy Pray, but in some instances during the 1970 period they were cut by the miners driving the drift. All sample locations as well as assay results are shown on the Palmetto Mine Assay Map, Exhibit A.

Surface sampling of outcrops and dumps was done in 1966, some by Ralph Horton, property owner, and others by Roy Pray. As the outcrops, bulldozer cuts, and old dumps sampled are

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scattered at random along the vein and the samples taken in most cases lack vein width information, there is not sufficient data to estimate average width and grade of the vein along the surface. However, all samples taken from surface vein exposures (bulldozer cuts) and old dumps averaged 0.16 ounces of gold and 23.8 ounces of silver per ton, as well as fair values in lead and zinc. These assays are shown on the longitudinal section, Exhibit B.

Note: Because of the inconsistency and paucity of surface sampling it was not deemed advisable to consider these values in tonnage and grade estimates of ore reserves.

Surveys *

A transit survey was completed of the Pray crosscut and the drift on the vein to the present face, and a total of sixteen numbered permanent survey points were placed in the back of the tunnel. The transit survey was started at two permanent surface points (A and B, using a corrected magnetic bearing) near the portal, and was tied in to the old Palmetto shaft where the coordinate system was established at 10,000 North and 10,000 East, using an elevation of 12,194 feet above sea level for the collar of the shaft. The transit survey was continued from permanent points A and B to the outcrop above the crosscut and along the line of surface pits and shafts to the southwest, establishing the surface contour above the tunnel line.

To the northeast from the outcrop above the crosscut a brunton and chain survey was made along the surface to the Ruby Queen tunnel portal. This line is indicated on the longitudinal section map, Exhibit B, as a dotted line and is not to be considered as accurate.

Calculations of Average Grade

At the end of the 1969 period weighted average grade calculations were made for six zones of higher grade ore along the Palmetto drift. These calculations are shown on pages 4 through 8.

From a practical mining standpoint most of the intervening lower grade zones would probably be mined along with the better grade ore, although pillars of lower grade material would be left where feasible. For this reason it was deemed advisable to calculate average grade for the intervening zones, page 9, and arrive at a weighted average for the entire length of what could

(Continued on page 12)

* All survey notes are on file.

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81501

BY N.E. DATE 11/25/69 SUBJECT Palmetto Drift Assays SHEET NO. 1 OF 5

CHKD. BY DATE Roy Pray & Associates JOB NO. OME-6630

Sections of vein along drift of better grade ore

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x Ft	Silver Oz x Ft	Lead % x Ft	Zinc % x Ft	Copper % x Ft
Sample No. 12 to No. 24, Incl.											
12	4.25	0.18	12.2	3.0	3.6	-	0.765	51.85	12.75	15.30	-
13	4.4	0.14	10.2	0.9	2.4	-	0.616	44.88	3.96	10.56	-
14	4.0	0.12	3.4	1.5	-	-	0.480	13.60	6.00	-	-
15	3.85	0.35	4.8	1.6	-	-	1.348	18.48	6.16	-	-
16	4.15	0.16	3.5	2.7	-	-	0.664	14.53	11.21	-	-
17	4.65	0.13	2.2	1.1	-	-	0.605	10.23	5.21	-	-
18	4.5	0.07	3.3	3.8	6.5	0.1	0.315	14.85	17.10	29.25	0.45
19	4.0	0.28	14.8	2.0	5.3	0.3	1.120	59.20	8.00	21.20	1.20
20	4.6	0.06	2.6	2.6	7.7	0.2	0.276	11.96	11.96	35.42	0.92
21	4.15	0.11	7.0	1.3	4.1	0.3	0.457	29.05	5.40	17.02	1.25
22	4.6	0.07	5.8	5.1	7.4	0.6	0.322	26.68	23.46	34.04	2.76
23	4.0	0.21	14.1	16.4	11.6	0.9	0.840	56.40	65.68	46.40	3.60
24	4.0	0.08	5.0	1.9	6.0	0.7	0.320	20.00	7.60	24.00	2.80
	55.15						8.128	371.71	184.40	233.19	12.98

Av. Width 4.24' Length 70' = 296.80 Sq. Ft.

Weighted Averages: 0.147 6.74 3.34 6.06 0.43

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x Ft	Silver Oz x Ft	Lead % x Ft	Zinc % x Ft	Copper % x Ft
Sample No. 33 to No. 56, Incl.											
33	3.4	0.06	2.94	3.65	7.35	0.81	0.204	10.00	12.41	24.99	2.75
34	3.0	0.10	14.50	4.70	8.35	0.22	0.300	43.50	14.10	25.05	0.66
35	3.0	0.12	0.02	15.35	17.50	0.55	0.360	0.06	46.05	52.50	1.65
36	1.5	0.01	5.80	5.70	13.90	0.37	0.015	8.70	8.55	20.85	0.56
37	2.3	0.08	7.30	2.80	14.30	0.28	0.184	16.79	6.44	32.89	0.64
38	4.2	0.14	7.90	3.20	9.00	0.46	0.588	33.18	13.44	37.80	1.93
39	3.6	0.18	4.40	4.70	6.60	0.29	0.648	15.84	16.92	23.76	1.04
40	2.8	0.05	7.50	1.20	2.40	0.36	0.140	21.00	3.36	6.72	1.01
41	3.0	0.02	4.18	2.18	3.02	0.29	0.060	12.54	6.54	9.06	0.87
42	3.0	0.12	12.04	7.85	11.74	0.88	0.360	36.12	23.55	35.22	2.64
43	2.1	0.01	4.09	3.02	5.81	0.39	0.021	8.59	6.34	12.20	0.82
44	3.0	0.01	4.20	3.95	10.67	0.36	0.030	12.60	11.85	32.01	1.08
45	3.7	0.01	2.04	1.20	3.24	0.25	0.037	7.55	4.44	11.99	0.93
46	3.0	0.02	4.02	6.97	8.97	0.37	0.060	12.06	20.91	26.91	1.11
47	3.1	0.02	5.32	7.28	15.21	0.29	0.062	16.49	22.57	47.15	0.90
48	3.5	0.03	4.33	4.78	11.06	0.46	0.105	15.16	16.73	38.71	1.61

BY N.E. DATE 11/25/69 SUBJECT Palmetto Drift Assays SHEET NO. 2 OF 5

CHKD. BY ..... DATE ..... Roy Pray & Associates JOB NO. .....

OME-6630

Sections of vein along drift of better grade ore

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x Ft	Silver Oz x Ft	Lead % x Ft	Zinc % x Ft	Copper % x Ft
Sample No. 33 to No. 56, Incl. - continued -											
49	3.6	0.03	5.41	4.58	7.06	0.62	0.108	19.48	16.49	25.42	2.23
50	3.5	0.02	4.26	1.14	4.30	0.33	0.070	14.91	3.99	15.05	1.16
51	3.3	0.02	7.14	4.16	6.20	0.78	0.066	23.56	13.73	20.46	2.57
52	3.3	0.24	3.40	4.30	3.63	0.26	0.792	11.22	14.19	11.98	0.86
53	3.2	0.04	2.60	4.55	7.65	0.42	0.128	8.32	14.56	24.48	1.34
54	3.4	0.04	1.70	2.45	4.75	0.30	0.136	5.78	8.33	16.15	1.02
55	3.3	0.08	2.26	5.10	9.75	0.40	0.264	7.46	16.83	32.18	1.32
56	2.9	0.10	8.04	6.30	12.85	0.47	0.290	23.32	18.27	37.27	1.36
	74.70						5.028	384.23	340.59	620.80	32.06

Av. Width 3.11' Length 152' = 472.72 Sq. Ft.

Weighted Averages: 0.067 5.14 4.56 8.31 0.43

Sample No. 67 to No. 69, Incl.											
67	4.7	1.06	49.60	3.30	6.70	0.40	4.982	233.12	15.51	31.49	1.88
68	3.7	0.05	6.30	1.10	8.20	0.20	0.185	23.31	4.07	30.34	0.74
69	4.1	0.06	10.40	1.40	6.80	0.50	0.246	42.64	5.74	27.88	2.05
	12.50						5.413	299.07	25.32	89.71	4.67

Av. Width 4.17' Length 10' = 41.70 Sq. Ft.

Weighted Averages: 0.433 23.93 2.03 7.18 0.37

Sample No. 74 to No. 100, Incl.											
74	3.4	Tr	5.3	2.8	7.5	0.43	--	18.02	9.52	25.50	1.46
75	3.2	0.06	6.0	2.1	3.3	0.63	0.192	19.20	6.72	10.56	2.02
76	3.2	0.06	4.0	2.9	7.9	0.26	0.192	12.80	9.28	25.28	0.83
77	2.2	0.06	10.5	1.6	5.8	1.14	0.132	23.10	3.52	12.76	2.51
78	2.4	0.06	13.0	6.6	13.7	0.13	0.144	31.20	15.84	32.88	0.31
79	2.1	0.06	1.7	Tr	0.6	0.03	0.126	3.57	--	1.26	0.06
80	3.2	0.08	4.1	12.3	19.6	0.46	0.256	13.12	39.36	62.72	1.47
81	2.5	0.04	2.4	0.7	0.8	0.14	0.100	6.00	1.75	2.00	0.35
82	2.7	0.04	10.7	1.0	1.2	0.29	0.108	28.89	2.70	3.24	0.78
83	1.8	0.06	8.1	Tr	0.3	0.58	0.108	14.58	--	0.54	1.04

BY N.E. DATE 11/25/69 SUBJECT Palmetto Drift Assays SHEET NO. 3 OF 5

CHKD. BY DATE Roy Pray & Associates JOB NO.

OME-6630

Sections of vein along drift of better grade ore

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x Ft	Silver Oz x Ft	Lead % x Ft	Zinc % x Ft	Copper % x Ft
Sample No. 74 to 100, Incl. - continued -											
84	2.4	0.02	9.3	0.7	1.1	0.65	0.048	22.32	1.68	2.64	1.56
85	2.2	0.04	5.5	4.6	7.1	0.31	0.088	12.10	10.12	15.62	0.68
86	3.6	0.04	4.7	9.2	20.6	0.03	0.144	16.92	33.12	74.16	0.11
87	2.9	0.14	3.7	12.5	30.3	0.59	0.406	10.73	36.25	87.87	1.71
88	2.2	0.17	2.4	2.5	13.0	0.35	0.374	5.28	5.50	28.60	0.77
89	2.4	0.18	2.7	2.8	12.6	0.42	0.432	6.48	6.72	30.24	1.01
90	2.8	0.04	3.1	5.6	15.9	0.80	0.112	8.68	15.68	44.52	2.24
91	2.5	0.17	2.1	2.6	10.7	0.23	0.425	5.25	6.50	26.75	0.58
93	1.9	0.14	6.9	11.8	30.0	-	0.266	13.11	22.42	57.00	--
94	2.1	0.06	3.0	5.0	16.6	-	0.126	6.30	10.50	34.86	--
95	1.7	0.03	4.3	3.7	6.2	-	0.051	7.31	7.31	10.54	--
96	1.6	0.04	3.8	10.0	30.0	-	0.064	6.08	16.00	48.00	--
97	1.5	0.15	7.0	4.6	10.0	-	0.225	10.50	6.90	15.00	--
98	1.75	Tr	5.5	4.1	10.0	-	-	9.63	7.18	17.50	--
99	2.0	0.03	10.0	11.0	25.6	-	0.060	20.00	22.00	51.20	--
100	1.75	0.06	10.0	4.7	14.2	-	0.105	17.50	8.23	24.85	--
	62.00						4.284	348.67	304.80	746.09	19.49

Av. Width 2.38' Length 165' = 392.70 Sq. Ft.

Weighted Averages: 0.069 5.62 4.92 12.03 0.41

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x Ft	Silver Oz x Ft	Lead % x Ft	Zinc % x Ft	Copper % x Ft
Sample No. 112 to No. 119, Incl.											
112	1.3	0.09	5.4	5.0	18.7	0.80	0.117	7.02	6.50	24.31	1.040
113	1.4	0.07	3.6	3.4	9.6	-	0.098	5.04	4.76	13.44	-
114	1.75	0.05	1.3	1.9	8.5	-	0.088	2.28	3.33	14.88	-
115	2.2	0.08	3.6	3.0	4.0	0.28	0.176	7.92	6.60	8.80	0.616
116	1.15	0.07	3.4	5.9	6.6	-	0.081	3.91	6.79	7.59	-
117	2.5	0.08	4.1	11.3	10.1	-	0.200	10.25	28.25	25.25	-
118	1.5	0.10	5.4	4.5	3.8	-	0.150	8.10	6.75	5.70	-
119	2.1	0.07	3.8	2.4	4.8	0.48	0.147	7.98	5.04	10.08	1.008
	13.90						1.057	52.50	68.02	110.05	2.664

Av. Width 1.74' Length 44' = 76.56 Sq. Ft.

Weighted Averages: 0.076 3.78 4.91 7.92 0.48

BY N.E. DATE 11/25/69 SUBJECT Palmetto Drift Assays SHEET NO. 4 OF 5

CHKD. BY DATE Roy Pray & Associates JOB NO. OME-6630

-7-

Sections of vein along drift of better grade ore

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x Ft	Silver Oz x Ft	Lead % x Ft	Zince % x Ft	Copper % x Ft
Sample No. 123 to No. 139, Incl.											
123	2.15	0.13	11.27	2.40	0.30	1.66	0.280	24.23	5.16	0.65	3.57
124	1.6	0.15	8.05	4.66	0.40	-	0.240	12.88	7.46	0.64	-
125	2.0	0.04	1.06	1.25	3.20	-	0.080	2.12	6.40	6.40	-
126	2.5	0.14	2.32	1.80	6.90	-	0.350	5.80	4.50	17.25	-
127	0.85	0.16	5.44	3.65	7.55	-	0.136	4.62	3.10	6.42	-
128	2.15	0.08	3.00	1.10	2.75	-	0.172	6.45	2.37	5.91	-
129	3.0	0.08	2.92	3.20	10.80	-	0.240	8.76	9.60	32.40	-
130	1.6	0.21	4.93	6.90	10.50	-	0.336	7.89	11.04	16.80	-
131	2.05	0.11	6.05	3.15	7.45	-	0.226	12.40	.46	15.27	-
132	1.8	0.14	5.56	5.35	14.75	-	0.252	10.01	9.63	26.55	-
133	Sample lost in transit										
134	1.35	0.03	5.71	0.31	0.18	-	0.041	7.71	0.42	0.24	-
135	1.35	0.07	3.53	3.90	21.20	0.68	0.095	4.77	5.27	28.62	0.92
136	0.80	0.10	5.00	2.60	3.18	-	0.080	4.00	2.08	2.54	-
137	1.6	0.03	2.89	3.60	7.53	0.45	0.048	4.62	5.76	12.05	0.72
138	1.35	0.04	2.30	3.45	4.45	0.35	0.054	3.11	4.66	6.01	0.47
139	1.05	0.06	6.44	4.50	11.85	0.68	0.063	6.76	4.73	12.44	0.71
	27.20						2.693	126.13	88.64	190.19	6.39

Av. Width 1.70' Length 94' = 159.80 Sq. Ft.

Weighted Averages: 0.099 4.64 3.26 6.99 0.86

BY N.E. DATE 11/25/69 SUBJECT Palmetto Drift Assays SHEET NO. 5 OF 5

CHKD. BY DATE Roy Pray & Associates JOB NO.

OME - 6630

Sections of vein along drift of better grade ore

Combined Weighted Averages

Sample No to Sample No	Square Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x SqFt	Silver Oz x SqFt	Lead % x SqFt	Zinc % x SqFt	Copper % x SqFt
12 - 24	296.80	0.147	6.74	3.34	6.06	0.43	43.630	2,000.43	991.31	1,798.61	127.62
33 - 56	472.72	0.067	5.14	4.56	8.31	0.43	31.672	2,429.78	2,155.60	3,928.30	203.27
67 - 69	41.70	0.433	23.93	2.03	7.18	0.37	18.056	997.88	84.65	299.41	15.43
74 - 100	392.70	0.069	5.62	4.92	12.03	0.41	27.096	2,206.97	1,932.08	4,724.18	161.01
112- 119	76.56	0.076	3.78	4.91	7.92	0.48	5.819	289.40	375.91	606.36	36.75
123- 139	159.80	0.099	4.64	3.26	6.99	0.86	15.820	741.47	520.95	1,117.00	137.43
	1,440.28						142.093	8,665.93	6,06050	12,473.86	681.51

Weighted Averages: 0.099 6.02 4.21 8.66 0.47

	Length Ft.	Av. Width Ft.	Length X Width
12 - 24	70	4.24	296.80
33 - 56	152	3.11	472.72
67 - 69	10	4.17	41.70
74 - 100	165	2.38	392.70
112 - 119	44	1.74	76.56
123 - 139	94	1.70	159.80
	535		1,440.28

Weighted Average Width = 2.69' for total length of 535'

Weighted Average of Lower Grade Zones Between Better Grade Zones as Calculated November 25, 1969 (Refer to 5 Sheets)

Sample Number	Sample Width	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz xFt	Silver Oz x Ft	Lead % x Ft	Zinc % x Ft	Copper % x Ft
25	4.25	0.05	4.0	1.2	3.6	Tr	0.213	17.00	5.10	15.30	Tr
26	4.15	0.06	2.2	0.8	3.2	0.0	0.249	9.13	3.32	13.28	0.00
27	4.4	0.05	4.2	1.1	1.9	0.1	0.220	18.48	4.84	8.36	0.44
28	3.9	0.12	8.2	7.8	4.2	0.4	0.468	31.98	30.42	16.38	1.56
29	3.6	0.03	7.1	0.9	2.1	0.2	0.105	24.85	3.15	7.35	0.70
30	3.9	0.02	3.1	0.3	0.5	0.2	0.078	12.09	1.17	1.95	0.78
31	2.6	0.02	3.8	0.2	0.5	0.2	0.050	9.50	0.50	1.25	0.50
32	2.6	0.06	6.3	1.1	0.9	0.2	0.150	15.75	2.75	2.25	0.50
57	3.5	0.02	2.38	1.60	4.13	0.30	0.070	8.33	5.60	14.46	1.05
58	3.3	0.06	5.48	1.10	3.85	0.24	0.198	18.08	3.63	12.71	0.79
59	3.7	0.12	5.92	4.00	12.45	0.45	0.444	21.90	14.80	46.07	1.67
60	2.8	0.10	4.38	1.80	6.15	0.28	0.280	12.26	5.04	17.22	0.78
61	3.3	0.02	3.06	2.50	3.88	0.33	0.066	10.10	8.58	12.80	1.09
62	3.0	0.06	3.88	0.25	6.30	0.20	0.180	11.64	0.75	18.90	0.60
63	2.3	0.03	6.40	4.20	7.70	0.30	0.069	14.72	9.66	17.71	0.69
64	2.1	0.02	1.80	0.60	3.40	--	0.042	3.78	1.26	7.14	--
65	3.6	0.04	2.40	0.70	7.30	--	0.144	8.64	2.52	26.28	--
66	2.5	0.04	2.70	1.50	4.50	0.10	0.100	6.75	3.75	11.25	0.25
70	2.6	0.02	2.40	1.10	6.10	0.10	0.052	6.24	2.86	15.86	0.26
71	3.8	0.05	1.1	2.3	7.0	0.27	0.190	4.18	8.74	26.60	1.03
72	3.8	0.03	1.1	1.0	3.0	0.11	0.114	4.18	3.80	11.40	0.42
73	3.7	0.03	2.7	2.3	8.8	0.25	0.111	9.99	8.51	32.56	0.93
101	1.7	0.04	0.6	0.7	0.8		0.068	1.02	1.19	1.36	
102	1.9	0.03	3.4	0.5	0.8		0.057	6.46	0.95	1.52	
103	2.0	0.04	2.0	4.1	16.6		0.080	0.80	8.20	33.20	
104	2.3	Tr	2.0	0.6	1.0		-	4.60	1.38	2.30	
105	1.7	0.05	6.3	5.5	16.6		0.085	10.71	9.35	28.22	
106	1.7	0.07	3.6	4.5	4.5		0.119	6.12	7.65	7.65	
107	2.1	0.05	1.7	0.4	0.5		0.105	3.57	0.84	1.05	
108	2.2	0.07	2.2	0.4	0.3		0.154	4.84	0.88	0.66	
109	1.9	0.07	3.6	0.5	4.0	0.22	0.133	6.84	0.95	7.60	0.418
110	1.2	0.07	3.8	0.6	1.1		0.084	4.56	0.72	1.32	
111	2.0	0.07	2.2	0.3	2.2		0.140	4.40	0.60	4.40	
120	2.0	0.06	2.64	1.30	5.25		0.120	5.28	2.60	10.50	
121	2.2	0.04	1.48	0.20	3.30		0.088	3.26	0.44	7.26	
122	2.35	0.08	3.02	2.15	Tr		0.188	7.08	5.05	-	
	100.65						5.014	349.11	171.55	444.22	14.46
Weighted Averages	2.80'	0.050	3.47	1.70	4.41	0.024					

Total (Intervening) Length 180'

Weighted Average of Better Grade Zones and Intervening Lower Grade Zones for Total Length of 715 Feet

Sample Numbers	Square Feet	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x SqFt	Silver Oz x SqFt	Lead % x SqFt	Zinc % x SqFt	Copper % x SqFt
12-24											
33-56											
67-69											
74-100											
112-119											
123-139											
Length 535'							(Weighted Averages from Sheet 5, 11/25/69)				
Av. Width 2.69'			Better Grade Zones								
	1,440.28	0.099	6.02	4.21	8.66	0.47	142.09	8,665.93	6,060.50	12,473.86	681.51
25-32											
57-66											
70-73											
101-111											
120-122											
Length 180'							(Weighted Averages from Page)				
Av. Width 2.80'			Lower Grade Zones								
	504.00	0.050	3.47	1.70	4.41	0.024	25.20	1,748.88	856.80	2,222.64	12.10
	1,944.28						167.29	10,414.81	6,917.30	14,696.50	693.61
Weighted Averages		0.086	5.36	3.56	7.56	0.36					

Length 715 feet.
Wt. Av. Width 2.72 feet.

The above averages for the selected 715 feet compare with the following averages from the crosscut to point 1,020 feet from the crosscut:

0.071	4.80	2.83	5.85	0.36	(Gross value approximately $41.50/ton)

Weighted Average Grade of the Two Better Mineralized Zones Exposed in 1970 Drifting

Sample Numbers	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x Ft	Silver Oz x Ft	Lead % x Ft	Zinc % x Ft	Copper % x Ft
172	3.95	0.02	1.30	2.15	0.55		0.079	5.14	8.49	2.17	
173	2.20	0.03	5.00	1.25	2.88	0.27	0.066	11.00	2.75	6.34	0.59
174	1.35	0.10	10.74	2.55	3.65	0.38	0.135	14.50	3.44	4.93	0.51
175	1.25	0.02	2.54	0.77	0.38		0;025	3.18	0.96	0.48	
176	2.20	0.03	3.10	4.30	2.92		0.066	6.82	9.46	6.42	
177	1.40	0.02	0.80	1.08	0.35		0.028	1.12	1.51	0.49	
178	2.80	0.10	9.60	1.65	1.55		0.280	26.88	4.62	4.34	
179	4.00	0.08	6.12	2.25	4.30	0.50	0.320	24.48	9.00	17.20	2.00
180	1.30	0.08	6.42	0.35	0.32		0.104	8.35	0.46	0.42	
							1.103	101.47	40.69	42.79	3.10
Length 50' Weighted Averages	2.27'	0.054	4.96	1.99	2.09	0.41					
216	2.80	0.01	3.50	0.22	0.14	1.35	0.028	9.80	0.62	0.39	3.78
217	1.80	0.04	5.22	0.60	0.18	1.40	0.072	9.40	1.08	0.32	2.52
218	2.10	0.03	3.82	0.80	3.10	1.60	0.063	8.02	1.68	6.51	3.36
							0.163	27.22	3.38	7.22	9.66
Length 17' Weighted Averages	2.23'	0.024	4.06	0.50	1.08	1.44					

be considered as the ore shoot. These combined calculations are shown on page 10.

Drifting completed during 1970 failed to add length to the ore shoot, although two relatively short zones are near ore grade as shown on page 11. Values are mainly in silver and copper with low lead and zinc.

There is no particular point or advantage of a dissertation on the economics of a mining and milling operation on the grade of ore indicated due to the lack of sufficient blocked out ore to justify a mining and milling operation. Even though the work to date has indicated the presence of a narrow but continuous vein of ore grade, all engineers and geologists who have examined the property agree that a diamond drilling program at depth is warranted and necessary if tonnages of ore sufficient to justify a small mill are to be blocked out.

Ore Reserves (Refer to Exhibit B)

Block A: Classed as "Probable" ore.

Average height to surface	120 feet
Average length	715 feet
Average width (increased from 2.72' av. sampled)	3 feet

(Refer to page 10 for av. grade) 21,450 tons

Block B: Classed as "Inferred" ore. Excellent possibilities of at least same grade or better than Block A, as shown by surface sampling.

Average height to surface	116 feet
Average length	1,300 feet
Average width	3 feet

37,700 tons

Block C: Classed as "Inferred" ore. Substantiated by sill of Palmetto drift, Ruby Queen drift and shaft, and Palmetto shaft. Speculative.

Average height	200 feet
Average length	2,200 feet
Average width	3 feet

179,750 tons

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Ore Reserves (Continued)

Block D: Classed as "Probable" ore.
Refer to pages 15 and 16.

17,500 tons

Recap Tons Ore Reserves:	Block	Probable	Inferred
	A	21,450	
	B		37,700
	C		179,750
	D	17,500	
		38,950	217,450

Summary of Work Performed

As discussed in detail in the Narrative sections of the Monthly Reports the project was plagued continually with labor shortages and adverse weather conditions which resulted in exceptionally short seasons. In 1967, after rehabilitating the Pray crosscut, the operating period was from October 15th to the end of November, when snow conditions forced a shutdown for the winter. In 1968 work was finally started in late June and was stopped by weather the first part of October. In 1969 drifting work could not begin before the middle of June and was stopped the first part of October. Because of wet and muddy road conditions drifting work was delayed until the 20th of June in 1970 and was terminated the last of August. The first heavy snow fall of the year occurred on the weekend of September 5th.

Recapitulating the above history of the operation points out the fact that due to weather conditions only slightly over ten months were actually worked in a four year period, or approximately two and one-half months per season.

The chart on the following page is a Summary of the Work Performed, with Unit Costs for the project.

Summary of Work Performed

Year	Mobilization	Office Expense	Drifting Footage	Footage Cost	Timber Feet	Timber Cost	No. of Samples	Analytical Cost	Total Cost
1967	$975.00	$116.64	193	$8,192.85	-	-	38	$164.50	$9,448.99
1968	-	100.00	362	15,366.90	6	$96.00	53	869.00	16,431.90
1969	-	50.00	415	17,616.75	-	-	79	739.00	18,405.75
1970	-	33.36	317	13,456.65	59	944.00	52	456.00	14,890.01
	$975.00	$300.00	1,287	$54,633.15	65	$1,040.00	222	$2,228.50	$59,176.65

Unit Costs	Per Foot of Drift
Mobilization	$0.76
Office Expense	0.23
Drifting	42.45
Timbering	0.81
Analytical Work	1.73
Total	$45.98

(Compares with OME allowable of $46.17 per foot)

Gross Value of the Ore Reserves on Tunnel Level

	Better Zones (535')	Entire Ore Shoot (715')	9/15/70 Prices	Better Zones	Entire Ore Shoot
Gold Oz/Ton	0.099	0.086	$36.60	$3.62	$3.15
Silver Oz/Ton	6.02	5.36	1.85	11.14	9.92
Lead %	4.21	3.56	0.145	12.21	10.32
Zinc %	8.66	7.56	0.15	25.98	22.68
Copper %	0.47	0.36	0.60	5.64	4.32
			Per ton gross	$58.59	$50.39
			By increasing to minimum mining width of 3 feet:	$52.54	$45.70

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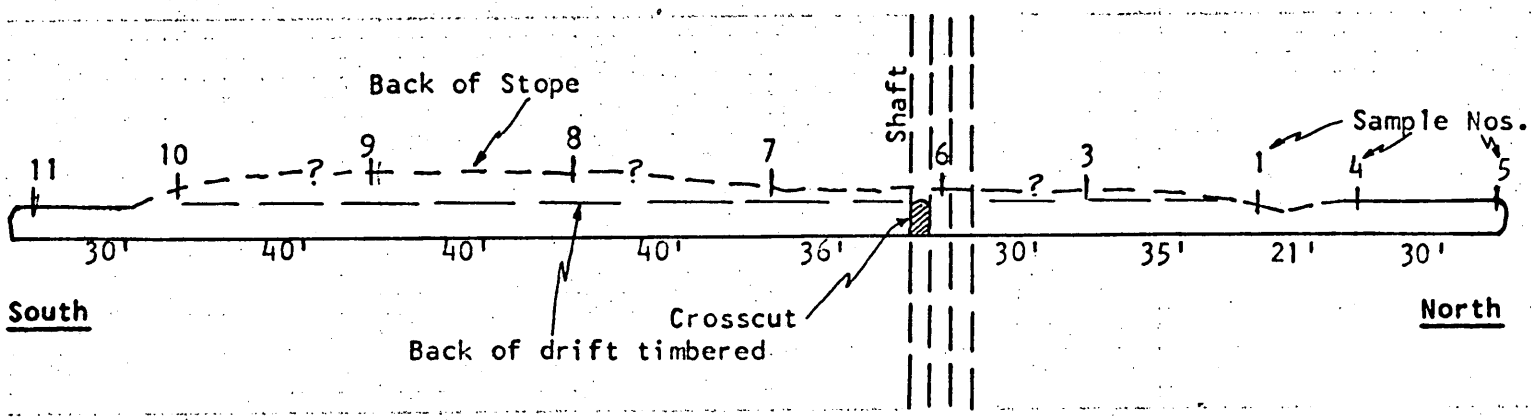
BY Roy Pray DATE 6/25/66 SUBJECT PALMETTO MINE (Sketch Map) SHEET NO. 1 OF 2
CHKD. BY N. E. DATE Upper Henson Creek JOB NO.
200 Level Scale 1" = 40'



Sample No.	Width Inches	Oz. Ag.	Width x Oz.
1	33	5.1	168.3
2	40	1.4	(H.W. Same location as No. 1)
3	52	6.5	338.0
4	22	63.7	1,401.4
5	12	9.0	108.0
6	38	5.6	212.8
7	30	3.7	111.0
8	27	7.3	197.1
9	33	3.1	102.3
10	28	43.3	1,212.4
11	23	6.1	140.3
	298.0		3,991.6

Av. Width = 29.8" Wt. Av. = 13.40 Oz.Ag./ton

2.5'

Sample areas of influence not considered a factor as samples were spaced fairly uniform. All samples were from 30-40 pounds and cut full width of vein.

Probable Tonnage (Above 200 Level) $\frac{(305' \times 80' \times 2.5')}{12}$ = 5,000 Tons

Below 200 Level $\frac{(300' \times 200' \times 2.5')}{12}$ = 12,500 Tons

17,500 Tons Total

The dumps on the Palmetto-First National Bank-Miner's Bank vein are estimated to contain between 4,500 and 5,000 tons of "mill-grade" ore, probably in the range of $25 to $30 per ton.

(Refer to Vertical Sketch Fig. 3)

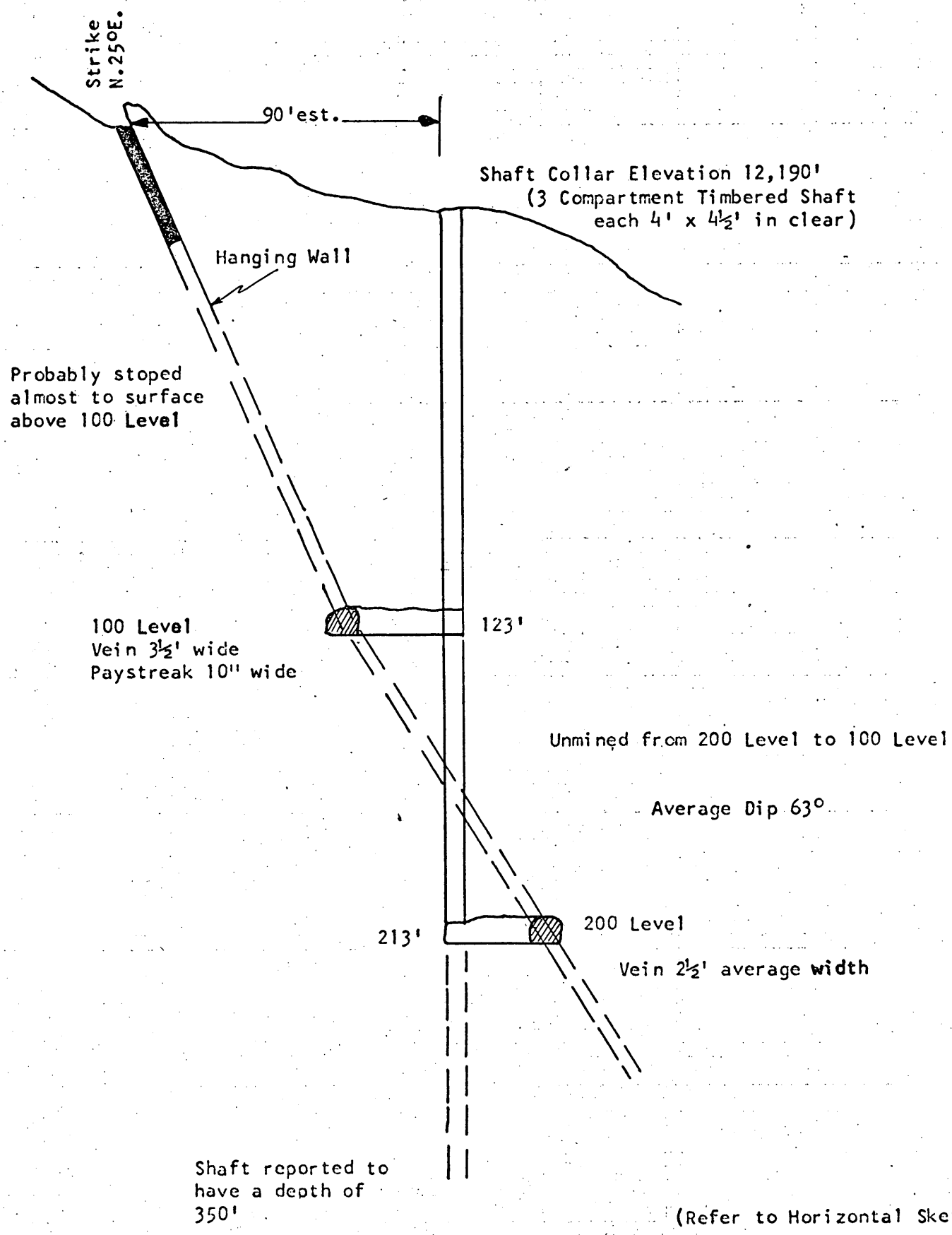
Figure 2

BY N. E. DATE 9/31/66 SUBJECT PALMETTO SHAFT (Sketch Map) SHEET NO. 2 OF 2

CHKD. BY N. E. DATE Upper Henson Creek JOB NO.

Engineer Mountain Area, Colorado Scale 1" = 40'

View Looking N-E



(Refer to Horizontal Sketch Fig. 2)

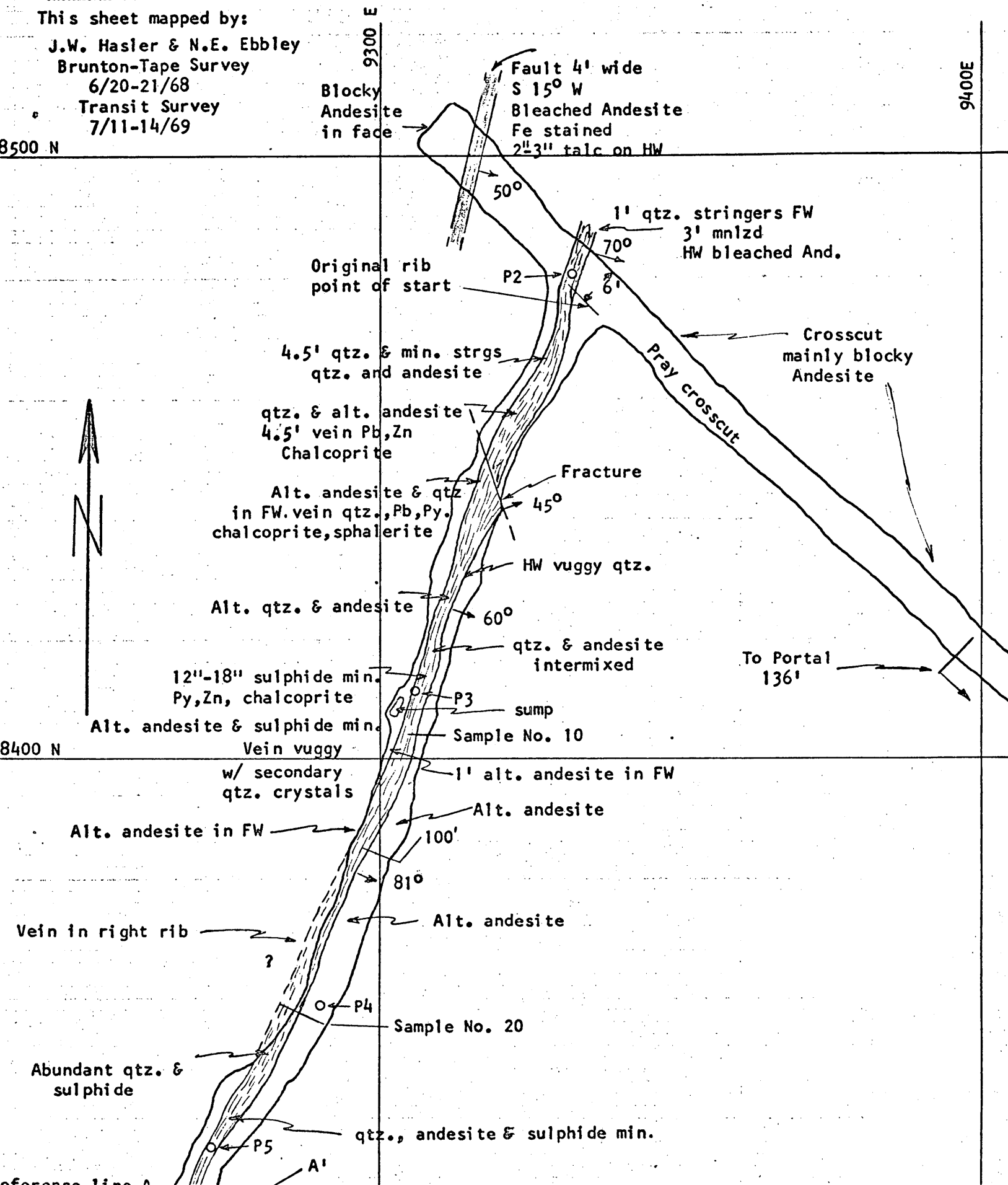
Figure 3

BY N. E. DATE 7/6/68 SUBJECT Palmetto Vein SHEET NO. 1 OF 7

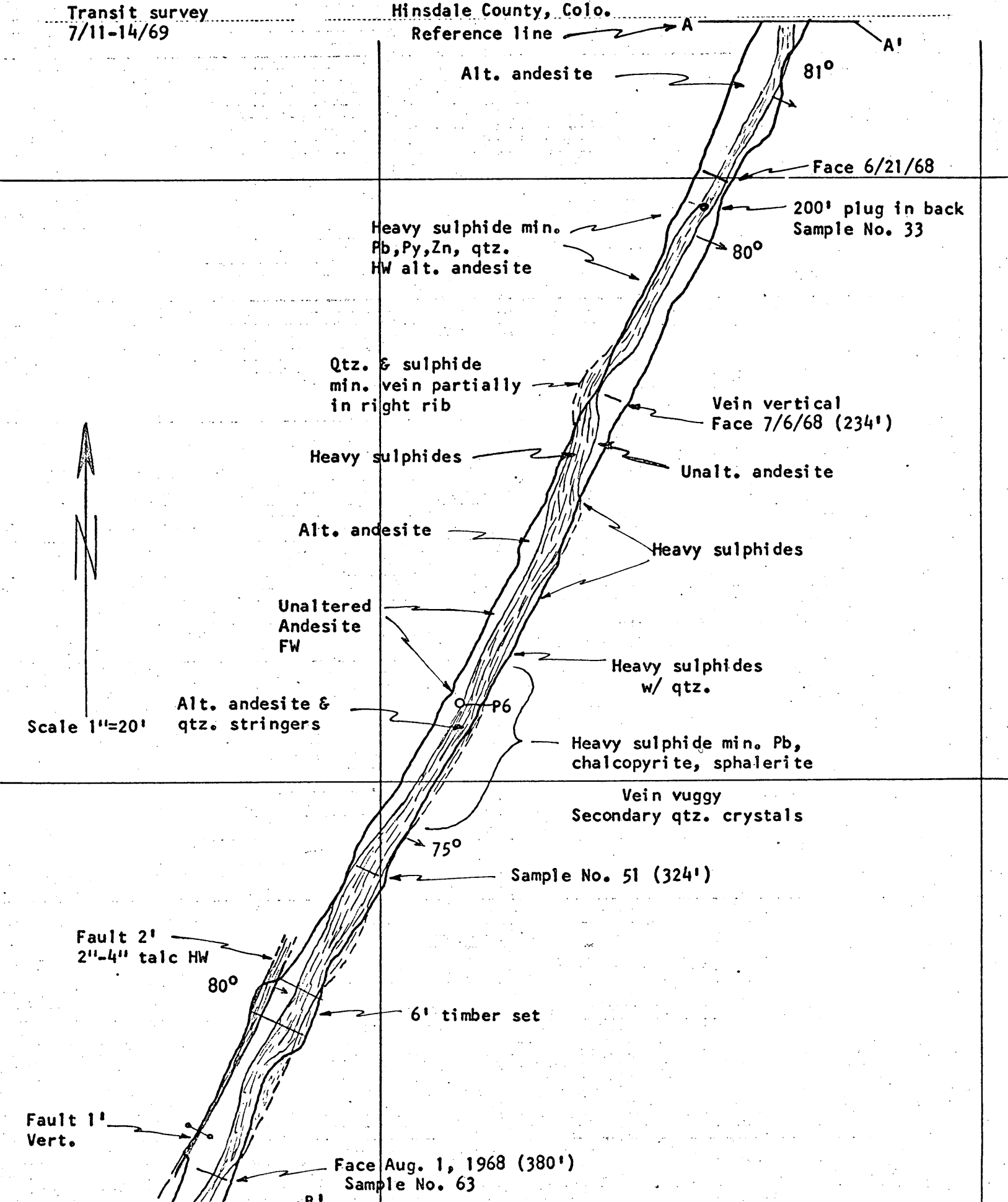
CHKD. BY DATE Roy Pray & Associates JOB NO. OME-Docket 6630

Scale 1"=20' Hinsdale County, Colo.

This sheet mapped by:
J.W. Hasler & N.E. Ebbley
Brunton-Tape Survey
6/20-21/68
Transit Survey
7/11-14/69



BY N.E. DATE 8/2-3/69 SUBJECT Palmetto Vein SHEET No. 2 OF 7
CHKD. BY DATE Roy Pray & Associates JOB NO. OME-Docket 6630
Transit survey Hinsdale County, Colo.
7/11-14/69

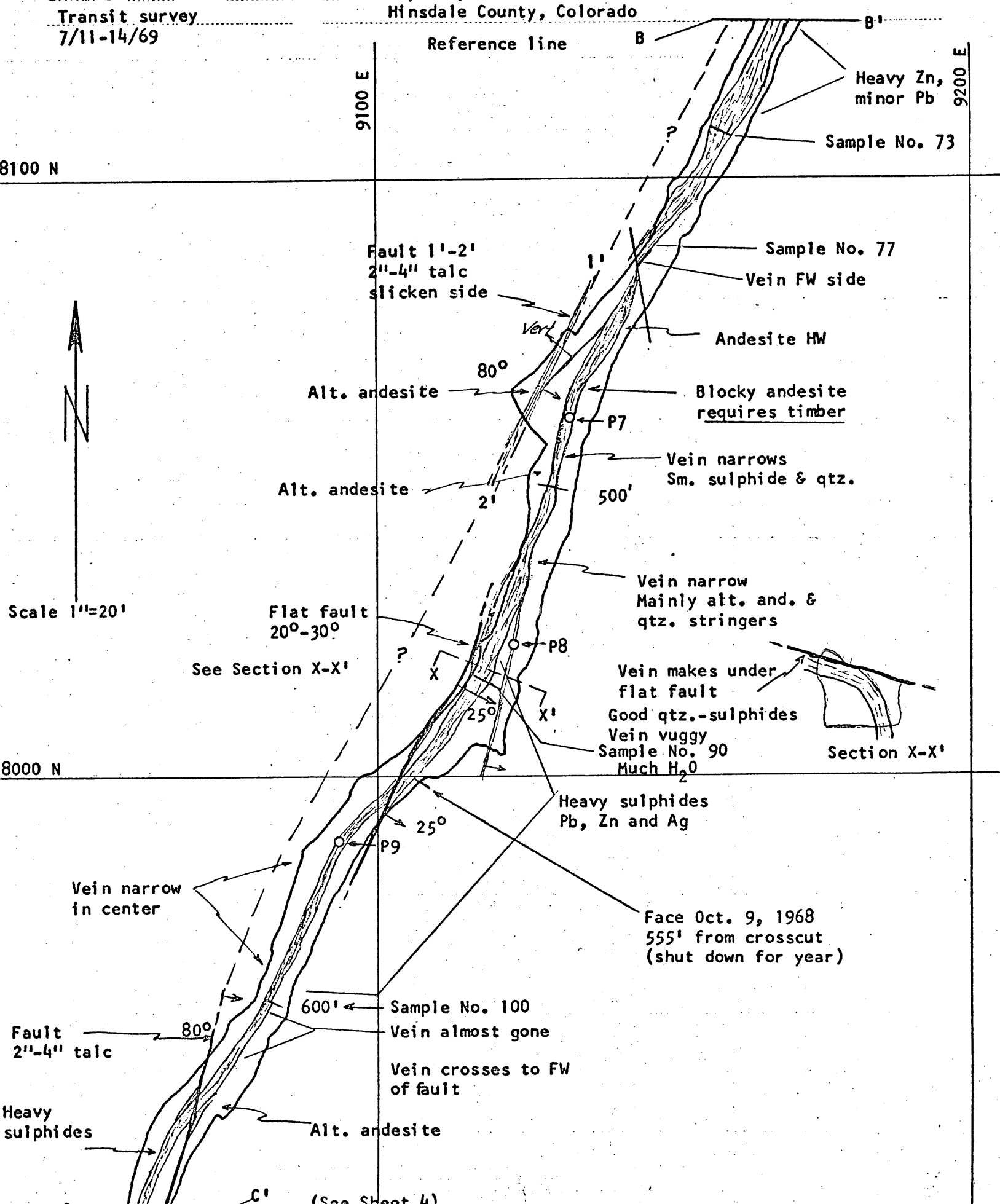


BY N. E. DATE 8/2-3/69 SUBJECT Palmetto Vein SHEET NO. 3 OF 7

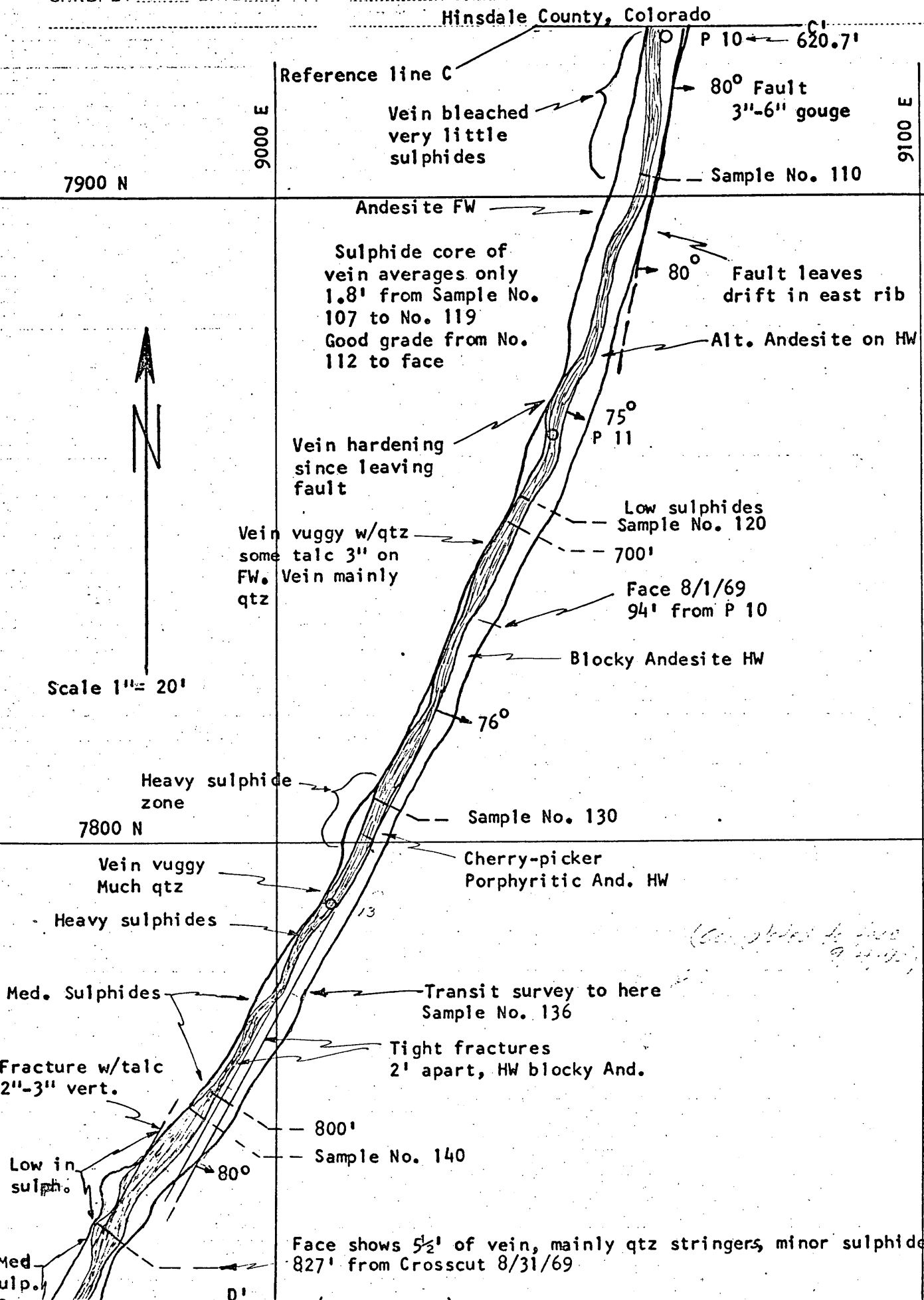
CHKD. BY DATE Roy Pray & Associates JOB NO OME-Docket 6630

Transit survey Hinsdale County, Colorado

7/11-14/69



BY N.E. DATE 7/1/69 SUBJECT Palmetto Vein SHEET NO. 4 OF 7
CHKD. BY DATE 8/31/69 Roy Pray & Associates JOB NO. OME-Docket 6630
Hinsdale County, Colorado



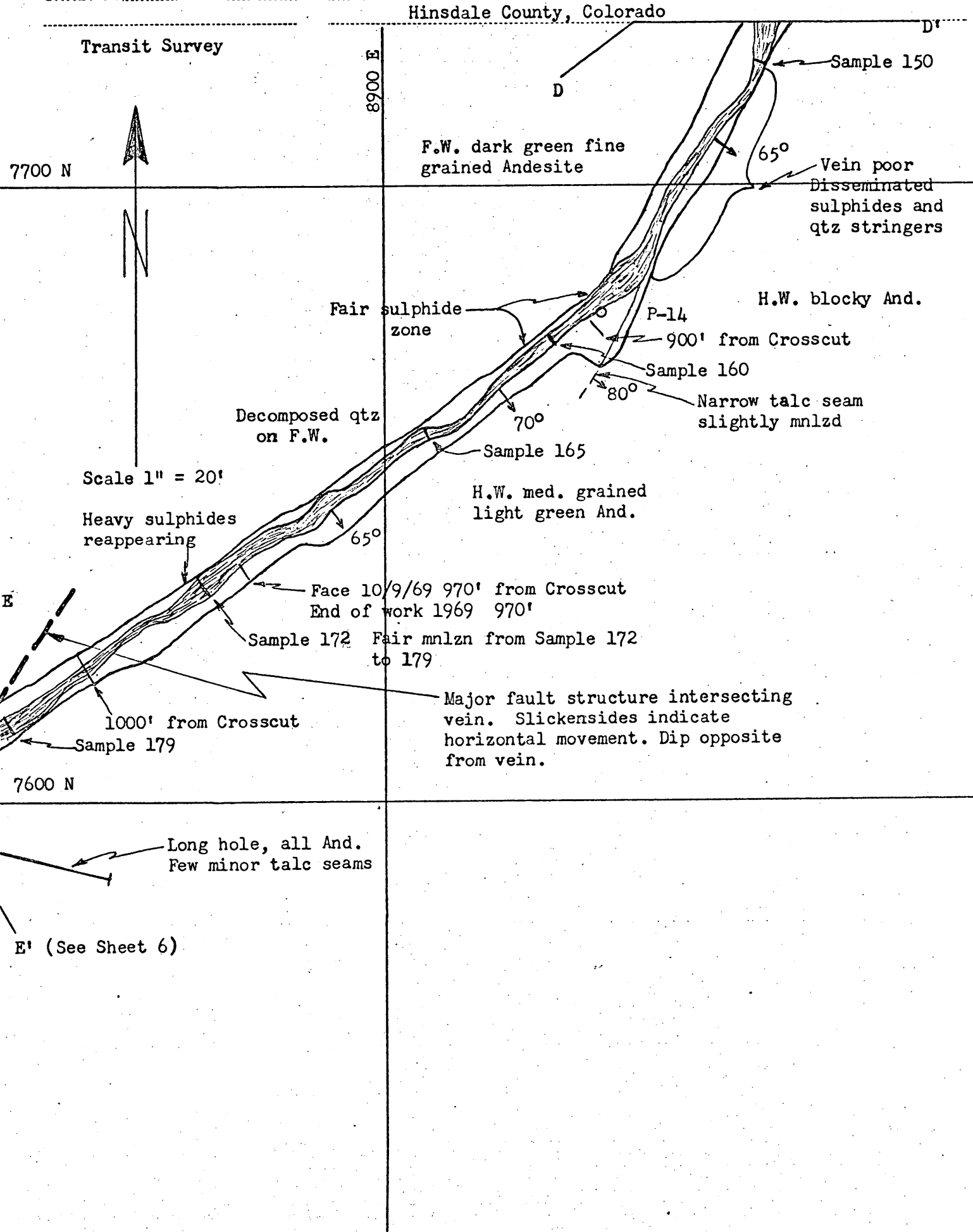
(Revised)

BY N. E. DATE 7/5/70
CHKD. BY ..... DATE 9/5/70

SUBJECT Palmetto Vein
Roy Pray & Associates
Hinsdale County, Colorado

SHEET NO. 5 OF 7
JOB NO. OME Docket 6630

Transit Survey

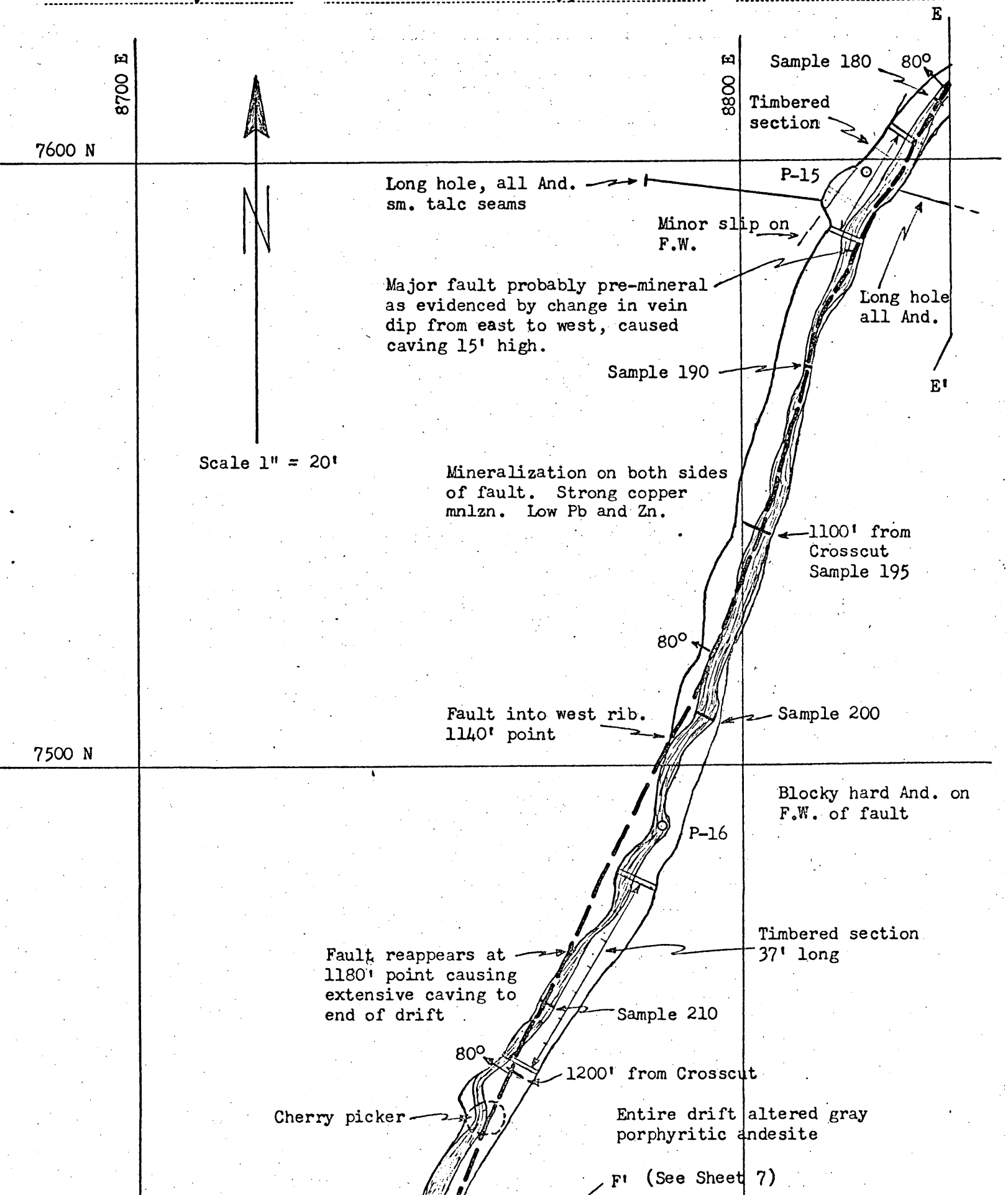


E' (See Sheet 6)

BY N. E. DATE 9/5/70 SUBJECT Palmetto Vein SHEET NO. 6 OF 7

CHKD. BY DATE Roy Pray & Associates JOB NO. OME Docket 6630

Transit Survey Hinsdale County, Colorado

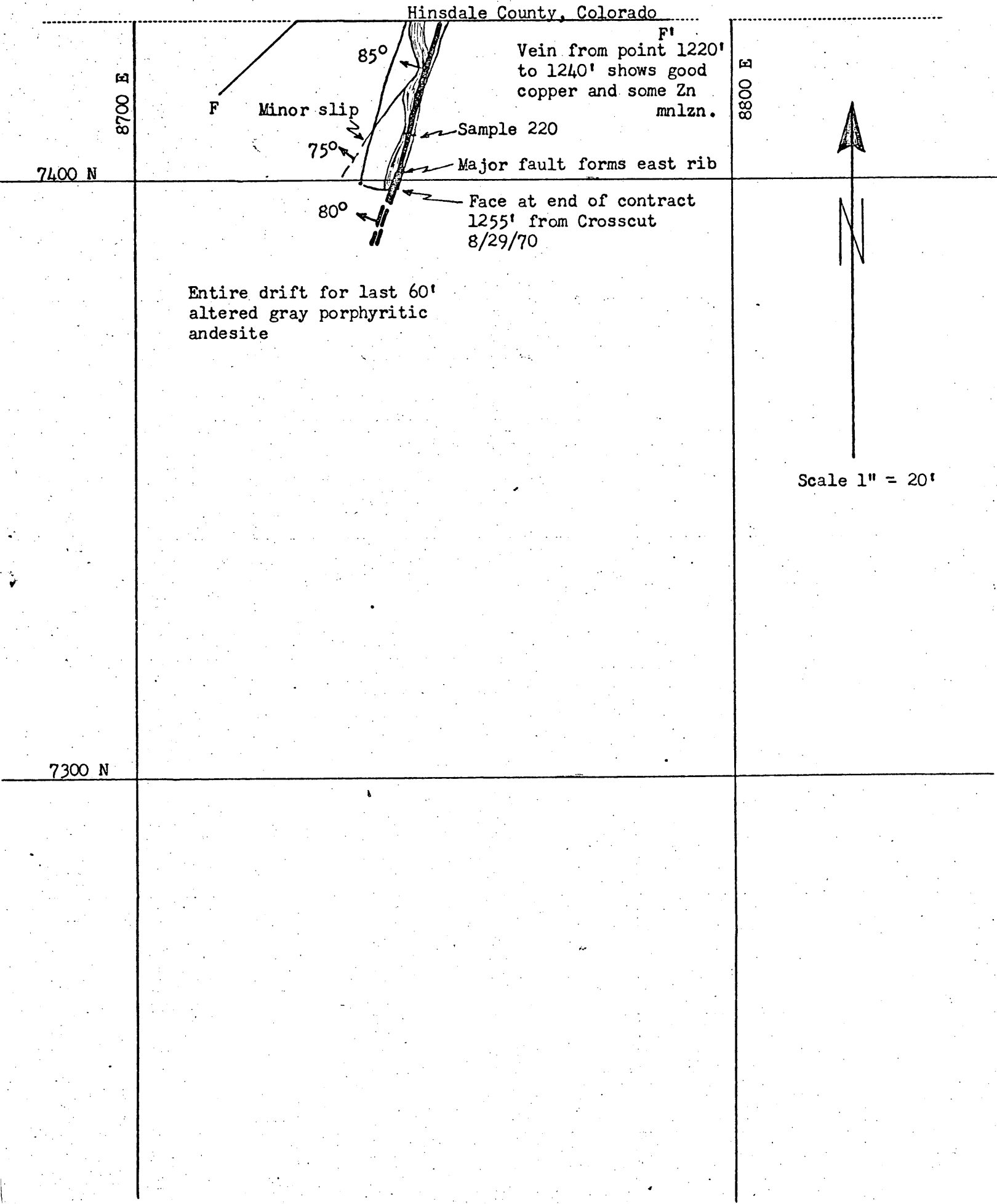


(See Sheet 7)

BY N. E. DATE 9/5/70 SUBJECT Palmetto Vein SHEET NO. 7 OF 7

CHKD. BY DATE Roy Pray & Associates JOB NO. OME Docket 6630

Hinsdale County, Colorado



MID-CONTINENT URANIUM CORP.

URANIUM CENTER BUILDING

GRAND JUNCTION, COLORADO

REGISTERED PROFESSIONAL ENGINEER
STATE OF COLORADO

NORMAN E. EBBLEY
MINING GEOLOGIST

P. O. BOX 683
GRAND JUNCTION, COLO.

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 28 1970
INITIATOR CODE
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Region
RECEIVED
SEP 23 1970
Denver, Colorado

September 21, 1970

Mr. J. William Hasler
Field Officer, Region LII
Office of Minerals Exploration
Building 53, Room 203
Federal Center
Denver, Colorado 80225

Subject: Docket No. OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colo.
Contract 2247
Amended Application

Dear Mr. Hasler:

The final report on subject OME Contract is about finished. The 8"x11½" geology maps (7), the sample map, and the longitudinal section map showing the ore reserves blocks are completed, as well as all calculations of tonnage and grade.

It is necessary for me to leave today for Silver Peak, Nevada on Mid-Continent and Aztec Mining Company business. I expect to be gone five or six days, so the Narrative part of the report, including the summary of the work performed, will be delayed until I return.

Yours very truly,

Norman Ebbley

Norman Ebbley

cc: Mr. Jack R. Fraser
Mr. Roy Pray

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

June 8, 1970

JUN 16 1970

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Transmitted herewith are the Government's copy and Budget and Finance's copy of Amendment No. 5 on the above-stated subject. The Operator has retained the Operator's copy and the Field Office's copy and Extra Copy for field use have been retained for the Region III OME field office files.

J. William Hasler

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

Enclosures

See left side

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

June 4, 1970

OFFICIAL COPY
O. M. E.
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JUN 8 1970
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Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Transmitted herewith is a copy of a letter from the subject Operator advising us that they have commenced work on the contract, and saying the work will be double-shifted this summer so the contract can be completed by the last of August this year.

J. William Hasler

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

Attachment

ROY PRAY & ASSOCIATES
CANON CITY, COLO. 81212

OME Region III
RECEIVED
JUN 5 - 1970
Denver, Colorado

Mr. J. William Hasler
Field Officer, Region III
Office of Mineral Exploration
U.S. Geological Survey
Room 200 -Bldg. 53
Denver Federal Center
Denver, Colo. 80225

Re: Docket No. OME-6630 (SILVER)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colo.
CONTRACT 2247

Dear Mr. Hasler:

This letter is to advise you that we have commenced work on the contract. The road to the property was cleared out the latter part of May and work on the mine property was started the first of June.

The work will be double-shifted this summer so as the contract can be completed by the last of August this year.

Very truly yours,

Roy Pray (POWER OF ATTORNEY)

Roy Pray & Associates

RP/mp

Office of Minerals Exploration
Building 53 Room 200

June 4, 1970

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 8 1970
INITIALS CODE
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Mr. Roy Pray
Roy Pray and Associates
235 Park Lane
Canon City, Colorado 81212

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

Enclosed are the original and three copies of proposed Amendment No. 5 (one page), to the subject contract, signed for the Government.

If the proposed amendment is satisfactory to you, all four copies should be signed by an authorized representative of Roy Pray and Associates. Keep the "Operator's Copy" and return the "Government's Copy", "Budget and Finance's copy", and the "Field Office's Copy" to this office for distribution.

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

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

Enclosure
cc: Chief, OME
cc: OME-6630
OME chron
Mr. Hasler

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/28/70	Kirkemo	120
6/1	Kulsgaard	120
6/1	Cal	220
		120M

JUN 1 1970

AIRMAIL

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Enclosed are the original and three copies of proposed Amendment No. 5 (one page), 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 an authorized representative of the Operator and distributed as usual.

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.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Mr. Kirkemo
120

BSLong/1 5/28/70

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HKirkemo/gla

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EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

AMENDMENT NO. 5

It is agreed this _____ day of _____, 1970, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Roy Pray & Associates, hereinafter called the "Operator," that Exploration Contract 2247 (OME-6630), dated September 8, 1967, as amended, is further amended effective May 1, 1970, as follows:

1. (a) The time fixed in Amendment No. 4 for suspension of work is further extended for a period of six weeks, or from May 1, 1970, to June 15, 1970.

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

(c) 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.

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, 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
U. S. Geological Survey

ROY PRAY & ASSOCIATES

By_____

Title_____

FORM 9-1308
(REV. 2-62)

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

ROUTING SLIP

TO: (NAME)	(ROOM, BUILDING, OR CODE)
1 ~~C. L. Martin~~	Rm. 6554, Interior Bldg.
2 Harold Kirkemo	Rm. 4460, Interior Bldg.
3	
4 SOLICITOR	
5 MAY 15 1970	

Remarks or Attachments

INTERIOR DEPT.

Proposed Amendment No. 5
Docket OME-6630, Contract 2247

Roy Pray & Associates

FROM SOLICITOR

MAY 26 1970

FOR SIGNATURE

FROM SOLICITOR

MAY

FOR SIGNATURE

Transmitted By Chief, OME

Date 5/15/70 Code/Phone

GPO : 1965 OF—762-781
894-476

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

May 11, 1970

U.S. DEPT. OF INT.
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Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado

Enclosed is a letter from the Operator that was written and mailed from Canon City, Colorado on April 29, 1970. The letter did not arrive in this office until May 11, 1970 after having been missent to the U. S. Bureau of Mines and the U. S. Bureau of Land Management here at the Denver Federal Center.

Mr. Pray sent two copies of the April 29, 1970 letter on May 5, 1970 as requested by me during a telephone conversation on May 5, 1970, and both letters were hand-carried to this office this morning by a mail clerk for the U. S. Bureau of Land Management in Building 53.

With an address as definite as this, (enclosed envelopes) showing the correct name of the addressee, correct building and room number, plus the correct zip code certainly should not go astray, much less take 11 days in transit between Canon City and Denver, Colorado, a distance of 115 miles.

The letter concerns the subject contract that is presently in default, due to excessive late spring snows and subsequent snow slides enroute to the Palmetto mine that lies at an elevation of 12,400 feet above sea level. Mr. Pray requests an extension of recess to June 1, 1970. I think it is more desirable to extend the recess period until not later than June 15, 1970. If the Operator does get into the property by June 1 or shortly thereafter he will not be in default of his contract again. Mr. Pray will of necessity have to put on two shifts of miners, in order to finish the 430 feet left under the contract before August 29, 1970, as specified in Amendment No. 4 to the subject contract.

Should the Operator not quite complete the 1400 feet of drifting along the Palmetto vein before August 29, 1970, it is hoped he will have completed enough exploration work along the Palmetto vein to have adequately explored it for new and undiscovered reserves of silver.

It is recommended that the subject contract be amended to allow an extended recess period to not later than June 15, 1970. Not many of our other contracts high in the San Juan Mountains of Colorado will be able to commence work this year until late June or early July, because of heavy late snows.

J. William Hasler

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

Enclosure

ROY PRAY AND ASSOCIATES

235 Park Lane

Canon City, Colorado 81212

OME Region III
RECEIVED
MAY 11 1970
Denver, Colorado

April 29, 1970

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Room 200, Building 53
Denver Federal Center
Denver, Colo. 80225

Re: Docket No. 6630
Contract No. 2247

Dear Mr. Hasler:

I contacted the Hinsdale County Road Superintendent last Monday and he informed me that due to adverse weather conditions and late snows in this area it would be impossible for him to have the road open before the first of June. He did assure me, however, that the road would be in shape so that I could begin actual mining operations by no later than June 1, 1970.

One of the factors that is causing the delay is that the "Big Casion Slide" ran this year, the first time in six years.

I have no doubt that we won't be able to finish the drift which amounts to four hundred thirty feet. We will have three months and I will double-shift the work to assure the project.

Hoping this finds you well, I remain,

Respectfully yours,

Roy Pray

Roy Pray
Roy Pray and Associates

RP/mp

Roy Pray
235 Park Lane
Canon City, Colo. 81212

CANON CITY, CO
MAY 5
PM
1970

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UNITED STATES 6c

Mr. J. William Hosler
Field Officer, Region III
Office of Minerals Exploration
Room 200 - Building 25
Denver Federal Center
Denver, Colorado 80225

Roy Pray
235 Park Lane
Canon City, Colo. 81212

NOT Bureau of Mines

O.M.E.
Bldg. 53

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Room 200, Building 53
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO:

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

Memorandum

May 5, 1970

CHIEF, OFFICE OF MINERALS EXPLORATION
U. S. GEOLOGICAL SURVEY
ROOM 4460 - INTERIOR BUILDING
WASHINGTON, D. C. 20242

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Subject: OME 6630 (Ag)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colo.
Contract 2247

I talked with Mr. Pray this afternoon and he informed me that he had sometime and mailed two copies of a letter to me April 30th requesting extra time to commence his project at the Palmetto property due to heavy record snows and snowslides in Henson Creek and at higher elevations.

He will send two more copies today, however mail delivery is sometimes slow from areas like Carson City.

Bill Hosler

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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4/9	cbl	220
		120M

APR 9 1970

AIRMAIL

Mr. Roy Pray
Roy Pray and Associates
235 Park Lane
Canon City, Colorado 81212

Re: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

This is in reply to your letter of March 10, 1970, concerning your amended application for financial assistance to explore the Palmetto property by diamond drilling.

We have not overlooked nor forgotten your request and we can understand your concern that there is no progress toward approving funds for the proposed work. As you know, the present funding situation precludes entering into a contract large enough to support your proposal, and the outlook for the next fiscal year is as yet unknown.

Aside from the question regarding funds is the need for Glen Explorations Inc., the forthcoming new operator of the property, to prepare and submit an application for financial assistance in support of a drilling program as Roy Pray & Associates will have no responsibility for work on the property after August 1970. Glen Explorations Inc. would have to establish its eligibility for the OME program and furnish new information where applicable for the seven items shown on the back of the application form. Also, as we have previously stated, information obtained from work on the present contract when completed should be furnished to help evaluate the proposed drilling plan. Any other facts which may affect the original cost estimates also should be considered. Factual information already furnished in the amended application by Roy Pray & Associates need not be resubmitted but reference should be made to it in the new application. The proposed program in the new application would be evaluated for its potential for making a significant discovery. The time necessary to prepare these data will not delay consideration of the application because we cannot now fund the project if it justified a contract.

We hope that you can resume work on the present contract by May 1 and that work can be completed by August 29 as required under

provisions of Amendment No. 4. We understand the problems involved regarding access to the property so soon in the spring, but an early resumption of project work is necessary in order to complete the contract.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo
Chief, Office of
Minerals Exploration

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

HKirkemo/gla 4-8-70

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ROY PRAY AND ASSOCIATES
235 Park Lane
Canon city, Colorado

March 10, 1970

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
Geological Survey
Washington, D. C. 20242

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colo.
Contract 2247

Dear Mr. Kirkemo:

The principles involved in the subject contract would like again to request approval of the proposed diamond drilling phase of the program.

Inclosed are copies of correspondence relating to previous requests which I believe are self-explanatory. The letter of February 7, 1969 reviews the proposed diamond drilling project, and the complete Amended Application is on file with the OME.

It is understood that all funds for the current fiscal year have been allocated and if the program were to be approved the funds would necessarily have to come from next fiscal year's appropriation. It is believed the bids from the diamond drill contractors and bulldozer contractors contained in the Amended Application would still apply.

Your consideration of this request to approve the proposed diamond drilling phase of the program is sincerely appreciated.

Yours very truly,

ROY PRAY AND ASSOCIATES

Roy Pray

CC: Mr. J. William Hasler

Mr. Jack Fraser,
Glen Explorations, Inc.

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

AIRMAIL

FEB 14 1969

Mr. Roy Pray
Roy Pray and Associates
c/o Crystal Lodge
Lake City, Colorado 81235

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado

Dear Mr. Pray:

This is to acknowledge receipt of your letter of February 7, 1969 and of your amended application for financial assistance for a proposed diamond drilling program at the Palmetto mine.

Unfortunately, our funds at this time are limited to current contracts and to applications already approved which can be provided for on present funds. Consequently, we would be unable to offer any additional assistance at this time. We have no information now on the extent of funds that may be available for the OME program after July 1, 1969, the beginning of the new fiscal year.

As we suggested to you in our letter of August 27, 1969, we recommend that you continue work as planned on the current project with the funds remaining in the contract. This will explore the original target area, and provide information which will help determine what additional targets are present.

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
Chief, Office of
Minerals Exploration

ROY PRAY AND ASSOCIATES
Lake City, Colorado

July 9, 1969

Mr. Frank Johnson, Chief Officer
Office of Minerals Exploration
U.S. Geological Survey
Washington, D.C. 20242

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Johnson:

Reference is made to your letter of February 14, 1969 in which you pointed out that funds remaining for fiscal year ending June 30, 1969 were limited to current contracts and to applications previously approved. Accordingly, the Office of Minerals Exploration was at that time unable to approve the diamond drilling phase of the subject program.

Now that a new fiscal year has begun, it would be appreciated if the O.M.E. would reconsider my letter of February 7, 1969 which reviewed the program from its inception and requested approval of the Amended Application for O.M.E. financial assistance, dated July 1, 1968. A copy of my letter of February 7, 1969 is enclosed.

The drifting phase of the program was resumed June 11, 1969, as soon as snow conditions permitted, and has advanced 81 feet by July 8, 1969. This makes a total of 636 feet of drifting on the vein southwesterly from the Pray cross-cut. The results of the work accomplished to date have been very encouraging, especially considering that the metal values appear to be getting better as the backs increase in depth.

However, engineers and geologists who have examined the property all agree that the proposed diamond drilling program at depth is imperative if tonnages of ore sufficient to justify a small mill are to be delineated.

It is believed that bids from the diamond drilling contractors and bulldozer contractors contained in the Amended Application would still apply. If any additional information is required, please contact Mr. Roy Pray; c/o Mid-Continent Mining Corp.; 204 Uranium Center Building; Grand Junction, Colorado 81501.

Your consideration of this request to approve the proposed diamond drilling phase of the program is sincerely appreciated.

Yours very truly,

ROY PRAY AND ASSOCIATES
Lake City, Colorado

Roy Pray

bf

CC: Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Building 53, Room 203
Federal Center
Denver, Colorado 80225

ROY PRAY AND ASSOCIATES
Lake City, Colorado

February 7, 1969

Mr. Frank Johnson, Chief Officer
Office of Minerals Exploration
U. S. Geological Survey
Washington, D. C. 20242

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Johnson:

It has been recently suggested by Mr. William Hasler that we write directly to you abstracting progress to date of subject contract, and request a continuation of both phases of the program. Briefly, the status of the program is as follows:

DIAMOND DRILLING PHASE

Under the original Application for OME Financial Assistance submitted April 15th, 1967 the proposed diamond drilling program consisted of 6 Stage I holes averaging 406 feet each and 2 Stage II holes averaging 1,015 feet each. The estimated cost of this drilling program, based upon bids received from diamond drilling contractors and bulldozer contractors was as follows:

RECAP, Drilling Project	Cost	Unit Cost Per Foot
A. Total Independent Contracts:		
(1) Diamond drilling	$52,275.00	$10.25
(2) Bulldozing	1,530.00	0.30
B. Company: (Labor, materials, equipment, etc.)	4,008.40	0.70
Total Cost of Drilling Project	$57,813.40	$11.34

After a review on the site by OME engineers, they suggested changing the drilling program slightly as follows, quote:

"1) Abandonment of the two deep drill holes Nos. DDH 7 and 8 of Stage II, thereby reducing both drill footage and bulldozer footage necessary to establish sites for these holes (about 900 of 1,400 feet for the latter).

2) Addition of a new drill site, for two holes, south of the Pray crosscut and south of the creek about 425 feet, attempting to remain as much on contour as possible (would use 400-500 feet of bulldozer footage from above). Drill site (not measured or plotted in field) shown on their map figure 7 and attached sketch. Drill holes were plotted to be about 690 feet long but because exact position on the surface for the collar respective to topography is not known, it would be better to allow perhaps 60 feet more to make a total of 750 feet at an angle of 50° to intersect the vein dipping easterly at 85°. Using a 690-foot hole, it calculates that 1,380 feet of the total 2,300 feet from the deep holes would be used."

In conformance with the above suggested changes an Amended diamond drilling program was submitted by the applicant on July 2, 1968. As all this data - general description, maps, new bids by diamond drilling contractors and by bulldozer contractors, etc. is on file with the OME it perhaps is sufficient to include here only the Recap of the Amended diamond drilling project to compare with the Recap contained in the original Application:

RECAP, Drilling Project, Amended	Cost	Unit Cost Per Foot
A. Total Independent Contracts:		
(1) Diamond drilling	$42,850.00	$10.20
(2) Bulldozing	1,275.00	0.30
B. Company: (Labor, materials, equipment, etc.)	4,134.00	0.98
Total Cost of Drilling Project	$48,259.00	$11.48

A copy of the letter of transmittal accompanying the Amended Application listing the data submitted is as follows:

ROY PRAY AND ASSOCIATES
Lake City, Colorado
July 2, 1968

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Building 53, Room 203
Federal Center
Denver, Colorado 80225

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247
Amended Application

Dear Mr. Hasler:

Pursuant to your recent request, we are herewith submitting an amended application for financial assistance to carry out the proposed diamond drilling program at the Palmetto mine. Two complete sets of all data are enclosed.

In conforming to your letter of May 20th, 1968, we have deleted the two original holes Nos. 7 and 8 and have substituted two new holes, Nos. 7 and 8, to be drilled from the new drill site approximately 425 feet south of the portal of the Pray crosscut, as shown on the enclosed map. Total footage for the eight holes now amounts to approximately 4,200 feet. Drill roads have been decreased in length from a total of approximately 2,600 feet to approximately 1,650 feet.

Enclosed for your consideration are:

1. Large claim map, figure 7, showing the four drill sites, the eight drill holes and the drill roads.
2. Small print (plan drawing) showing the new holes Nos. 7 and 8 suggested by the OME.
3. Four prints showing all 8 diamond drill holes in vertical section.
4. Copies of information data mailed to diamond drill contractors.
5. True copies of new bids for the proposed diamond drilling program submitted by two drill contractors.
6. True copies of bids from bulldozing contractors.

7. Amended "Proposed Diamond Drill Program" with:
   (1) Tabulation of Proposed Drill Holes.
   (2) General Discussion of Drilling Program.
   (3) Estimates of Diamond Drilling Costs.

   (A) Independent Contracts.
      (1) Diamond Drilling.
      (2) Bulldozing.

   (B) Company Account.
      (1) Labor, Project Engineer.
      (2) Operating Materials and Supplies.
      (3) Operating Equipment.
      (4) Miscellaneous.

   RECAP. Drill Project, Total Cost.

The following data was previously submitted to OME: MME Form 40, Application for Financial Assistance and Minerals Exploration; and Annex A, Engineering and Geological Report on the proposed exploratory project; and Annex B, containing legal documents, correspondence with commercial banking houses, experience records, bid and schedule of unit prices, location certificates, patent platts, lien and subordination agreements, and certification required under 301.6 (c).

Under the amended contract it is further understood that the 400 feet of drifting originally proposed to be driven northerly on the vein from the Pray crosscut will be abandoned and this footage added to the 1,000 feet originally proposed to be driven on the vein southerly from the Pray crosscut, making a total of 1,400 feet southerly.

In the event additional information is desired, please contact Mr. Roy Pray, c/o Mid-Continent Mining Corp., Uranium Center Building, Grand Junction, Colorado 81501. Your consideration of this amended application is sincerely appreciated.

Yours very truly,

ROY PRAY AND ASSOCIATES
Lake City, Colorado

(s) Roy Pray
Roy Pray

RP/am

Enclosures: Two complete sets of all data applicable to the amended application

COPY

DRIFT PHASE

Under the Amended contract there was one change from the original proposal. The 400 feet of drifting originally proposed to be driven northerly on the vein from the Pray crosscut was abandoned and this footage added to the 1,000 feet originally proposed to be driven on the v ein southerly f rom the Pray crosscut, making a total of 1,400 feet southerly.

The project, after rehabilitating t he Pray crosscut and driving tail room for car switching, got under way October 12, 1967. It was necessary to recess the project the first of December, 1967 because of excessive snow conditions which closed the road to the mine each day. During this 1½-month period 193 feet of drift southerly was completed. During 1968 the project was reactivated the latter part of June and continued into the first of October. During this period the drift heading was advanced to a point 555 feet southerly from the crosscut. Actually, the average for the full 5 months of operation amounted to approximately 110 feet per month of twenty-five working days.

Samples were cut across the vein structure at regular intervals averaging 5.9-foot spacing. During 1967 the 193 feet of advance on the vein averaged: 0.075 oz. of gold, 4.99 oz. of silver, 2.04% lead, 4.09% zinc and 0.30% copper. This compares with the overall average for 541 feet of vein (the last 14 feet not yet sampled) as follows: 0.083 oz. of gold, 5.60 oz. of silver, 2.94% lead, 6.35% zinc and 0.34% copper, indicating an appreciable increase in the values of all five metals as the drift advanced southerly and gained more backs. The average sample width for the 541 feet of vein was 3.49 feet. The gross value of the crude ore is approximately $42 per tons; with gold at $35 per oz., silver at $2 per oz., lead at 12.8¢ per pound, zinc at 13.5¢ per pound and copper at 42¢ per pound.

By the time the OME drifting and diamond drilling programs have been completed there is very little question in the applicant's mind but that there will be ample ore explored and developed at depth to justify a mill. It is appreciated that the drifting progress has been slow, but the monthly narrative reports point out the adverse labor and weather conditions which plagued the programs almost fro m the start. Although the property is located at high elevation, it is still 1,000 feet lower than the original Camp Bird mine workings and it could be developed by a much lower crosscut tunnel, eliminating most of the deep snow and drifting snow conditions.

We sincerely hope the OME will continue the present drifting contract and approve the proposed Amended diamond drilling phase of the

COPY

COPY

program so that this could be started as soon as weather conditions permit this spring.

Yours very truly,

ROY PRAY ASSOCIATES
Lake City, Colorado

Roy Pray

RP/em

cc Mr. J. William Hasler

COPY

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/7/70		120
		120
4/7	Cdc	220
		120M

APR 7 1970

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Enclosed is a copy of the Field Officer's letter of April 2, 1970, forwarding a copy of the Report of Review issued 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
OME Region III
Mr. Kirkemo
130

BSLong/1 4/7/70

Office of Minerals Exploration
Building 53 Room 200

April 2, 1970

OFFICIAL COPY
C. M. E.
RECEIVED
APR 6 1970
MINERALS COMM
JHL 1 30
HK 1 20
1 20

Mr. Roy Pray
Roy Pray and Associates
235 Park Lane
Canon City, Colorado 81212

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

Transmitted herewith is an "Operator's Copy" of a Report of Review prepared by the Audit Operations, Office of Survey and Review during January 1970, for your files.

I have reviewed the report and concur in the facts stated in the report. If, for any reason, you do not concur with the facts stated in the Report of Review, the "Operator's Copy" should be returned to this office with appropriate comments.

You will note reference in the review to proposed Amendment No. 4 providing for suspension of work from November 1, 1969, to not later than July 1, 1970, and extension of the duration of the contract to November 8, 1970. Since the date of the review, proposed Amendment No. 4 has been signed by the Government and you, representing Roy Pray and Associates, and the date for resumption of work is y 1, 1970, and for termination of the contract August 29, 1970.

We realize the problem of access to this property in early spring months, however, at least four months of operation are needed if the work authorized under the contract is to be completed before the transfer of ownership on August 31, 1970. Actually, work should be completed by August 29, 1970, as stated in paragraph 1, of Amendment No. 4 as executed. Work should then be resumed in less than a month from the date of the letter. It may very likely necessitate putting on two shifts in order to complete the authorized work in the time allowed.

Sincerely yours,

J. William Hasler

J. William Hasler, Field Officer, Reg. III, OME

cc: Chief, OME (2)
OME-6630
OME Chron
Mr. Hasler

Enclosure

OME-6630 Contract 2247, Roy Pray & Associates

Wednesday, March 18, 1970 THE MINING RECORD

Glen Explorations Inc. Receives Continuation Approval from OME

DALLAS—Officials of Glen Explorations Inc. announced here that approval has been received from the Office of Mineral Exploration (OME), a division of the Department of Interior and U.S. Geological Survey, for the continuation of Glen's government supported exploratory operations at their Palmetto Silver prospect near Lake City, Colo.

These exploratory mining operations are scheduled to begin again as soon as weather conditions permit, which might be as early as May 1, 1970, and are scheduled to be completed prior to August 31, 1970.

Thus far at Palmetto, exploration operations under the OME grant have included the rehabilitation of a 220 foot tunnel which cross-cut the principal Palmetto silver vein, and also drifting for a distance of 970 feet along the vein. Funds covering the drifting of an additional 430 feet along the vein have now been made available by OME for the 1970 summer exploratory operations.

The assay values for 167 samples of the 970 feet of vein throughout the drift indicate a weighted average gross metal value of about $40 per ton. The better ore zones along this drift, totalling about 535 feet in length, have an indicated gross value of about $60 per ton. The average vein width is about three feet.

Glen officials also announced that another application for OME funds, to cover deep core drilling operations at Palmetto, is under consideration by OME at this time. The deep coring operations will be necessary to determine if the Palmetto vein persists in width and metal content at substantial depth.

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

February 27, 1970

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

INITIALS	CODE
	30

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Transmitted herewith are the "Government's Copy", and the "Budget and Finance's Copy" of Amendment No. 4 on the above-stated subject, signed for the Government and by the Operator. The Operator retained the "Operator's Copy" and the "Field Office's Copy" and "Extra Copy for Field Use" have been retained in the OME Region III field office files.

J. William Hasler

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

Enclosures

on left side

Office of Minerals Exploration
Building 53 Room 200

February 20, 1970

COPY
O. M. E.
RECEIVED
FEB 25 1970
INITIALS CODE
~~130~~
bol 1/22
HK 1/20

Mr. Roy Pray
Roy Pray and Associates
235 Park Lane
Canon City, Colorado 81212

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

Enclosed are the original and three copies of proposed Amendment No. 4 (two pages), signed for the Government.

If the proposed amendment is satisfactory to you, all four copies should be signed by an authorized representative of Roy Pray and Associates. Please return all copies to this office except the "Operator's Copy" which you should retain for your files.

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.

Please note under paragraph 3(a) of the proposed amendment that the period of work suspension ends not later than May 1, 1970. We realize the problem of access to this property in the early spring months, however, at least four months of operation are needed if the work authorized under the contract is to be completed before the transfer of ownership on August 31, 1970. Actually, work should be completed by August 29, 1970 as stated in paragraph 1.

Sincerely yours,

cc: OME-6630
Chief, OME
OME chron
Mr. Hasler

J. William Hasler

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

Enclosures

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/13/70	Kirkemo	120
2/14	Kilzgard	
4/13	Cac	220
		120M

FEB 13 1970

AIRMAIL

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Enclosed are the original and three copies of proposed Amendment No. 4 (two pages), signed for the Government. An extra copy of the amendment is enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of the Operator and distributed as usual.

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.

Please note under paragraph 3(a) of the proposed amendment that the period of work suspension ends not later than May 1, 1970. We realize the problem of access to this property in the early spring months, however, at least four months of operation are needed if the work authorized under the contract is to be completed before the transfer of ownership on August 31, 1970. Actually, work should be completed by August 29, 1970 as stated in paragraph 1. This problem should be brought to the attention of the Operator.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

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

HKirkemo/bsl 2/13/70

Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/13/70		120
		220
		120M

Memorandum

FEB 13 1970

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Fray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Enclosed are two copies of a Report of Review issued in January 1970 on the subject contract.

If you concur in the facts as stated in this report, one copy should be sent to the Operator with any comments you may care to make, and the other copy retained for your files. 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 concur, both copies of the report should be returned to this office with appropriate comments.

You will note reference in the review to proposed Amendment No. 4 providing for suspension of work from November 1, 1969, to not later than July 1, 1970, and extension of the duration of the contract to November 8, 1970. Since the date of the review, proposed Amendment No. 4 has been signed by the Government and the date for resumption of work is May 1, 1970, and for termination of the contract August 29, 1970. The reasons for the earlier dates are explained in our memorandum transmitting the amendment to you. The Operator should be advised of this change in dates so as not to lead him to believe the later dates are in effect.

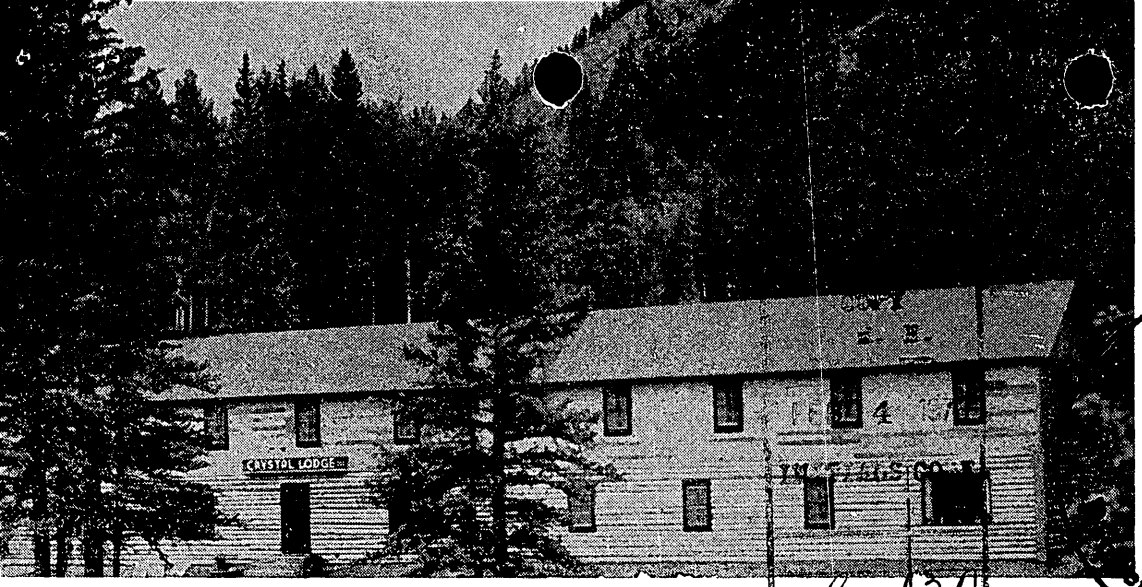
Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo
130

HKirkemo/gla 2-13-70



CRYSTAL LODGE

Near Scenic
Lake San Cristobal
Lake City, Colorado

OME R... RECEIVED JAN 28 1969 ...er, Colorado

Jan. 27, 1970

Ala 120
Rel 120 M
HK 120

Dear Mr. Hosler,

Here are the Lien + Subordination agreements for the unpatented property for the Government. I trust that these are what they want and if there is any more information you wish, please let me know.

Things have been moving pretty slow for me the past two months. We made the move to Canon City, then my mother passed away and things are just beginning to get normal again.

I hope we get everything straightened out for I would like to get up on the hill and get started soon as possible. I would like to have it finished by the last of Aug.

not needed at present NK per glo see forms clipped left hand side

(OVER)

My new address

ROY PRAY
235 PARK LANE
CANON CITY, COLO. 81212
PHONES
2756216 bd
2755764 wkd

Very best regards
Roy Pray

FORM 9-1308
(REV. 5-61)

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

ROUTING SLIP

TO: (NAME)	(ROOM, BUILDING, OR CODE)
1 Robert W. Long (Through Room 6042)	Room 6554, Interior Bldg.
2 Harold Kirkemo	Room 4460, Interior Bldg.
3	
4	
5	

- [ ] Action
- [ ] Acct. Auth. No.
- [ ] Approval
- [ ] Call Me
- [ ] Comment
- [ ] Correction
- [ ] Filing
- [ ] Implement
- [ ] Information
- [ ] Note and Return
- [ ] Prev. Corres.
- [ ] Read and Destroy
- [ ] Recommendation
- [ ] See Me
- [ ] Signature
- [ ] Special
- [ ] Surname _____
- [ ] Prepare Reply for Signature of _____
- [ ] Answer or Acknowledge Before _____

FROM: *(Name, Title, Organization, Code, etc.)*	DATE
Chief, OME	1/23/70

REMARKS *(Use reverse if necessary)* 93287

Approval and typing of proposed Amendment No. 4

OME-6630 - Roy Pray & Associates

DRAFT 11/28/69 1-23-70
HKirkemo/gla/bsl

Jo Lane 1/23/70 Retd 2/12

EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

AMENDMENT No. 4

It is agreed this _____ day of _____, 1970, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Roy Pray & Associates, hereinafter called the "Operator," that Exploration Contract 2247 (OME-6630), dated September 8, 1967, as amended, is further amended effective November 1, 1969, as follows:

1. The time fixed by Article I(a) of the contract, as amended by Amendment No. 3 for completion of the work, is further extended from twenty-six (26) to thirty-five (35) months and 3 weeks from the date of the contract, or until August 31, 1970.

2. The maximum period for royalty payments and for the lien to secure payments thereof provided for in the contract is extended from twelve (12) to thirteen (13) years from the date of the contract.

3. (a) Work under the contract may be suspended during the period beginning November 1, 1969, and ending not later than May 1, 1970.

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

(c) 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.

4. In Exhibit A, under Estimated Costs of the Work, revise the entire section to read as follows:

Fixed Unit Costs[1/]

Mobilization of equipment and rehabilitation of Pray crosscut to Palmetto vein	$975.00*
Drifting and crosscutting, 1,400 feet @ $42.45/ft.	59,430.00
Ground support, est. 78 feet	1,240.00
Timbering, $16.00/ft. installed	
Rock bolting in lieu of timbering	
5-foot bolts @ $3.00/bolt, installed	
6-foot bolts @ $3.25/bolt, installed	
8-foot bolts @ $3.50/bolt, installed	
Assaying, estimated 477 samples	2,695.00
Gold and silver @ $3.50/sample	
Lead, zinc, copper @ $2.50 each determination	
Office expense, 6 months @ $50.00/month	300.00
Total Estimated Fixed Unit Costs	$64,640.00
Government Participation @ 75 percent	$48,480.00

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

* Indicates a maximum.

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, 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
U. S. Geological Survey

ROY PRAY & ASSOCIATES

By_____

Title_____

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/23/70		120
		220
		140
		120

January 23, 1970

Memorandum

To: Assistant Solicitor, Oil and Gas and Minerals Exploration

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

We have received the enclosed letter from Mr. Roy Pray of Roy Pray & Associates, replying to our letter of December 17, 1969, with a copy of Amendment to Agreement, dated December 30, 1969.

The Amendment to Agreement extends the effective date of conveyance of the Agreement between Roy Pray, Joe Ianni, and Leon Haas, owners, and Glen Explorations, Inc., from December 31, 1969, to August 31, 1970. As there has not yet been a transfer of ownership of any of the claims subject to the OME contract, it appears that no new Lien and Subordination Agreements are necessary at this time.

Although the OME contract terminated on December 8, 1969, we proposed on November 28, 1969, an extension of time to complete work authorized under terms of the contract and drafted proposed Amendment No. 4. However, you noted several legal matters which should be cleared up before that amendment could be prepared. Mr. Pray's letter and enclosed Amendment appear to supply the required information. If the questions you noted in this case are now satisfactorily answered, and if there are no other problems, would you please review the enclosed draft of proposed Amendment No. 4 to the OME contract and, if acceptable, prepare the amendment for execution by the Government and the Operator.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo

HKirkemo/gla 1-23-70

ROY PRAY & ASSOCIATES
235 Park Lane
Canyon City, Colorado
81212

OFFICIAL
COPY
O. M. M.
JAN 16 1970
TRANSMITTAL
gla
gla

January 12, 1970

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
Geological Survey
Washington, D. C. 20242

RE: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Kirkemo:

I have delayed answering your letter of December 17, 1969 pending completion of negotiations with Glen Explorations, Inc. to amend the original agreement (dated March 14, 1969) between Roy Pray & Associates and Glen Explorations, Inc.

The Amendment to Agreement has now been executed by both parties to the agreement and a copy is enclosed. The effective date of the Conveyance has now been changed from December 31, 1969 to August 31, 1970.

filed Left-hand side

In answering the questions in the last paragraph of your letter of December 17, 1969: (1) The Amendment to Agreement defines the current situation and the situation that will prevail until August 31, 1970, the new effective date for the escrow agent to turn over the Conveyance to Glen; (2) Roy Pray and Associates will have no further interest in the Lease and Option on the ten patented claims owned by Mr. Ralph Horton, or the four unpatented claims (R. Pray Nos. 1 through 4) after the new effective date of the conveyance; and (3) the present owner of the land (patented claims) is Mr. Ralph Horton, who will still be the owner after the said conveyance (please refer to the original Lease and Option agreement dated April 1, 1966), and the owner of the four unpatented claims is Roy Pray and Associates.

In considering the four unpatented claims it would appear that Lien and Subordination Agreements signed by Roy Pray and Associates should have been included in the original Application for OME Financial Assistance. These will be executed and mailed to the OME as soon as possible. Also with reference to these four unpatented claims it is assumed that Glen Explorations, Inc. should sign Lien and Subordination Agreements for OME files, as Glen will be the record owners of these claims upon the new effective date of the conveyance, August 31, 1970.

Please advise if this assumption is correct and we will have Glen sign the forms and forward to the OME.

I trust the above information and the enclosure answer your questions satisfactorily, and again I am sorry for the delay in answering your last letter.

Sincerely yours,

Roy Pray

Roy Pray & Associates

Encl.

cc: Mr. William Hasler

OFFICIAL FILE COPY

Date	Surname	Code
12/16/69	Kisbeno	120
		220
	Long	140
12/27	Cac	120
		220

120M

AIRMAIL

DEC 17 1969

Mr. Roy Pray
235 Park Lane
Canyon City, Colorado 81212

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

This is in reply to your recent request to amend the subject contract for the purpose of extending the completion date, recessing work until next summer, and transferring some project funds to Assaying from Ground Support.

Before we can give further consideration to your request, we must be appraised of the current and future status of the Agreement and the Conveyance between Roy Pray & Associates and Glen Explorations, Inc., pertaining to the ownership of the patented claims.

Please refer to our letters to you, dated May 12 and June 6, 1969, and your letters concerning transfer of your interests to Glen Explorations, Inc., upon satisfactory completion of work under the subject contract and our request for new Lien and Subordination Agreements from the owner of the patented claims, providing ownership had been transferred. We concluded from this correspondence that:

1. The interest of Roy Pray & Associates would be assigned to Glen Explorations, Inc., on December 31, 1969, and

2. The Conveyance, though executed April 15, 1969, was placed in escrow and would not be delivered to Glen until satisfactory completion of work under the OME contract, which was expected in the fall of 1969.

Presently, the facts are:

1. The contract was not completed this fall as expected and it terminated November 8, 1969, in accordance with the terms of Amendment No. 3 to the contract. Therefore, it is no longer in force.

RECEIVED
DEC 17 1969

2. The terms of the Agreement and of the Conveyance will be or are in effect as no formal action was taken to defer implementation of the terms of either document. The statement in your undated letter received May 29, 1969, that the Conveyance was placed in escrow pending completion of the OME contract is not sufficient evidence that terms and provisions of the Conveyance and the Agreement have been deferred.

We cannot consider reinstating and amending the contract until we have received evidence clearly defining the current situation and the situation that will prevail after December 31, 1969, with respect to Glen Explorations, Inc., your interest in the land involved in the contract, and the ownership of the land. If ownership has been or will be transferred, new Lien and Subordination Agreements must be executed by the new owner.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
OME Region III
Robert W. Long, Rm. 6554
Mr. Kirkemo

HKirkemo/RWLong/gla 12-16-69

OME FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Robert W. Long, Rm. 6554, Interior Bldg.		
2. Harold Kirkemo, Rm. 4460, Interior		
3.		
4.		
5.		
FROM: Chief, OME		

INTERIOR DEPT.
DEC 15 1969
SOLICITOR

FOR: Check items for action desired

____ Action ____ Reply for signature of ____
__x__ Approval ____ Investigate ____ Surname
__x__ Comment ____ Recommendations ____ Signature
____ Conference ____ Rewrite ____ File
____ Instructions ____ Your information

REMARKS:

OME-6630 - Roy Pray & Associates

Type as corrected
To be surnamed by
Mr. Long.

INT.-DUP. SEC., WASH., D.C. M56300-62

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

December 16, 1969

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Solicitor, Oil and Gas and Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Pursuant to your request of December 11, 1969 I have reviewed the draft letter to Mr. Roy Pray. With the few small changes I have made in ink on the draft, I believe it will be suitable for the intended purpose. The draft is returned herewith.

Robert W. Long

Robert W. Long
Assistant Solicitor
Oil and Gas and Minerals Exploration

Enclosure

Dec 3, 1969

Mr. Kirkemo:
I call your attention to the documents in the file indicated by the blue slips of paper.

R.W.L.

MME FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Mr. Robert W. Long, Rm. 6554 Interior Bldg. ~~Through Room 6042~~		
2. Mr. Harold Kirkemo, Rm. 4459, Interior Bldg.		
3. SOLICITOR		
4. DEC 1 - 1969 22945.31		23
5.		
FROM: INTERIOR DEPT. Chief, OME		

FOR: Check items for action desired

____ Action ____ Reply for signature of ____
x Approval ____ Investigate ____ Surname
____ Comment ____ Recommendations ____ Signature
____ Conference ____ Rewrite ____ File
____ Instructions ____ Your information

REMARKS:

INT.-DUP. SEC., WASH., D.C. M56300-62

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

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 8, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 10 1969

INITIALS	CODE
HK	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Enclosed is a copy of a letter with accompanying assay data to Mr. Jack Fraser, President, Glen Explorations, Inc., Dallas Texas from Mr. Norman Ebbley, Consulting Geologist concerning the above-cited docket. Please retain this data in your files.

J. William Hasler
mc

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

Enclosure

OME Region III
RECEIVED
DEC 1 - 1969
Denver, Colorado

November 25, 1969

Mr. Jack Fraser, President
Glen Explorations Inc.
1204 Praetorian Building
Dallas, Texas 75201

Dear Mr. Fraser:

Pursuant to the request in your letter of November 18, 1969, I have calculated weighted average grades for the better ore zones along the Palmetto drift. As you will note from the accompanying sheets of calculations, six separate zones have been considered having a total combined length of 535 feet out of the total drift length of 970 feet.

More significance has been placed on the gold, silver and lead values, and a combination of these minerals, rather than to the assays of zinc and copper. There are several other short lengths of mineralization along the drift not used in the calculations where raises should probably be driven to determine if the strike length of these zones would increase with height. Some of these spots are shown by Sample No. 28; Nos. 146 and 147; and Nos. 4A to 3, especially if the sample widths of the latter zone were decreased.

The sample spacing along the drift varies from about 3½ feet to as much as 6 feet as a result of rounds breaking less footage in some areas because of rock conditions and also probably due to less experienced miners.

A recap of the six zones calculated compared with the entire drift length is as follows:

Better ore zones - total 535 feet in length:

Weighted Averages: Av. Width Ft.	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper
2.69	0.099	6.02	4.21	8.66	0.47

Entire drift - total 970 feet in length

Av. Width Ft.	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper
2.82	0.072	4.79	2.87	6.04	0.36

At today's metal quotations the gross value of the better zones would be approximately $60 per ton. Because of the decreased vein width and lower values indicated in the last 150 feet or so of the drift, it would be advisable to complete the proposed long-holes as shown on geological sheet No. 5 next spring, prior to advancing the drift. Information obtained from the first two long-holes may indicate the advisability of additional long-holes nearer the present face.

Yours very truly,

MID-CONTINENT MINING CORP.

Norman Ebbley, President

b f

CC: Mr. William Hasler, OME
Mr. Roy Pray

BY J.E.G. DATE 11/25/69 SUBJECT Palmetto Drift Assays SHEET NO. 1 OF 5

CHKD. BY ..... DATE ..... Roy Pray & Associates JOB NO. .....

OME-6630

Sections of vein along drift of better grade ore

Sample No.	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x Ft	Silver Oz x Ft	Lead % x Ft	Zinc % x Ft	% x Ft
Sample No. 12 to No. 24, Incl.											
12	4.25	0.18	12.2	3.0	3.6	-	0.765	51.85	12.75	15.30	-
13	4.4	0.14	10.2	0.9	2.4	-	0.616	44.88	3.96	10.56	-
14	4.0	0.12	3.4	1.5	-	-	0.480	13.60	6.00	-	-
15	3.85	0.35	4.8	1.6	-	-	1.348	18.48	6.16	-	-
16	4.15	0.16	3.5	2.7	-	-	0.664	14.53	11.21	-	-
17	4.65	0.13	2.2	1.1	-	-	0.605	10.23	5.21	-	-
18	4.5	0.07	3.3	3.8	6.5	0.1	0.315	14.85	17.10	29.25	0.45
19	4.0	0.28	14.8	2.0	5.3	0.3	1.120	59.20	8.00	21.20	1.20
20	4.6	0.06	2.6	2.6	7.7	0.2	0.276	11.96	11.96	35.42	0.92
21	4.15	0.11	7.0	1.3	4.1	0.3	0.457	29.05	5.40	17.02	1.25
22	4.6	0.07	5.8	5.1	7.4	0.6	0.322	26.68	23.46	34.04	2.76
23	4.0	0.21	14.1	16.4	11.6	0.9	0.840	56.40	65.68	46.40	3.60
24	4.0	0.08	5.0	1.9	6.0	0.7	0.320	20.00	7.60	24.00	2.80
	55.15						8.128	371.71	184.40	233.19	12.98

Av. Width 4.24' Length 70' = 296.80 Sq. Ft.

Weighted Averages: 0.147 6.74 3.34 6.06 0.43

Sample No.	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x Ft	Silver Oz x Ft	Lead % x Ft	Zinc % x Ft	% x Ft
Sample No. 33 to No. 56, Incl.											
33	3.4	0.06	2.94	3.65	7.35	0.81	0.204	10.00	12.41	24.99	2.75
34	3.0	0.10	14.50	4.70	8.35	0.22	0.300	43.50	14.10	25.05	0.66
35	3.0	0.12	0.02	15.35	17.50	0.55	0.360	0.06	46.05	52.50	1.65
36	1.5	0.01	5.80	5.70	13.90	0.37	0.015	8.70	8.55	20.85	0.56
37	2.3	0.08	7.30	2.80	14.30	0.28	0.184	16.79	6.44	32.89	0.64
38	4.2	0.14	7.90	3.20	9.00	0.46	0.588	33.18	13.44	37.80	1.93
39	3.6	0.18	4.40	4.70	6.60	0.29	0.648	15.84	16.92	23.76	1.04
40	2.8	0.05	7.50	1.20	2.40	0.36	0.140	21.00	3.36	6.72	1.01
41	3.0	0.02	4.18	2.18	3.02	0.29	0.060	12.54	6.54	9.06	0.87
42	3.0	0.12	12.04	7.85	11.74	0.88	0.360	36.12	23.55	35.22	2.64
43	2.1	0.01	4.09	3.02	5.81	0.39	0.021	8.59	6.34	12.20	0.82
44	3.0	0.01	4.20	3.95	10.67	0.36	0.030	12.60	11.85	32.01	1.08
[illegible]	3.7	0.01	2.04	1.20	3.24	0.25	0.037	7.55	4.44	11.99	0.93
[illegible]	[illegible]	0.02	4.02	6.97	8.97	0.37	0.060	12.06	20.91	26.91	1.11
[illegible]	[illegible]	0.02	5.32	7.28	15.21	0.29	0.062	16.49	22.57	47.15	0.90
48	[illegible]	0.03	4.33	4.78	11.06	0.46	0.105	15.16	16.73	38.71	1.61

BY N.E. DATE 11/25/69 PROJECT Palmetto Drift Assays SHEET NO. 2 OF 5

CHKD. BY ..... DATE ..... Roy Pray & Associates JOB NO. ONE-6630

Sections of vein along drift of better grade ore

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x Ft	Silver Oz x Ft	Lead % x Ft	Zinc % x Ft	Copper % x Ft
Sample No. 33 to No. 56, Incl. - continued -											
49	3.6	0.03	5.41	4.58	7.06	0.62	0.108	19.48	16.49	25.42	2.23
50	3.5	0.02	4.26	1.14	4.30	0.33	0.070	14.91	3.99	15.05	1.16
51	3.3	0.02	7.14	4.16	6.20	0.78	0.066	23.56	13.73	20.46	2.57
52	3.3	0.24	3.40	4.30	3.63	0.26	0.792	11.22	14.19	11.98	0.86
53	3.2	0.04	2.60	4.55	7.65	0.42	0.128	8.32	14.56	24.48	1.34
54	3.4	0.04	1.70	2.45	4.75	0.30	0.136	5.78	8.33	16.15	1.02
55	3.3	0.08	2.26	5.10	9.75	0.40	0.264	7.46	16.83	32.18	1.32
56	2.9	0.10	8.04	6.30	12.85	0.47	0.290	23.32	18.27	37.27	1.36
	74.70						5.028	384.23	340.59	620.80	32.06
Av. Width 3.11' Length 152' = 472.72 Sq. Ft.											
Weighted Averages:		0.067	5.14	4.56	8.31	0.43					
Sample No. 67 to No. 69, Incl.											
67	4.7	1.06	49.60	3.30	6.70	0.40	4.982	233.12	15.51	31.49	1.88
68	3.7	0.05	6.30	1.10	8.20	0.20	0.185	23.31	4.07	30.34	0.74
69	4.1	0.06	10.40	1.40	6.80	0.50	0.246	42.64	5.74	27.88	2.05
	12.50						5.413	299.07	25.32	89.71	4.67
Av. Width 4.17' Length 10' = 41.70 Sq. Ft.											
Weighted Averages:		0.433	23.93	2.03	7.18	0.37					
Sample No. 74 to No. 100, Incl.											
74	3.4	Tr	5.3	2.8	7.5	0.43	--	18.02	9.52	25.50	1.46
75	3.2	0.06	6.0	2.1	3.3	0.63	0.192	19.20	6.72	10.56	2.02
76	3.2	0.06	4.0	2.9	7.9	0.26	0.192	12.80	9.28	25.28	0.83
77	2.2	0.06	10.5	1.6	5.8	1.14	0.132	23.10	3.52	12.76	2.51
78	2.4	0.06	13.0	6.6	13.7	0.13	0.144	31.20	15.84	32.88	0.31
79	2.1	0.06	1.7	Tr	0.6	0.03	0.126	3.57	--	1.26	0.06
80	3.2	0.08	4.1	12.3	19.6	0.46	0.256	13.12	39.36	62.72	1.47
81	2.5	0.04	2.4	0.7	0.8	0.14	0.100	6.00	1.75	2.00	0.35
82	2.7	0.04	10.7	1.0	1.2	0.29	0.108	28.89	2.70	3.24	0.78
83	1.8	0.06	8.1	Tr	0.3	0.58	0.108	14.58	--	0.54	1.04

BY N.E. DATE 11/25/69 SUBJECT Palmetto Drift Assays SHEET NO. 3 OF 5

CHKD. BY DATE Roy Pray & Associates JOB NO. ONE-6630

Sections of vein along drift of better grade ore

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x Ft	Silver Oz x Ft	Lead % x Ft	Zinc % x Ft	Copper % x Ft
Sample No. 74 to 100, Incl. - continued -											
84	2.4	0.02	9.3	0.7	1.1	0.65	0.048	22.32	1.68	2.64	1.56
85	2.2	0.04	5.5	4.6	7.1	0.31	0.088	12.10	10.12	15.62	0.68
86	3.6	0.04	4.7	9.2	20.6	0.03	0.144	16.92	33.12	74.16	0.11
87	2.9	0.14	3.7	12.5	30.3	0.59	0.406	10.73	36.25	87.87	1.71
88	2.2	0.17	2.4	2.5	13.0	0.35	0.374	5.28	5.50	28.60	0.77
89	2.4	0.18	2.7	2.8	12.6	0.42	0.432	6.48	6.72	30.24	1.01
90	2.8	0.04	3.1	5.6	15.9	0.80	0.112	8.68	15.68	44.52	2.24
91	2.5	0.17	2.1	2.6	10.7	0.23	0.425	5.25	6.50	26.75	0.58
93	1.9	0.14	6.9	11.8	30.0	-	0.266	13.11	22.42	57.00	--
94	2.1	0.06	3.0	5.0	16.6	-	0.126	6.30	10.50	34.86	--
95	1.7	0.03	4.3	3.7	6.2	-	0.051	7.31	7.31	10.54	--
96	1.6	0.04	3.8	10.0	30.0	-	0.064	6.08	16.00	48.00	--
97	1.5	0.15	7.0	4.6	10.0	-	0.225	10.50	6.90	15.00	--
98	1.75	Tr	5.5	4.1	10.0	-	-	9.63	7.18	17.50	--
99	2.0	0.03	10.0	11.0	25.6	-	0.060	20.00	22.00	51.20	--
100	1.75	0.06	10.0	4.7	14.2	-	0.105	17.50	8.23	24.85	--
	62.00						4.284	348.67	304.80	746.09	19.49

Av. Width 2.38' Length 165' = 392.70 Sq. Ft.

Weighted Averages: 0.069 5.62 4.92 12.03 0.41

Sample No. 112 to No. 119, Incl.											
112	1.3	0.09	5.4	5.0	18.7	0.80	0.117	7.02	6.50	24.31	1.040
113	1.4	0.07	3.6	3.4	9.6	-	0.098	5.04	4.76	13.44	-
114	1.75	0.05	1.3	1.9	8.5	-	0.088	2.28	3.33	14.88	-
115	2.2	0.08	3.6	3.0	4.0	0.28	0.176	7.92	6.60	8.80	0.616
116	1.15	0.07	3.4	5.9	6.6	-	0.081	3.91	6.79	7.59	-
117	2.5	0.08	4.1	11.3	10.1	-	0.200	10.25	28.25	25.25	-
118	1.5	0.10	5.4	4.5	3.8	-	0.150	8.10	6.75	5.70	-
119	2.1	0.07	3.8	2.4	4.8	0.48	0.147	7.98	5.04	10.08	1.008
	13.90						1.057	52.50	68.02	110.05	2.664

Av. Width 1.74' Length 44' = 76.56 Sq. Ft.

Weighted Averages: 0.076 3.78 4.91 7.92 0.48

BY N.E. DATE 11/25/69 SUBJECT Palmetto Drift Assays SHEET NO. 4 OF 5

CHKD. BY DATE Roy Pray & Associates JOB NO.

OME-6630

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x Ft	Silver Oz x Ft	Lead % x Ft	Zinc % x Ft	Copper % x Ft
Sample No. 123 to No. 139, Incl.											
123	2.15	0.13	11.27	2.40	0.30	1.66	0.280	24.23	5.16	0.65	3.57
124	1.6	0.15	8.05	4.66	0.40	-	0.240	12.88	7.46	0.64	-
125	2.0	0.04	1.06	1.25	3.20	-	0.080	2.12	6.40	6.40	-
126	2.5	0.14	2.32	1.80	6.90	-	0.350	5.80	4.50	17.25	-
127	0.85	0.16	5.44	3.65	7.55	-	0.136	4.62	3.10	6.42	-
128	2.15	0.08	3.00	1.10	2.75	-	0.172	6.45	2.37	5.91	-
129	3.0	0.08	2.92	3.20	10.80	-	0.240	8.76	9.60	32.40	-
130	1.6	0.21	4.93	6.90	10.50	-	0.336	7.89	11.04	16.80	-
131	2.05	0.11	6.05	3.15	7.45	-	0.226	12.40	.46	15.27	-
132	1.8	0.14	5.56	5.35	14.75	-	0.252	10.01	9.63	26.55	-
133	Sample lost in transit										
134	1.35	0.03	5.71	0.31	0.18	-	0.041	7.71	0.42	0.24	-
135	1.35	0.07	3.53	3.90	21.20	0.68	0.095	4.77	5.27	28.62	0.92
136	0.80	0.10	5.00	2.60	3.18	-	0.080	4.00	2.08	2.54	-
137	1.6	0.03	2.89	3.60	7.53	0.45	0.048	4.62	5.76	12.05	0.72
138	1.35	0.04	2.30	3.45	4.45	0.35	0.054	3.11	4.66	6.01	0.47
139	1.05	0.06	6.44	4.50	11.85	0.68	0.063	6.76	4.73	12.44	0.71
	27.20						2.693	126.13	88.64	190.19	6.39

Av. Width 1.70' Length 94' = 159.80 Sq. Ft.

Weighted Averages: 0.099 4.64 3.26 6.99 0.86

Sections of vein along drift of better grade ore

BY N.E. DATE 11/25/69 SUBJECT Palmetto Drift Assays SHEET NO. 5 OF 5

CHKD. BY DATE Roy Pray & Associates JOB NO.

ONE - 6630

Sections of vein along drift of better grade ore

Combined Weighted Averages

Sample No to Sample No	Square Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper	Gold Oz x SqFt	Silver Oz x SqFt	Lead % x SqFt	Zinc % x SqFt	Copper % x SqFt
12 - 24	296.80	0.147	6.74	3.34	6.06	0.43	43.630	2,000.43	991.31	1,798.61	127.62
33 - 56	472.72	0.067	5.14	4.56	8.31	0.43	31.672	2,429.78	2,155.60	3,928.30	203.27
67 - 69	41.70	0.433	23.93	2.03	7.18	0.37	18.056	997.88	84.65	299.41	15.43
74 - 100	392.70	0.069	5.62	4.92	12.03	0.41	27.096	2,206.97	1,932.08	4,724.18	161.01
112- 119	76.56	0.076	3.78	4.91	7.92	0.48	5.819	289.40	375.91	606.36	36.75
123- 139	159.80	0.099	4.64	3.26	6.99	0.86	15.820	741.47	520.95	1,117.00	137.43
	1,440.28						142.093	8,665.93	6,06050	12,473.86	681.51

Weighted Averages: 0.099 6.02 4.21 8.66 0.47

	Length Ft.	Av. Width Ft.	Length X Width
12 - 24	70	4.24	296.80
33 - 56	152	3.11	472.72
67 - 69	10	4.17	41.70
74 - 100	165	2.38	392.70
112 - 119	44	1.74	76.56
123 - 139	94	1.70	159.80
	535		1,440.28

Weighted Average Width = 2.69' for total length of 535'

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

October 16, 1969

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O. M. E.
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OCT 20 1969

INITIALS	CODE
gla	130
bel	120
	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

The Operator, in his narrative report accompanying his voucher for for the month of September 1969, pointed out that the money allotted for assaying is nearly exhausted. The subject contract stipulates the following under Exhibit A, General Provisions, paragraph 3:

"All significantly mineralized areas traversed by the drifts or crosscuts shall be sampled normal to the trends of the deposits at intervals of not more than 5 feet. In addition, a representative bulk sample may be taken of each round broken, but no such sample shall represent more than 5 linear feet of workings."

Under Estimated Costs of the Work, Fixed Unit Costs for Assaying, a total cost of $1,695.00 is allowed for 300 samples, with gold and silver at $3.50 per sample, and lead, zinc and copper at $2.50 for each determination.

1662.50

Through September 1969, total costs for assaying were $1,162.50 leaving a balance of only $32.50. The original application estimated samples at 10-foot intervals, averaging $3.00 each or a total of $1,680.00. There remains at least 430 feet of drifting to be completed according to the subject contract, which will require at least 86 additional sample areas, if the vein is to be sampled at five foot intervals. If determinations are made for gold, silver, lead, zinc and copper, as they should be, this will cost $11.00 per sample, or a minimum total estimated cost of $946.00 required to sample the

remaining 430 feet of vein material, on five-foot centers.

Apparently in working up the costs of sampling the drift was to be sampled on 10-foot intervals, however, the contract specifies samples be taken at intervals of not more than five feet.

The contract, under "Description of the Work, Estimated Costs of the Work" specifies ground support including timbering, 140 feet at $16.00 per foot, including rock bolting in lieu of timbering if preferred by the Operator. The total cost allowed for ground support is $2,240.00.

To date, the Operator has found it necessary to timber only 6 feet of ground, at a cost of $96.00. The vein material and the country rock holds extremely well and unless the ground should suddenly become weak due to faulting or excessive alteration the cost allotted for ground support will not be entirely expended. The Operator requests, in his narrative report accompanying the September 1969 voucher, that the necessary funds required for sampling and assaying the remaining 430 feet of vein material be transferred from ground support, to the assaying item.

I recommend that $1,000.00 be transferred from ground support for assaying. The transfer of this amount will leave enough money for ground support for 71.5 feet of timbering should that be required, however, it is not anticipated. The $1,000.00 will more than cover the minimum required to assay the remaining 430 feet of drifting on the Palmetto vein on 5-foot intervals. The subject contract should be so amended.

The Operator will also request an amendment to the contract to recess the work under the contract from October 3, 1969 to July 1, 1970 due to inclement weather conditions at elevations near 12,400 feet.

J. William Hasler 10/17/69

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

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Office of Minerals Exploration
Building 53 Room 200

October 21, 1969

Mr. Roy Pray
c/o Crystal Lodge
Lake City, Colorado 81235

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

I hope you were able to get the rented compressor off the hill before too many more snows hit the area.

Enclosed are two prints of the Palmetto Vein showing the last part of the vein as mapped by Mr. Ebbley as well as the last few feet that I mapped during my interim inspection of the property on October 8, 1969. One copy is to be sent to Mr. Ebbley.

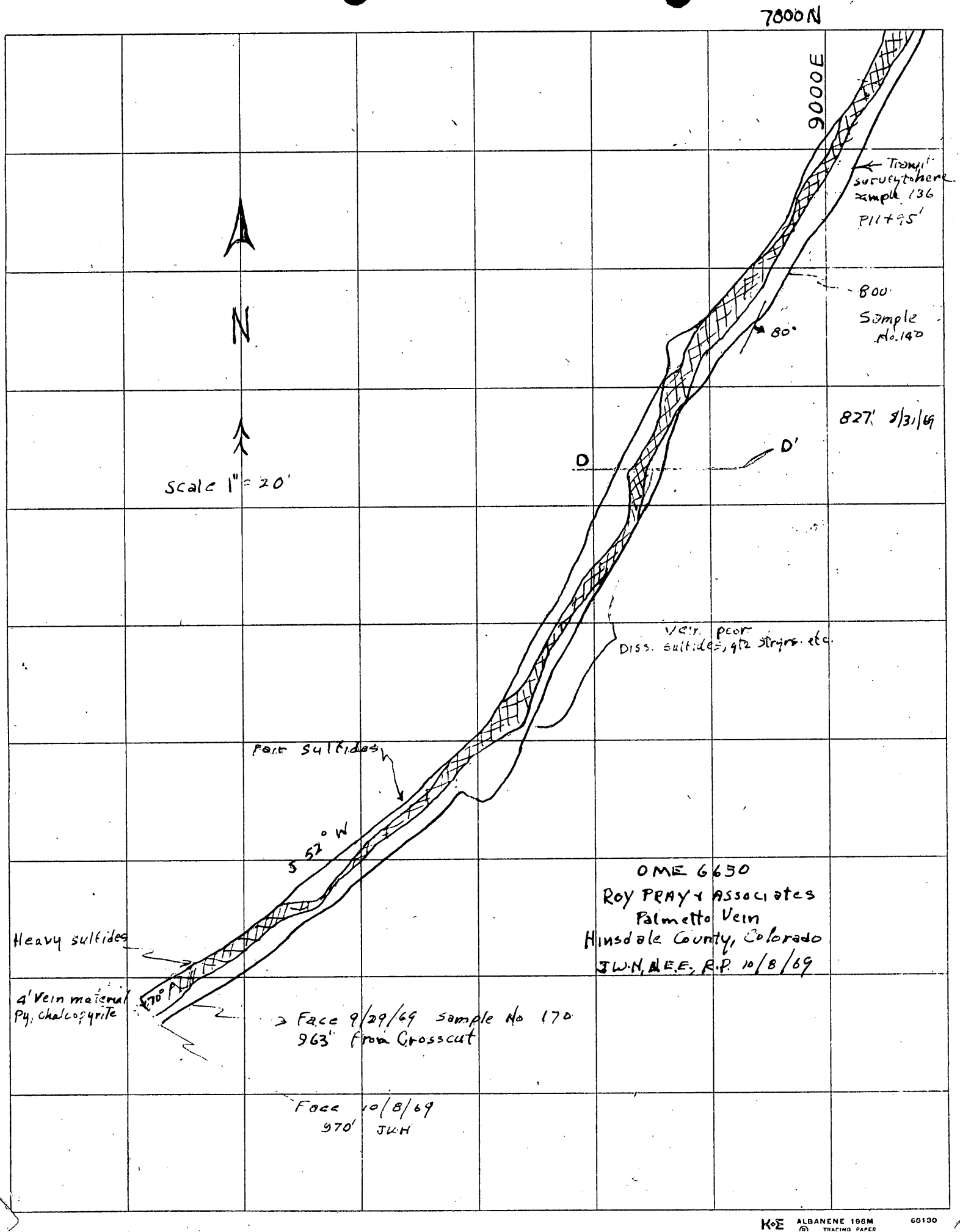
I shall await your latest monthly report voucher, as well as your request to recess the exploration work until July 15, 1970 or thereabouts.

Sincerely yours,

J. William Hasler

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

cc: Chief, OME ✓
OME-6630
OME chron
Mr. Hasler



K+E ALBANENE 195M TRACING PAPER 60130

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

October 13, 1969

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OCT 16 1969

INITIALS	CODE
gla	130
Bal	130 m
HK	130

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

An interim inspection on the subject property was made on October 8, 1969 by the Field Officer in company with the Operator, Mr. Roy Pray.

The inspection was made between two major snow storms that struck the San Juan Mountain area in less than 10 days, thus virtually closing down operations for the winter months. Snow levels from 3 feet deep to snow drifts as high as 12 feet deep, were encountered. The mine portal was essentially drifted shut by the snow; however, we were able to inspect the entire length of the drift along the Palmetto vein. The Operator had completed 970 feet of drifting on the Palmetto vein as of October 8, 1969.

Mr. N. E. Ebbley, the Operator's consulting geologist had mapped the Palmetto vein to 963 feet the week prior to my interim inspection. The vein had weakened insofar as mineralized material was concerned, and the country rock appears more highly altered than further northeastward along the vein; however, at the present face (0 + 970 feet) there was considerable mineralized material and a strong well defined vein that appears to contain larger amounts of chalcopyrite. The mineralized material is as wide as 4 feet.

Weather conditions remain poor and the Operator was advised to recess the exploration work for the winter months, and complete the 430 feet of drifting remaining under the contract next spring and summer.

The Palmetto vein for a strike length of 913 feet has an average width of approximately 3 feet and will have a weighted average assay of 0.074 oz. Au, 4.90 oz. Ag, 2.93% Pb, 6.20% Zn and 0.37% Cu. At current metal prices, (Au, $35.00, $1.87 Ag, .1550 Pb, .1550 Zn and .5225 Cu), the gross value will be approximately $43.91 per ton.

J. William Hasler

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

MME Form 7
(2/63)

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December 11, 1969

Memorandum

To: Robert W. Long, Assistant Solicitor
Oil and Gas and Minerals Exploration

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Fray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Referring to your note of December 3, 1969, concerning proposed Amendment No. 4 to the subject contract, please review the enclosed draft of letter to Mr. Roy Fray and, if it is satisfactory, please return to this office for typing.

Any corrections or comments would be appreciated.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosure

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo

HKirkemo/gla 12-11-69

OME

MME Form 7
(2/63)

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SEP 17 1969

Honorable Wayne N. Aspinall
House of Representatives
Washington, D. C. 20515

Dear Mr. Aspinall:

This is in reply to your letter of September 5, 1969, to Mr. Harold Kirkemo, Chief, Office of Minerals Exploration, for information concerning an application for additional financial assistance submitted by Roy Pray and Associates, the Operator under OME-6630, Contract 2247. The funds were requested for diamond drill exploration of the Palmetto property, Hinsdale County, Colorado. A contract to explore the property by crosscutting and drifting was executed on September 8, 1967. Work on the project is still in progress and, if weather conditions permit, may be completed before the end of the present operating season.

We advised Mr. Pray by letter dated August 7, 1969, that we could not make a decision then on the application because of a lack of funds, and we were unable to estimate when we could resume consideration of the request. A copy of the letter is enclosed. The funding situation has remained unchanged since that date.

Our contracting activities since July 1, 1969, have been limited to approved applications received prior to Mr. Pray's application and to one contract for which funds were available in a smaller amount than would be required for the new work proposed by Mr. Pray.

The geological information obtained from the present project will be useful in our evaluation of the merits of the diamond drilling proposal. Applications offering the best opportunities for making significant discoveries will receive priority consideration when funds are available. Mr. Pray's application will be considered under these limitations.

We will advise you of our decision on this application as soon as circumstances permit.

Sincerely yours,

Director

cc: General Files
Director's Chron
Division File
Mineral Resources
OME Docket

Enclosure

OME Reading File
Mr. Kirkemo
OME Region III w/enclosure

kemo/gla 9/15/69

WAYNE N. ASPINALL, M.C.
FOURTH DISTRICT
COLORADO

HOME ADDRESS:
PALISADE, COLORADO

SECRETARIES:
HARRIET M. SHERIDAN
EVELYN BERTORELLO
BILL CLEARY
RONALD MICHIELI
LENORE GONZALES

COMMITTEES:
INTERIOR AND INSULAR AFFAIRS
JOINT COMMITTEE ON ATOMIC ENERGY

Congress of the United States
House of Representatives
Washington, D.C. 20515

MGS
90

September 5, 1969

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RECEIVED
SEP 12 1969

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Harold Kirkemo, Chief
Office of Minerals Exploration
Geological Survey
Department of the Interior
Washington, D. C. 20242

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Kirkemo:

I would like to make an inquiry concerning the status of the above-named application.

I am aware of the budgetary situation which has made it impossible for you to look very far into the future as far as funding is concerned, but I would appreciate knowing whether this particular application has reached the Washington level; whether it has been reviewed; and whether it holds any kind of status against the time that funds become available.

With best wishes,

Sincerely,

Wayne N. Aspinall

OFF. OF THE SECRETARY
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AIRMAIL

AUG 7 1969

Mr. Roy Pray
Roy Pray and Associates
c/o Crystal Lodge
Lake City, Colorado 81235

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

This is to acknowledge receipt of your letter of July 9, 1969 requesting consideration of your application for a diamond drilling phase to the present contract that provides only drifting.

We refer you to our letters to you dated August 27, 1968 and February 14, 1969, and for your information we have postponed processing all applications received recently pending definite information regarding availability of funds for the fiscal year beginning July 1, 1969. Although appropriations have not yet been made for the current year, we understand that funds will be much less than were available for the year that ended June 30, and we are authorized to operate only at the level of the anticipated reduced funds. Under this situation, action on pending applications must be postponed, as proposed contracts already drafted and awaiting execution will require more funds than are available.

We regret that we cannot make a decision on your application for the diamond drilling at present, and we are unable to estimate when we may be in a position to resume consideration of your request.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo, Chief
Office of Minerals Exploration

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Region III w/copy of incg ltrs.
Mr. Kirkemo

WLEmerick/bsl 8/5/69

Form 7
63)

OFFICIAL FILE COPY

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AUG 5 1969

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

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

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Region III
Mr. Kirkemo

WLEmerick/bsl 8/5/69

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ROY PRAY AND ASSOCIATES
Lake City, Colorado

July 9, 1969

Mr. Frank Johnson, Chief Officer
Office of Minerals Exploration
U.S. Geological Survey
Washington, D.C. 20242

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Johnson:

Reference is made to your letter of February 14, 1969 in which you pointed out that funds remaining for fiscal year ending June 30, 1969 were limited to current contracts and to applications previously approved. Accordingly, the Office of Minerals Exploration was at that time unable to approve the diamond drilling phase of the subject program.

Now that a new fiscal year has begun, it would be appreciated if the O.M.E. would reconsider my letter of February 7, 1969 which reviewed the program from its inception and requested approval of the Amended Application for O.M.E. financial assistance, dated July 1, 1968. A copy of my letter of February 7, 1969 is enclosed.

The drifting phase of the program was resumed June 11, 1969, as soon as snow conditions permitted, and has advanced 81 feet by July 8, 1969. This makes a total of 636 feet of drifting on the vein southwesterly from the Pray cross-cut. The results of the work accomplished to date have been very encouraging, especially considering that the metal values appear to be getting better as the backs increase in depth.

However, engineers and geologists who have examined the property all agree that the proposed diamond drilling program at depth is imperative if tonnages of ore sufficient to justify a small mill are to be delineated.

It is believed that bids from the diamond drilling contractors and bulldozer contractors contained in the Amended Application would still apply. If any additional information is required, please contact Mr. Roy Pray; c/o Mid-Continent Mining Corp.; 204 Uranium Center Building; Grand Junction, Colorado 81501.

Your consideration of this request to approve the proposed diamond drilling phase of the program is sincerely appreciated.

Yours very truly,

ROY PRAY AND ASSOCIATES
Lake City, Colorado

Roy Pray

Roy Pray

bf

CC: Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Building 53, Room 203
Federal Center
Denver, Colorado 80225

ROY FRAY AND ASSOCIATES
Lake City, Colorado

February 7, 1969

Mr. Frank Jobson, Chief Officer
Office of Minerals Exploration
U. S. Geological Survey
Washington, D. C. 20242

Subject: OME-4638 (Silver)
Roy Fray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2267

Dear Mr. Jobson:

It has been recently suggested by Mr. William Hosier that we write directly to you delineating progress to date of subject contract, and request a continuation of both phases of the program. Briefly, the status of the program is as follows:

PHASE ONE DRILLING PROJECT

Upon the original application for OME Financial Assistance, which took place in 1967 the proposed planned drilling program consisted of 6 stage I holes averaging 400 feet each and 2 stage II holes averaging 1,015 feet each. The estimated cost of this drilling program, based upon bids received from diamond drilling contractors and bulldozer contractors was as follows:

PHASE, Drilling Project	Total Cost	Unit Cost Per Foot
A. Total Independent Contractor		
(1) Diamond drilling	$42,375.00	$10.25
(2) Bulldozing	1,538.00	0.36
B. Company (Labor, Materials, equipment, etc.)	3,[illegible]	0.78
Total Cost of Drilling Project	$47,913.00	$11.39

After a review on the site by SMS engineers, they suggested changing the drilling program slightly as follows, namely:

"1) Abandonment of the two deep drill holes Nos. SDH 3 and 8 of Stage II, thereby reducing both drill footage and bulldozer footage necessary to establish sites for these holes (about 300 of 1,500 feet for the latter).

2) Addition of a new drill site, for two holes, south of the Pray crossbed and north of the creek about 425 feet, attempting to remain as close as possible (about 400-500 feet of bulldozer footage from above). Drill sites (not measured or platted in field) shown on their map (Figure 7 and attached sketch). Drill holes were plotted to be about 600 feet long but because exact position on the surface for the latter representing an improvement is not known, it would be better to allow perhaps 50 feet more to make a total of 700 feet at an angle of 60° to intersect the main dipping bedrock at 90°. Using a 600-foot hole, it interpolates that 1,300 feet of the total 2,100 feet from the deep holes would be used."

In conformance with the above suggested changes an Amended Diamond drilling program was submitted by the applicant on July 1, 1968. As all this data - general description, costs, name of the Diamond drilling contractor and by bulldozer contractors, etc. is on file with the SMS it appears to sufficient to include here only the gist of the Amended diamond drilling project to compare with the data contained in the original Application:

SEAP, Drilling Project, Amended	Cost	Unit Cost Per Foot
A. Total Independent Contracts:		
(1) Diamond drilling	$12,850.00	$19.28
(2) Bulldozing	1,275.00	0.30
B. Company: (Labor, materials, equipment, etc.)	5,134.00	0.76
Total Cost of Drilling Project	$19,259.00	$11.38

A copy of the letter of transmittal accompanying the Amended Application listing the data submitted is as follows:

"ROY FRAY AND ASSOCIATES
Lake City, Colorado
July 2, 1968

Mr. J. William Hester
Field Officer, Region III
Office of Minerals Exploration
Building 53, Room 203
Federal Center
Denver, Colorado 80225

Subject: OME-6610 (Silver)
Roy Fray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247
Amended Application

Dear Mr. Hester:

Pursuant to your recent request, we are herewith submitting an amended application for financial assistance to carry out the proposed diamond drilling program at the Palmetto mine. Two complete sets of all data are enclosed.

In conforming to your letter of May 20th, 1968, we have deleted the two original holes Nos. 7 and 8 and have substituted two new holes, Nos. 7 and 8, to be drilled from the new drill site approximately 425 feet south of the portal of the Fray crosscut, as shown on the enclosed map. Total footage for the eight holes now amounts to approximately 4,320 feet. Drill roads have been shortened in length from a total of approximately 2,400 feet to approximately 1,650 feet.

Enclosed for your consideration are:

1. Large claim map, figure 7, showing the four drill areas, the eight drill holes and the drill roads.
2. Small print (plot drawing) showing the new holes Nos. 7 and 8 superimposed by the OME.
3. Four prints showing all 8 diamond drill holes in vertical section.
4. Copies of information data mailed to diamond drill contractors.
5. True copies of new bids for the proposed diamond drilling program submitted by two drill contractors.
6. True copies of bids from bulldozing contractors.

7. Amended "Proposed Diamond Drill Program" with:
   (1) Tabulation of Proposed Drill Holes.
   (2) General Discussion of Drilling Program.
   (3) Estimates of Diamond Drilling Costs.

   (A) Independent Contracts.
      (1) Diamond Drilling.
      (2) Pulldozing.

   (B) Company Assets.
      (1) Labor, Project Engineer.
      (2) Operating Materials and Supplies.
      (3) Operating Equipment.
      (4) Miscellaneous.

   ABEAP, Drill Projects, Trend Costs.

The following data was previously submitted to DMEA: DMEA Form 5A, Application for Financial Assistance and Financial Exploration; and Annex A, Engineering and Geological Report on the Proposed Exploratory Project; and Annex B, Supporting Legal Documents, correspondence with commercial banking houses, appraisal reports, bid and schedule of drill prices, location certificates, patent status, lien and subordination agreements, and certification required under 30U.S.C. (c).

Under the amended contract it is further understood that the 400 feet of drifting originally proposed to be driven northerly on the vein from the Fray crosscut will be abandoned and this footage added to the 1,000 feet originally proposed to be driven on the vein northerly from the Fray crosscut, making a total of 1,400 feet northerly.

In the event additional information is desired, please contact Mr. Ray Fray, c/o Mid-Continent Mining Corp., Drawer Center Building, Grand Junction, Colorado 81501. Your consideration of the amended application is sincerely appreciated.

Yours Very Truly,

ROY FRAY AND ASSOCIATES
Lake City, Colorado

(s) Roy Fray
Roy Fray

RF/ms

Enclosures: Two complete sets of
all data applicable to
the amended application

COPY

DRIFT PHASE

Under the Amended contract there was one change from the original proposal. The 400 feet of drifting originally proposed to be driven northerly on the vein from the Pray crosscut was abandoned and this footage added to the 1,000 feet originally proposed to be driven on the vein southerly from the Pray crosscut, making a total of 1,400 feet southerly.

The project, after rehabilitating the Pray crosscut and driving tail room for car switching, got under way October 12, 1967. It was necessary to recess the project the first of December, 1967 because of excessive snow conditions which closed the road to the mine each day. During this 1½-month period 193 feet of drift southerly was completed. During 1968 the project was reactivated the latter part of June and continued into the first of October. During this period the drift heading was advanced to a point 555 feet southerly from the crosscut. Actually, the average for the full 5 months of operation amounted to approximately 110 feet per month of twenty-five working days.

Samples were cut across the vein structure at regular intervals averaging 5.9-foot spacing. During 1967 the 193 feet of advance on the vein averaged 0.075 oz. of gold, 4.99 oz. of silver, 2.04% lead, 4.09% zinc and 0.30% copper. This compares with the overall average for 541 feet of vein (the last 14 feet not yet sampled) as follows: 0.083 oz. of gold, 5.60 oz. of silver, 2.94% lead, 6.35% zinc and 0.34% copper, indicating an appreciable increase in the values of all five metals as the drift advanced southerly and gained more backs. The average sample width for the 541 feet of vein was 3.49 feet. The gross value of the crude ore is approximately $42 per tons; with gold at $35 per oz., silver at $2 per oz., lead at 12.8¢ per pound, zinc at 13.5¢ per pound and copper at 42¢ per pound.

By the time the DME drifting and diamond drilling programs have been completed there is very little question in the applicant's mind but that there will be ample ore explored and developed at depth to justify a mill. It is appreciated that the drifting progress has been slow, but the monthly narrative reports point out the adverse labor and weather conditions which plagued the programs almost from the start. Although the property is located at high elevation, it is still 1,000 feet lower than the original Camp Bird mine workings and it could be developed by a much lower crosscut tunnel, eliminating most of the deep snow and drifting snow conditions.

We sincerely hope the DME will continue the present drifting contract and approve the proposed Amended diamond drilling phase of the

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program so that this could be started as soon as weather conditions permit this spring.

Yours very truly,

ROY PRAY ASSOCIATES
Lake City, Colorado

Roy Pray

RP/em

cc Mr. J. William Hasler

COPY

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

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JUN 19 1969

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June 18, 1969

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

The Operator contacted this office June 10, 1968 via telephone and informed Mrs. Clark that the Palmetto crosscut and drifts have now been cleaned out and that exploration work along the Palmetto vein has been resumed.

J. William Hasler

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

MME Form 7
(2/63)

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JUN 6 1969

AIRMAIL

Mr. Roy Pray
Roy Pray and Associates
c/o Crystal Lodge
Lake City, Colorado 81235

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

This is to acknowledge receipt on May 29, 1969 of your undated, draft reply to our letter of May 12, and a copy of the "Conveyance" which will transfer your interests to Glen Explorations, Inc. upon satisfactory completion of work under the subject OME contract.

Since it appears from the "Conveyance" that you are transferring the lease dated April 1, 1966 executed by Mr. Ralph C. Horton then evidentally Mr. Horton remains the owner of the patented claims, and he should execute a new Lien and Subordination Agreements which show Glen Explorations, Inc., as the Assignee in place of Roy Pray and Associates.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo, Chief
Office of Minerals Exploration

CC: Director's Reading File
Economic Geology File
OME Docket File
OME Reading File
OME Region III
Mr. Kirkemo
Mr. R.W. Long, SOL, Rm. 6554

6 copies MME Form 52, Lien and Subordination Agreements, enclosed.

HKirkemo:RWLong: bsl:hm 6-3-69

MME Form 7
(2/63)

MAY 29 1969

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Date	Surname	Code
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Memorandum

To: Associate Solicitor -- Mineral Resources

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Enclosed is the Operator's undated, draft letter received May 29, 1969 and a copy of a Conveyance executed April 15, 1969 by Messrs. Roy Pray, Joe Ianni, and Leon Haas. Copies of our letter to the Operator dated May 12 and of the Agreement referred to therein also are enclosed.

Please review our proposed letter to the Operator in reply to the above material.

Harold Kirkemo

Harold Kirkemo

Enclosures

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

HKirkemo/bsl 5/29/69

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MAY 28 1969
Division of Mineral Resources
and General Legal Services

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Mr. Harold Kirkemo
Chief, Office of Minerals Exploration
U. S. Department of Interior
Geological Survey
Washington, D. C. 20242

RE: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado

Dear Mr. Kirkemo:

This is in response to your letter of May 12, 1969 re the above subject.

In response to your request for information as to the status of the instruments transferring the interest of Roy Pray & Associates to Glen Explorations, Inc., please be advised that no instruments of conveyance have been delivered to Glen. The conveyance instruments are in possession of the escrow agent for this transaction and will not be delivered to Glen until completion of the present exploratory program and the payment by Glen of the agreed share of costs of the program. A copy of the instrument is enclosed for your information. filed left-hand side

As to the provision for royalty payments to the government, these will be assumed by Glen pursuant to the terms of the Assignment.

Roy Pray and Associates are, by the terms of our agreements with Glen, still the operators under the contract with the government and you should properly look to us to complete the balance of work remaining under the contract.

Yours very truly,

Roy Pray

NOTE: Enclosed AGREEMENT, dated March 14, 1969, and CONVEYANCE, received with this letter, are filed on left-hand side of docket.

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May 27, 1969

Memorandum

To: Assistant Solicitor, Oil and Gas and Minerals Exploration

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Copies of a memorandum from OME Field Officer, Region III, dated May 21, 1969, SEC News Digest, dated May 15, 1969, and a letter from the president, United Australian Oil, Inc., dated October 24, 1968, are enclosed for your information.

These documents pertain directly or indirectly to Mr. Roy Pray, one of the principals in the subject OME contract. The property of Golconda Mines, Inc., mentioned in the United Australian Oil, Inc., letter, is located several miles from the property included in the OME contract.

Harold Kirkemo (gla)

Harold Kirkemo

cc: Director's Reading File
Economic Geology File
OME file
OME Reading file
T. H. Kiilsgaard w/enclosures
Mr. Kirkemo

HKirkemo/gla 5-27-69

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

May 21, 1969

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Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Yesterday, May 20, 1969 Mr. Charles Higdon, Security and Exchange Commission, Denver, Colorado, called by phone to inquire about Mr. Roy Pray and Associates concerning their OME contract.

I informed Mr. Higdon of the subject contract the Office of Minerals Exploration had with Roy Pray and Associates, and quoted him the date of execution of the contract, the total amount and the government's share based on 75 percent participation.

Mr. Higdon informed me of Mr. Pray's involvement with United Australian Oil Inc., (see enclosures) as well as his dumping sizeable amounts of United Australian Oil Inc. stock last summer and profiting considerably from the sales.

Mr. Higdon and I discussed the Golconda and Faraway claims in general, and I gave him permission to inform the SEC Dallas, Texas office of our contract with Roy Pray and Associates. There appears now to be more to Mr. Pray and his enterprises than I had suspected.

I was also informed Monday, by Max Evans, McFarland and Hullinger Mine Superintendent that Mr. Pray had hired some of his best miners and that these miners were now working for Mr. Pray at the Palmetto Mine. Mr. Pray has not yet informed me that work has begun under the contract at the Palmetto mine. I did know the road to the mine was in the process of being opened up some two weeks ago.

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

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.

(In ordering full text of Releases from SEC Publications Unit cite number)

Washington, D.C. 20549

(Issue No. 69-93)

FOR RELEASE May 15, 1969

MOFFATT, WESCO REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8607) revoking the broker-dealer registration of Wesley J. Moffatt, doing business as Wesco and Company, Miami, Fla., for violations of the registration and anti-fraud provisions of the Federal securities laws in the offer, sale and purchase of stock of Fastline, Inc., in 1967. Moffatt, who waived a hearing and consented to sanction imposed by the Commission, also was expelled from membership in the NASD and barred from further association with any broker or dealer. He previously had been enjoined from the further sale of Fastline stock in violation of the Securities Act registration provisions. According to the Commission's decision, Moffatt quoted increasing prices for the Fastline stock in the National Daily Quotation Sheets without reasonable inquiry as to the company's financial condition, products, officers and controlling persons; sold Fastline stock short to customers and, pursuant to an arrangement with certain control persons of Fastline, purchased such stock from them to cover the short sales at prices below the current market price and substantially below the short sale prices; and made materially untrue and misleading statements concerning the above activities and Fastline's financial condition, operations, officers and control persons. Moffatt also bid for and purchased Fastline stock while engaged in its distribution, and sold various securities to customers at prices that were not fair or reasonably related to the market price of such securities. In addition, he violated the Commission's net capital and record-keeping rules.

UNITED AUSTRALIAN OIL CITED. The SEC Fort Worth Regional Office announced March 12 (LR-4315) the filing of an information with the U. S. District Court in Dallas, charging United Australian Oil, Inc., of Dallas, and Hardy Buford Todd of Amarillo, Texas, with criminal contempt of a prior court order enjoining the sale of United Australian Oil stock in violation of the Securities Act registration provisions.

SEC COMPLAINT NAMES TV FOR GOD, OTHERS. The SEC Fort Worth Regional Office announced May 12 (LR-4316) the filing of a complaint in Federal court in Omaha, seeking to enjoin the sale of debentures of Television for God, Inc., in violation of the Securities Act anti-fraud provisions. Named as defendants, in addition to the issuer, were Willis Gene Mouttet, National Investment Finance Service, Inc., and S. K. Biffle, Jr., all of Omaha.

INDICTMENT NAMES R. E. HARVEY. The SEC Fort Worth Regional Office announced May 13 (LR-4317) the return of a Federal court indictment charging R. E. Harvey, of Monroe, La., with violations of the Securities Act anti-fraud provisions in the offer and sale of oil interests.

CENTRAL INDIANA GAS SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16372) giving interested persons until June 10 to request a hearing upon a proposal of Central Indiana Gas Company, Inc., Muncie subsidiary of American Natural Gas Company, to sell $10,000,000 of unsecured promissory notes to a bank. The company will use the net proceeds of its borrowings to retire $7,500,000 of notes payable to banks maturing June 30, 1969, and to finance, in part, its 1969 construction program estimated at $4,479,000.

REAL SILK HOSIERY MILLS SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5674) giving interested persons until June 6 to request a hearing upon an application of Real Silk Hosiery Mills, Incorporated, Illinois non-diversified closed-end management investment company, for an order declaring that it has ceased to be an investment company as defined in the Act. In December 1968, the company (then an Illinois corporation) was merged with and into a newly organized company of the same name incorporated in Indiana. The Illinois company represents that its separate existence as an investment company terminated upon said merger and that the Indiana corporation as the surviving corporation became vested with all the property, assets and business of the Illinois corporation.

COMPUTER DEDUCTIONS FILES OFFERING PROPOSAL. Computer Deductions, Inc., 1776 Broadway, New York, N. Y. 10019, filed a registration statement (File 2-33022) with the SEC on May 13 seeking registration of 150,000 shares of common stock, to be offered for public sale at $5 per share. The offering is to be made through underwriters headed by A. J. Butler & Co., 50 Broadway, New York, N. Y. 10004, which will receive a commission of 50c per share plus $12,500 for expenses. Partners and employees of the Butler firm will be entitled to purchase 15,000 shares at 5¢ per share; these shares may not be resold for one year.

Organized in December, the company in January acquired all of the shares of Computer Decisions, a New Jersey corporation organized in September 1967 which commenced business in February 1968. The company and its subsidiary are engaged in "professional service data processing." Of the net proceeds of its stock sale, the company will apply $40,500 to the payment of debentures, $150,000 to the recruitment, employment and training of six professional and technical staff members and two sales and marketing personnel, $200,000 to the design, development and marketing of a proprietary computer system, $100,000 to the establishment of offices in Norfolk, Va., and Washington, D. C., depending upon the success of the company in procuring contracts in these locations, and the balance for working capital and other corporate purposes. The company

OVER

UNITED AUSTRALIAN OIL, INC.

SUITE 1114 — MERCANTILE SECURITIES BUILDING — PHONE RIVERSIDE 2-8471 DALLAS, TEXAS 7520

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
DEC 23 1968
DENVER REGIONAL OFFICE

October 24, 1968

Re: Progress Report
Golconda Mines
Hinsdale County, Colorado

Gentlemen:

The history of the properties of Golconda Mines, Inc., located in Hinsdale and San Juan Counties, Colorado, is about to be climaxed by the installation of a mill for the processing of gold at the mine site now owned by United Australian Oil, Inc., whose home office is in Dallas, Texas.

E. A. Ritter, mining engineer of Denver, Colorado, writes:

> "I am well acquainted with the mining area where these properties are located. I was associated with and was, in fact, the mining engineer and manager for a group of French capitalists who, in the summer of 1913, acquired a number of mining claims under a lease and bond. During the winter of 1913-1914 we drove a tunnel on the Faraway Claim and developed an important vein of gold ore. The development of this vein was under my supervision.
>
> These claims are now a part of the properties of the Golconda Mines, Inc. The invasion of northern France by the German armies during the summer of 1914 and their occupation of Lillo, where these capitalists lived from August, 1914, until after the armistice in November, 1918, stopped all relations between them, the owner of the claims, and myself. They decided not to start operations after the war, and the claims reverted to their owner, the lessor, who many years later sold them to Golconda Mines, Inc."

It is also documented that another group was preparing to get into production when the leader of the group committed suicide in 1929 because of the market crash.

In 1968 United Australian Oil, Inc.'s engineer, Roy Pray of Lake City, Colorado, cleared the entrance to the mine area, and the result of assays of ore submitted by him show gold values of $41-29-27-14 and $11 per ton. He claims that the ore is exposed and just needs to be mined. He is very enthusiastic about this mine and stakes his reputation on a quoted minimum value of 40 million dollars in gold if available ore in the Faraway Vein. E. A. Ritter says that the Faraway Vein is probably the only one which is strictly gold and silver; all of the other veins in the Golconda properties contain copper, lead, and zinc as well.

United Australian Oil, Inc. is negotiating for the installation of a mill as soon as weather permits.

UNITED AUSTRALIAN OIL, INC.

By _____
H. B. Todd, President

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
	Lang	
	App'd. Sol. Off.	
5/9/69	Memo	

MAY 12 1969

AIR MAIL

Mr. Roy Pray
Roy Pray and Associates
c/o Crystal Lodge
Lake City, Colorado 81235

FROM SOLICITOR

FOR SIGNATURE

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado

Dear Mr. Pray:

This is to acknowledge receipt of your letter of April 27, 1969, enclosing a copy of an Agreement dated March 14, 1969, pursuant to which Roy Pray, Joe Ianni, and Leon Haas, described as the "Owners," agree to sell and transfer ownership of the property to Glen Explorations, Inc., described as the "Company."

We understand from the Agreement that on the closing date provided for therein (April 15, 1969), the Owners delivered to the Company a recordable conveyance of the mining claims, personal property, and equipment of Owners effective December 31, 1969. You state in your letter of April 11, 1969, to Mr. J. W. Hasler, that "There will be no conveyance of an interest in the properties to Glen until we have completed the exploration work," and Article 2 of the Agreement provides that Owners will complete the drift work under OME Contract 6630 prior to December 31, 1969. Under the terms of Amendment No. 3 to the contract, the time fixed for completion of the work is November 8, 1969.

The first paragraph, page 2, Annex I of OME Contract 2247 recites that the Operator ("Owners") is in possession of the patented claims pursuant to a Mining Lease dated April 1, 1966, between Roy Pray, Operator, and Ralph C. Horton,

Owner; the Supplemental Agreement executed August 26, 1967, by Ralph C. Horton; and the Assignment of Mining Lease dated April 6, 1966, between Roy Pray, Assignor, and Leon Haas and Joe Ianni, Assignees. Please advise as to the status of these instruments and furnish copies of any executed documents transferring these rights to Glen Explorations, Inc.

If Mr. Ralph C. Horton remains the owner of the patented claims, he should execute new Lien and Subordination Agreements which show Glen Explorations, Inc., as the Assignee in place of Roy Pray and Associates on the original agreements.

We note that the interest in the property held by the Government through the OME contract is acknowledged in the Agreement and that the Company has or will assume responsibility for payment to the Government of any royalty from production. We trust the same provisions were incorporated in the actual conveyance document.

Article 3 of the Agreement states that the Owners or the Company, or both, will make application with a governmental agency or department for an advance of funds to conduct core drilling on that part of the property as is agreed to by the Owners and the Company. With respect to the Office of Minerals Exploration, as you know from experience on the current contract, OME funds are paid upon approval of costs incurred for work completed in the previous month in accordance with the terms of the contract. There is no provision for advance of funds under the OME program.

Article 2 of the Agreement states that the Company will reimburse the Owners for drift operations under the OME contract in a sum not to exceed $10,000, and that "Owners will at any time prior to the completion of such drifting discontinue the same if requested by the Company." The first sentence of Article 8 contains a similar provision regarding termination of the work by the Company giving notice to the Owners. Insofar as the work to be done on the OME contract is concerned, the

Company has no jurisdiction over the extent of work to be done and cannot order discontinuance of drifting if it is in the Government's interest to continue this work to completion as specified in the contract.

Unless an assignment of the contract is executed, Roy Pray and Associates are still operators under the contract, and we will look to it to complete the balance of work remaining under the contract.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo
Chief, Office of Minerals
Exploration

HKirkemo/gla:RWLong/jfg:5-7-69

cc: Director's reading file
Economic Geology file
OME dkt file
OME reading file
OME Region III
Mr. Kirkemo
Mr. R. Long, SOL, rm. 6554

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

May 8, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Solicitor, Oil and Gas and Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Pursuant to your request of May 2, 1969, we have reviewed your draft of a letter to the Operator and have prepared a new version in final form for your signature.

Robert W. Long

Robert W. Long
Assistant Solicitor
Oil and Gas and Minerals Exploration

Enclosure

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/2/69		120
		220
		140
		120

May 2, 1969

Memorandum

To: Associate Solicitor--Mineral Resources

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Please review the enclosed draft of a proposed letter to the Operator. The Agreement referred to in the letter is enclosed.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

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

HKirkemo/gla 5-2-69

CRYSTAL LODGE

Near Scenic
Lake San Cristobal

Lake City, Colorado

APRIL 27, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
APR 30 1969

INITIALS	CODE
gla	130
Pel	130M
	130
	12

SUBJECT:

OME-6630 (SILVER)
CONTRACT NO. 2247
ROY PRAY AND ASSOCIATES
PALMETTO PROPERTY
HINSDALE COUNTY, COLORADO

CHIEF, OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
ROOM 4460 - INTERIOR BUILDING
WASHINGTON, D.C. 20240

DEAR SIRS:

MR. J. WILLIAM HASLER, FIELD OFFICER, REGION III OF THE DENVER OFFICE REQUESTED I SEND YOU A COPY OF THE AGREEMENT BETWEEN ROY PRAY & ASSOCIATES AND GLEN EXPLORATIONS, INC. PLEASE FIND SAME ENCLOSED.

ANY FURTHER ASSISTANCE OR INFORMATION YOU WOULD LIKE OR NEED, PLEASE LET ME KNOW.

VERY TRULY YOURS

Roy Pray

CRYSTAL LODGE

Near Scenic
Lake San Cristobal
Lake City, Colorado

April 26, 1969

OME 6530

Dear Mr. Hasler,

As you requested, I sent the Washington Office a copy of the agreement with Glen Explorations, Inc. Also please find one for your files.

Any further information you would like, please let me know.

The dozer has the road plowed out now within a mile of the mine. We will commence our dead work in about a week. I will keep you advised as to when we will start the mi

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 5 1969

INITIALS	CODE
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bcl	120
HK	~~120~~

OME Region III
RECEIVED
APR 29 1969

Very truly yours
Roy Pray

Office of Minerals Exploration
Building 53 Room 200

RECEIVED
APR 21 1969

INITIALS	CODE
	120
	120
	120

April 18, 1969

Mr. Roy Pray
c/o Crystal Lodge
Lake City, Colorado 81235

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado

Dear Mr. Pray:

Our Washington office requested me to have you supply them with a copy of the agreement between Roy Pray and Associates and Glen Explorations, Inc. concerning the Palmetto property which is presently operating under an Office of Minerals Exploration contract 2247. Please send it to:

Chief, Office of Minerals Exploration
U. S. Geological Survey
Room 4460 - Interior Building
Washington, D. C. 20240

Also, please send one copy to this office, as we should have a copy in our Denver office to keep our files complete.

Sincerely yours,

J. William Hasler

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

cc: Chief, OME
OME-6630
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 200

April 14, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
APR 15 1969

INITIALS	CODE
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bel	120
HK	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Enclosed is a letter dated April 11, 1969 from the subject Operator concerning its association with Glen Explorations, Inc., Dallas, Texas, and their relationship with Roy Pray and Associates. This letter was written in reply to my request during a telephone conversation with the Operator April 10, 1969, concerning an article that appeared in the Mining Record April 2, 1969, reporting a sale of the Palmetto property to Glen Exploration, Inc.

J. William Hasler

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

Enclosures

JWH

OME Region III
RECEIVED
APR 14 1969
Denver, Colorado

April 11, 1969

Mr. J. William Hasler
Field Officer, Region 3,
Office of Mineral Exploration
Bldg. 53, Room 203
Federal Center
Denver, Colorado 80225

RE: Docket 6630 (Silver)
Contract #2247
Roy Pray & Associates
Lake City, Colorado

Dear Mr. Hasler:

This is to inform you that Roy Pray & Associates have entered into a contract with Glen Explorations, Inc., a Dallas based mining company, under which Glen has agreed to provide sufficient funds to Roy Pray & Associates to insure that we will be able to meet our share of the exploration expense under the subject contract.

Roy Pray & Associates have agreed to retain full responsibility for the work to be done thru the exploration phase. Glen will not participate, except financially, in the venture until the exploration work has been completed. There will be no conveyance of an interest in the properties to Glen until we have completed the exploration work. If you have any questions on the foregoing, please let me know.

Yours very truly,

Roy Pray & Associates

By: Roy Pray
Roy Pray

RP/dg

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

April 10, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
APR 11 1969

INITIALS	CODE
	~~130~~
bal	120
HK	~~120~~

Memorandum

To: Acting Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Enclosed is a copy of an article that appeared in the Mining Record, Wednesday, April 2, 1969, concerning the subject docket.

I contacted Mr. Pray by phone today and inquired about the article since it involved a property presently operating under an OME loan.

Mr. Pray informed me that the article is misleading, in that the Glen Explorations, Inc. are not buying the Palmetto property, but are aiding the Operator by supplying additional funds to allow the present Operator to complete the work under the contract. I informed Mr. Pray that a letter should be written to the Office of Minerals Exploration informing them of the transaction. Mr. Pray will come into the office early next week and explain the transaction more thoroughly. The Palmetto property is owned by Mr. Ralph C. Horton and he has signed lien and subordination agreements that accompanies the contract. Mr. Pray's associates remain the same.

J. William Hasler

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

Glen Explorations Agrees to Buy Palmetto Silver Mine Properties

DALLAS—Officials of Glen Explorations Inc., Dallas-based mining company, announced that it has contracted to purchase the Palmetto silver mine properties located near Lake City, Hinsdale County, Colo.

The present owners, a group of Dallas and Colorado businessmen, are required to complete a scheduled program of tunnelling along the principal silver bearing vein this summer after which Glen will accept ownership and assume operations.

THE PALMETTO properties were last mined in the 1880s. During the past several years the main ore vein has been tested at several depths by extensive tunnelling and assays prove the existence of a strong and continuous vein carrying good values in silver, lead and zinc.

Glen plans to complete its evaluation of the Palmetto silver properties during the next 12 months and will probably begin mining operations and the construction of a milling facility at the site in the spring of 1970.

Consideration for the purchase was not revealed.

ROY PRAY AND ASSOCIATES
Lake City, Colorado

February 7, 1969

Mr. Frank Johnson, Chief Officer
Office of Minerals Exploration
U. S. Geological Survey
Washington, D. C. 20242

Subject: OME-6610 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 7247

Dear Mr. Johnson:

It has been recently suggested by Mr. William Hasler that we write directly to you abstracting progress to date of subject contract, and request a continuation of both phases of the program. Briefly, the status of the program is as follows:

PRAMORE DRILLING PHASE

Under the original Application for OME Financial Assistance submitted April 15th, 1967 the proposed diamond drilling program consisted of 6 Stage I holes averaging 406 feet each and 2 Stage II holes averaging 1,013 feet each. The estimated cost of this drilling program, based upon bids received from diamond drilling contractors and bulldozer contractors was as follows:

RECAP, Drilling Project	Cost	Unit Cost Per Foot
A. Total Independent Contractor		
(1) Diamond Drilling	$52,275.00	$10.25
(2) Bulldozing	1,530.00	0.30
B. Company: (Labor, materials, equipment, etc.)	4,008.00	0.79
Total Cost of Drilling Project	$57,813.00	$11.34

After a review on the site by DNR engineers, they suggested changing the drilling program slightly as follows, quote:

"1) Abandonment of the two deep drill holes Nos. DDH 7 and 8 of Stage II, thereby reducing both drill footage and bulldozer footage necessary to establish sites for these holes (about 900 of 1,400 feet for the latter);

2) Addition of a new drill site, for two holes, south of the Frey crossout and south of the creek about 425 feet, attempting to remain as much on contour as possible (would use 400-500 feet of bulldozer footage from above). Drill sites (not measured or plotted in field) shown on their map figure 7 and attached sketch. Drill holes were plotted to be about 600 feet long but because exact position on the surface for the collar respective to topography is not known, it would be better to allow perhaps 60 feet more to make a total of 720 feet at an angle of 50° to intersect the vein dipping westerly at 85°. Using a 600-foot hole, it calculates that 2,380 feet of the total 2,300 feet from the deep holes would be used."

In conformance with the above suggested changes an amended diamond drilling program was submitted by the applicant on July 2, 1968. As all this data - general descriptions, maps, new bids by diamond drilling contractors and by bulldozer contractors, etc. - is on file with the DNR it perhaps is sufficient to include here only the recap of the amended diamond drilling project to compare with the recap contained in the original Application.

RECAP, Drilling Project, Amended	Cost	Unit Cost Per Foot
A. Total Independent Contracts:		
(1) Diamond drilling	$42,850.00	$18.20
(2) Bulldozing	1,275.00	0.50
B. Company, (Labor, materials, equipment, etc.)	4,134.00	0.98
Total Cost of Drilling Project	$48,259.00	$19.68

A copy of the letter of transmittal accompanying the Amended Application filling the data submitted is as follows:

ROY PRAY AND ASSOCIATES
Lake City, Colorado
July 2, 1968

Mr. J. William Hesler
Field Officer, Region III
Office of Minerals Exploration
Building 53, Room 203
Federal Center
Denver, Colorado 80225

Subject: OME-6650 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247
Amended Application

Dear Mr. Hesler:

Pursuant to your recent request, we are herewith submitting an amended application for financial assistance to carry out the proposed diamond drilling program at the Palmetto mine. Two complete sets of all data are enclosed.

In conforming to your letter of May 20th, 1968, we have deleted the two original holes Nos. 7 and 8 and have substituted two new holes, Nos. 7 and 8, to be drilled from the new drill site approximately 425 feet south of the portal of the Pray crosscut, as shown on the enclosed map. Total footage for the eight holes now amounts to approximately 4,200 feet. Drill roads have been decreased in length from a total of approximately 2,600 feet to approximately 1,650 feet.

Enclosed for your consideration are:

1. Large claim map, figure 7, showing the four drill sites, the eight drill holes and the drill roads.
2. Small print (plan drawing) showing the new holes Nos. 7 and 8 suggested by the OME.
3. Four prints showing all 8 diamond drill holes in vertical section.
4. Copies of information data mailed to diamond drill contractors.
5. True copies of new bids for the proposed diamond drilling program submitted by two drill contractors.
6. True copies of bids from bulldozing contractors.

7. Amended "Proposed Diamond Drill Program" with:
   (1) Tabulation of Proposed Drill Holes.
   (2) General Discussion of Drilling Program.
   (3) Estimates of Diamond Drilling Costs.

   (A) Independent Contracts.
      (1) Diamond Drilling.
      (2) Bulldozing.

   (B) Company Account.
      (1) Labor, Project Engineer.
      (2) Operating Materials and Supplies.
      (3) Operating Equipment.
      (4) Miscellaneous.

   RECAP. Drill Project, Total Cost.

The following data was previously submitted to OME: MME Form 40, Application for Financial Assistance and Minerals Exploration; and Annex A, Engineering and Geological Report on the proposed exploratory project; and Annex B, containing legal documents, correspondence with commercial banking houses, experience records, bid and schedule of unit prices, location certificates, patent plats, lien and subordination agreements, and certification required under 301.4 (c).

Under the amended contract it is further understood that the 400 feet of drifting originally proposed to be driven northerly on the vein from the Pray crosscut will be abandoned and this footage added to the 1,000 feet originally proposed to be driven on the vein southerly from the Pray crosscut, making a total of 1,400 feet southerly.

In the event additional information is desired, please contact Mr. Roy Pray, c/o Mid-Continent Mining Corp., Uranium Center Building, Grand Junction, Colorado 81501. Your consideration of this amended application is sincerely appreciated.

Yours very truly,

ROY PRAY AND ASSOCIATES
Lake City, Colorado

(s) Roy Pray
Roy Pray

RP/ew

Enclosures: Two complete sets of all data applicable to the amended application

DRIFT PHASE

Under the Amended contract there was one change from the original proposal. The 400 feet of drifting originally proposed to be driven northerly on the vein from the Fray crosscut was abandoned and this footage added to the 1,000 feet originally proposed to be driven on the vein southerly from the Fray crosscut, making a total of 1,400 feet southerly.

The project, after rehabilitating the Fray crosscut and driving tail room for car switching, got under way October 12, 1967. It was necessary to recess the project the first of December, 1967 because of excessive snow conditions which closed the road to the mine each day. During this 1½-month period 193 feet of drift southerly was completed. During 1968 the project was reactivated the latter part of June and continued into the first of October. During this period the drift heading was advanced to a point 555 feet southerly from the crosscut. Actually, the average for the full 5 months of operation amounted to approximately 110 feet per month of twenty-five working days.

Samples were cut across the vein structure at regular intervals averaging 5.9-foot spacing. During 1967 the 193 feet of advance on the vein averaged: 0.015 oz. of gold, 4.99 oz. of silver, 2.04% lead, 4.05% zinc and 0.30% copper. This compares with the overall average for 501 feet of vein (the last 14 feet not yet sampled) as follows: 0.083 oz. of gold, 5.60 oz. of silver, 2.94% lead, 6.34% zinc and 0.34% copper, indicating an appreciable increase in the values of all five metals as the drift advanced southerly and gained more backs. The average sample width for the 501 feet of vein was 3.49 feet. The gross value of the crude ore is approximately $42 per ton: with gold at $35 per oz., silver at $2 per oz., lead at 12.0¢ per pound, zinc at 13.5¢ per pound and copper at 42¢ per pound.

By the time the DMG drifting and diamond drilling programs have been completed there is very little question in the applicant's mind but that there will be ample ore explored and developed at depth to justify a mill. It is appreciated that the drifting program has been slow, but the monthly narrative reports point out the adverse labor and weather conditions which plagued the program almost from the start. Although the property is located at a high elevation, it is still 1,000 feet lower than the original Cash Bird mine workings and it could be developed by a much lower crosscut tunnel, eliminating most of the deep snow and drifting snow conditions.

We sincerely hope the DMG will continue the present drifting contract and approve the proposed Amended diamond drilling phase of the

program so that this could be started as soon as weather conditions permit this spring.

Yours very truly,

ROY PRAY AND ASSOCIATES
Lake City, Colorado

Roy Pray

Roy Pray

RP/am

cc Mr. J. William Hazzer

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/14/69	Kirkemo	120
		110
1/14	cal	220
		120M

FEB 14 1969

AIRMAIL

Mr. Roy Pray
Roy Pray and Associates
c/o Crystal Lodge
Lake City, Colorado 81235

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado

Dear Mr. Pray:

This is to acknowledge receipt of your letter of February 7, 1969 and of your amended application for financial assistance for a proposed diamond drilling program at the Palmetto mine.

Unfortunately, our funds at this time are limited to current contracts and to applications already approved which can be provided for on present funds. Consequently, we would be unable to offer any additional assistance at this time. We have no information now on the extent of funds that may be available for the OME program after July 1, 1969, the beginning of the new fiscal year.

As we suggested to you in our letter of August 27, 1969, we recommend that you continue work as planned on the current project with the funds remaining in the contract. This will explore the original target area, and provide information which will help determine what additional targets are present.

Sincerely yours,

FRANK E. JOHNSON (gla)

Frank E. Johnson
Chief, Office of
Minerals Exploration

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

HKirkemo/bsl 2/14/69

ROY PRAY AND ASSOCIATES
Lake City, Colorado

February 7, 1969

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120

Mr. Frank Johnson, Chief Officer
Office of Minerals Exploration
U. S. Geological Survey
Washington, D. C. 20242

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Johnson:

It has been recently suggested by Mr. William Hasler that we write directly to you abstracting progress to date of subject contract, and request a continuation of both phases of the program. Briefly, the status of the program is as follows:

DIAMOND DRILLING PHASE

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(2) Bulldozing	1,530.00	0.30
B. Company: (Labor, materials, equipment, etc.)	4,008.40	0.70
Total Cost of Drilling Project	$57,813.40	$11.34

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"1) Abandonment of the two deep drill holes Nos. DDH 7 and 8 of Stage II, thereby reducing both drill footage and bulldozer footage necessary to establish sites for these holes (about 900 of 1,400 feet for the latter).

2) Addition of a new drill site, for two holes, south of the Pray crosscut and south of the creek about 425 feet, attempting to remain as much on contour as possible (would use 400-500 feet of bulldozer footage from above). Drill site (not measured or plotted in field) shown on their map figure 7 and attached sketch. Drill holes were plotted to be about 690 feet long but because exact position on the surface for the collar respective to topography is not known, it would be better to allow perhaps 60 feet more to make a total of 750 feet at an angle of 50° to intersect the vein dipping easterly at 85°. Using a 690-foot hole, it calculates that 1,380 feet of the total 2,300 feet from the deep holes would be used."

In conformance with the above suggested changes an Amended diamond drilling program was submitted by the applicant on July 2, 1968. As all this data - general description, maps, new bids by diamond drilling contractors and by bulldozer contractors, etc. is on file with the OME it perhaps is sufficient to include here only the Recap of the Amended diamond drilling project to compare with the Recap contained in the original Application:

RECAP, Drilling Project, Amended	Cost	Unit Cost Per Foot
A. Total Independent Contracts:		
(1) Diamond drilling	$42,850.00	$10.20
(2) Bulldozing	1,275.00	0.30
B. Company: (Labor, materials, equipment, etc.)	4,134.00	0.98
Total Cost of Drilling Project	$48,259.00	$11.48

A copy of the letter of transmittal accompanying the Amended Application listing the data submitted is as follows:

ROY PRAY AND ASSOCIATES
Lake City, Colorado
July 2, 1968

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Building 53, Room 203
Federal Center
Denver, Colorado 80225

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247
Amended Application

Amended Application

Dear Mr. Hasler:

Pursuant to your recent request, we are herewith submitting an amended application for financial assistance to carry out the proposed diamond drilling program at the Palmetto mine. Two complete sets of all data are enclosed.

In conforming to your letter of May 20th, 1968, we have deleted the two original holes Nos. 7 and 8 and have substituted two new holes, Nos. 7 and 8, to be drilled from the new drill site approximately 425 feet south of the portal of the Pray crosscut, as shown on the enclosed map. Total footage for the eight holes now amounts to approximately 4,200 feet. Drill roads have been decreased in length from a total of approximately 2,600 feet to approximately 1,650 feet.

Enclosed for your consideration are:

1. Large claim map, figure 7, showing the four drill sites, the eight drill holes and the drill roads.
2. Small print (plan drawing) showing the new holes Nos. 7 and 8 suggested by the OME.
3. Four prints showing all 8 diamond drill holes in vertical section.
4. Copies of information data mailed to diamond drill contractors.
5. True copies of new bids for the proposed diamond drilling program submitted by two drill contractors.
6. True copies of bids from bulldozing contractors.

7. Amended "Proposed Diamond Drill Program" with:
   (1) Tabulation of Proposed Drill Holes.
   (2) General Discussion of Drilling Program.
   (3) Estimates of Diamond Drilling Costs.

   (A) Independent Contracts.
      (1) Diamond Drilling.
      (2) Bulldozing.

   (B) Company Account.
      (1) Labor, Project Engineer.
      (2) Operating Materials and Supplies.
      (3) Operating Equipment.
      (4) Miscellaneous.

   RECAP. Drill Project, Total Cost.

The following data was previously submitted to OME: MME Form 40, Application for Financial Assistance and Minerals Exploration; and Annex A, Engineering and Geological Report on the proposed exploratory project; and Annex B, containing legal documents, correspondence with commercial banking houses, experience records, bid and schedule of unit prices, location certificates, patent platts, lien and subordination agreements, and certification required under 301.6 (c).

Under the amended contract it is further understood that the 400 feet of drifting originally proposed to be driven northerly on the vein from the Pray crosscut will be abandoned and this footage added to the 1,000 feet originally proposed to be driven on the vein southerly from the Pray crosscut, making a total of 1,400 feet southerly.

In the event additional information is desired, please contact Mr. Roy Pray, c/o Mid-Continent Mining Corp., Uranium Center Building, Grand Junction, Colorado 81501. Your consideration of this amended application is sincerely appreciated.

Yours very truly,

ROY PRAY AND ASSOCIATES
Lake City, Colorado

(s) Roy Pray
Roy Pray

RP/em

Enclosures: Two complete sets of all data applicable to the amended application

DRIFT PHASE

Under the Amended contract there was one change from the original proposal. The 400 feet of drifting originally proposed to be driven northerly on the vein from the Pray crosscut was abandoned and this footage added to the 1,000 feet originally proposed to be driven on the vein southerly from the Pray crosscut, making a total of 1,400 feet southerly.

The project, after rehabilitating the Pray crosscut and driving tail room for car switching, got under way October 12, 1967. It was necessary to recess the project the first of December, 1967 because of excessive snow conditions which closed the road to the mine each day. During this 1½-month period 193 feet of drift southerly was completed. During 1968 the project was reactivated the latter part of June and continued into the first of October. During this period the drift heading was advanced to a point 555 feet southerly from the crosscut. Actually, the average for the full 5 months of operation amounted to approximately 110 feet per month of twenty-five working days.

Samples were cut across the vein structure at regular intervals averaging 5.9-foot spacing. During 1967 the 193 feet of advance on the vein averaged: 0.075 oz. of gold, 4.99 oz. of silver, 2.04% lead, 4.09% zinc and 0.30% copper. This compares with the overall average for 541 feet of vein (the last 14 feet not yet sampled) as follows: 0.083 oz. of gold, 5.60 oz. of silver, 2.94% lead, 6.35% zinc and 0.34% copper, indicating an appreciable increase in the values of all five metals as the drift advanced southerly and gained more backs. The average sample width for the 541 feet of vein was 3.49 feet. The gross value of the crude ore is approximately $42 per ton; with gold at $35 per oz., silver at $2 per oz., lead at 12.8¢ per pound, zinc at 13.5¢ per pound and copper at 42¢ per pound.

By the time the OME drifting and diamond drilling programs have been completed there is very little question in the applicant's mind but that there will be ample ore explored and developed at depth to justify a mill. It is appreciated that the drifting progress has been slow, but the monthly narrative reports point out the adverse labor and weather conditions which plagued the programs almost from the start. Although the property is located at a high elevation, it is still 1,000 feet lower than the original Camp Bird mine workings and it could be developed by a much lower crosscut tunnel, eliminating most of the deep snow and drifting snow conditions.

We sincerely hope the OME will continue the present drifting contract and approve the proposed Amended diamond drilling phase of the

program so that this could be started as soon as weather conditions permit this spring.

Yours very truly,

ROY PRAY AND ASSOCIATES
Lake City, Colorado

Roy Pray

Roy Pray

RP/em

cc Mr. J. William Hasler

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/20/68	Kirkemo	120
		120
11/20	Johnson	110
11/22	Kiesgen	
11/22	Nugent	
11/22	cac	220
		120M

NOV 22 1968

AIRMAIL

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: GMK-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Enclosed are the original and three copies of proposed Amendment No. 3 (one page), signed for the Government. An extra copy of the amendment is enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of the Operator and distributed as usual.

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.

Please note on the enclosed copy of the justification for this amendment that the monthly rate of advance will have to be increased more than 300 percent over the advance to date if the work authorized in the contract is to be completed by November 1969. Work either will have to be resumed well before July 1, 1969, the termination date for the current recess period, or additional shifts will be necessary when work is resumed following the recess.

Although the rate of advance has not met expectations, the results to date suggest that certification is likely. However, we would like to base a certification on the maximum amount of evidence that can be obtained before the contract ends. Please discuss this problem with the Operator sometime before work on the project is resumed following the period of inclement weather conditions.

FRANK E. JOHNSON (gla)

Frank E. Johnson

Enclosures

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Region 130
Mr. Kirkemo
HKirkemo/bsl 11/20/68

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

DEC 9

December 6, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Transmitted herewith are the "Government's Copy" and "Budget and Finance's Copy" of Amendment No. 3 on the above-stated contract, signed for the Government and by the Operator. The Operator has retained the "Operator's Copy" and the "Field Office Copy" and "Extra Copy for Field Use" have been retained in the OME Region III field office files.

J. William Hasler

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

Enclosures

Office of Minerals Exploration
Building 53 Room 203

December 2, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 5 1968
TRANSMITTAL COPY
HK 120

Mr. Roy Pray
Roy Pray and Associates
c/o Crystal Lodge
Lake City, Colorado 81235

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

Enclosed are the original and three copies of proposed Amendment No. 3 (one page) to the above-stated contract, signed for the Government.

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

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

Sincerely yours,

J. William Hasler

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

Enclosures

cc: Chief, OME ✓
OME-6630
OME chron
Mr. Hasler

DRAFT 11/12/68
HKirkemo/gla

To Legal 11/12/68

120 HK
~~110~~ 9/8
120M

EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

AMENDMENT NO. 3 4

It is agreed this _____ day of _____, 1968 9, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Roy Pray & Associates, hereinafter called the "Operator," that Exploration Contract 2247 (OME-6630), dated September 8, 1967, as amended, is further amended effective November 1, 1968 9, as follows:

1. The time fixed by Article I(a) of the contract, as amended by Amendment No. 1, for completion of the work is further extended from fourteen (14) twenty-six (26) to twenty-six (26) thirty-one (31) months from the date of the contract, or until November 8, 1969 70.

2. The maximum period for royalty payments and for the lien to secure payments thereof provided for in the contract is extended from eleven (11) twelve (12) to twelve (12) thirteen (13) years from the date of the contract.

3. (a) Work under the contract may be suspended during the period beginning November 1, 1968 69, and ending not later than July 1, 1969 70.

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

(c) 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.

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, 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
U. S. Geological Survey

ROY PRAY & ASSOCIATES

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 203

September 13, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 16 1968

INITIALS	CODE
	130
bal	120 m
FO	110
HK	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

The Operator in a letter dated September 4, 1968 has requested that an extension of time be allowed in which to complete the contract work until the fall of 1969. A late spring, subsequent adverse summer weather, plus labor and equipment problems has prevented him from completing the work proposed in the subject contract.

The Operator has completed 452 feet of drifting southeast along the Palmetto, as reported in his monthly progress report for August, 1968. The geologic maps accompanying the August report, and the assay results show the Palmetto Vein to average 3.65 feet wide and weighted average assays show as follows: 0.86 oz. Au, 5.77 oz. Ag, 2.78% Pb, 5.77% Zn, and 0.34% Cu per ton. The estimated gross value of this ore at current metal prices (9/12/68) is $40.66. A horseback estimated of a block of ground 3.6' x 435' x 200' will yield approximately 31,320 tons. This tonnage could gross $1,107,334.44, and I think a 200 foot depth on the vein is not unreasonable to project at this time.

An interim inspection is scheduled for September 18, 1968, however it is recommended that at the time of the completion of the summer's work that the contract be amended to recess the work and extend the time necessary to complete the work prescribed in the contract, depending of course on the results along the Palmetto vein

between now and the time winter weather causes a cessation of work at the higher elevations. Upon the submission of the September, or October voucher a $200.00 suspension of funds will be recommended pending the Operator's ability to continue work in the Spring of 1969.

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
9/11/68		120
9/11	Johnson	110
		220
		120M

September 11, 1968

Memorandum

To: The File

From: Assistant Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

The attached memoranda to the Chief, Office of Minerals Exploration, from J. W. Hasler, OME Field Officer, Region III, dated September 5, 1968, and from Robert G. Luedke, Geologist, U. S. Geological Survey, dated September 9, 1968, refer to recent events concerning the subject Operator who is the object of interest by the Department's Division of Compliance and the F.B.I.

Hasler reports on a recent visit by the F.B.I. agent regarding a purported sale of oil stock for the benefit of an unspecified mining property. Luedke reports on his recent visit to the Palmetto property and the presence of Mr. Joe Ianni (one of Mr. Pray's partners) and an unidentified associate at the property. The activities reported by Hasler and Luedke do not require any action by OME with regard to the contract. No contractual problems are involved and work is proceeding satisfactorily in accordance with the terms of the contract.

Harold Kirkemo
Harold Kirkemo

cc with enclosure:
Chief Geologist
Through: Associate Chief Geologist
Assistant Chief Geologist for Economic Geology
Chief, Branch of Resources Research
Assistant Solicitor
Robert W. Long and Richard W. Bliss
OME Reading File
Mr. Kirkemo

HKirkemo/gla 9-11-68

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242
Building 10

9 September 1968

Memorandum

To : OME Records

From : Robert G. Luedke

Subject : Palmetto property
Hinsdale County, Colorado

OME-6630 (Silver)
Roy Pray & Associates
Contract 2247

A visit was made to the subject property in accordance to the suggestion, time permitting, that I might be interested with the progress of the operation. The visit was not in the official capacity for OME, but was a semi-official one of general interest as property is within my project field area.

On Friday August 16 about 1:00 pm my field assistant P. S. Birkey and I arrived by jeep at the mine property. Not only were the 2-man crew there (names unknown) but Roy Pray, his associate Joe Ianni, presumably the other silent-partner associate (whom I did not meet and cannot swear to his name but thought I was told it to be Scott), L. C. Rove, Jr., chief geologist for Vitro Minerals Corporation, and his assistant D. L. Butherus. I had the distinct feeling my arrival was most inopportune and my stay most undesireable, particularly on the part of the associates. Mr. Pray apparently was not perplexed, but took all in stride and insisted that I stay and inspect the mine with the Vitro people as soon as the mine was aired from the blasting just done.

While waiting, the Vitro people, who I knew, and I discussed geology and ore deposits of the general area. They stated their purpose for being there as having been approached by Pray and Associates to take over the proposed and hoped for drilling program at this property.

About 2:00 pm the mine was cleared enough so that we could go in. We followed the rather sinuous southerly drift for a reported 420 feet from crosscut to face (Pray said last measured distance, sampled, as reported to OME was 380 feet; all sampling now being done was across back). In face at left (hanging wall side) was white somewhat vuggy quartz with almost hair-line size dark sulfide(?) streaks supposedly carrying silver values, next about 1½ feet of altered country rock (amygdaloidal lava flow of Henson Formation) with weak pyrite impregnation, next about a foot of sulfides (much sphalerite) enclosed by ½ inch quartz boundaries, and then apparently more country rock. The face was about 5 feet across with supposedly the footwall not quite exposed.The walls were so dirty and air so full of powder smoke, that it was very difficult to examine the vein in the back along the drift.

Copy to Field Officer, OME Region III

Good hand-cobbed sphalerite ore is being stored in the mine cars in the crosscut extension. No mention was made as to what was to be done with this ore.

I sampled the face in 3 places principally for geochemical purposes thus probably would not serve as assays, but when information is made available later this winter from the geochemical laboratories, and if deisred by OME, I will be glad to forward same. Samples were:

1) Quartz with dark streaks at hanging wall side
2) Altered country rock in middle
3) Sulfides at footwall side

Robert G. Luedke

Robert G. Luedke, Geologist
Southern Rocky Mountains Branch
Regional Geology Division

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

September 5, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado

Mr. Douglas Williams, an investigator for the Federal Bureau of Investigation visited this office September 3, 1968 with reference to some oil stocks that were sold by Mr. Roy Pray prior to June, 1968 for the purpose of some mine financing. The amount of the oil stock transaction was around $30,000.00.

Mr. Williams inquired as to whether or not I had any Social Security identification on Mr. Pray. I informed him that I had no such identification, and that our only reference to Mr. Pray insofar as the OME was concerned was the OME Docket Number and the Contract number which I gave him. I reviewed with him the policy, and the operations of the Office of Minerals Exploration and related it to the subject operator's contract and exploration work. Mr. Williams or the F.B.I's concern is largely with Mr. Pray's associates, Mr. Ianni and Mr. Haas. I also informed Mr. Williams that Mr. Pray was actively working at the Palmetto property, and that we knew of no sale transaction concerning the Palmetto, property, and that Mr. Pray is involved in the ownership of several mines in the Lake City area. I also informed Mr. Williams of the manner in which applicants and operators obtain funds to furnish their portion of the money required to complete exploration work under any executed OME contract, that the government only reimburses the operator for its' portion (75% in this case) after each month's work is completed, and that field inspections were made periodically to confirm completion of work claimed in the vouchers required for request for payment of funds expended under terms of the contract.

I indicated to Mr. Williams that a field examination would be made on the subject property about the third week of September. He asked to be informed of the progress being made and I told him I would be happy to report the progress made on the contract at that time.

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
8/26/68	On leave	120
		110
9/27	cae	220
		120M

AIRMAIL

Mr. Roy Pray
Roy Pray and Associates
c/o Crystal Lodge
Lake City, Colorado 81235

AUG 27 1968

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

We have considered your request for additional funds to conduct a surface drilling program at the Palmetto property concurrently with the drifting program now in progress on the subject contract.

Our funds for the present Fiscal Year are limited and we must apply available funds to projects on which substantial progress can be made during the year. When your application for OME assistance was under consideration in August-September 1967, it was decided that the underground work should be undertaken, and not to start a surface drilling project because of the lateness of the season and the probability that drilling from surface sites could not be completed until the following season. We face the same situation now with respect to the weather and operating conditions plus the additional problem of limited funds.

Under the circumstances, we suggest deferring the drilling proposal until next spring when consideration would be given to it with the added advantage of having the results of the current drifting project to help pinpoint targets for drilling. If warranted, a proposed contract could then be prepared to be effective as soon as funds became available for the next Fiscal Year--presumably about July 1.

We look forward to continued success with the work in progress.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

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

HKirkemo/gla 8/23/68

MAP

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

July 3, 1968

RECEIVED
JUL 8 1968

INITIALS	CODE
gla	130
bal	120
	110
	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Transmitted herewith is Copy 2 of the Amended Application on the above-stated contract. Copy 1 has been retained for the Region III Field Office files.

J. William Hasler
mc.

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

Enclosure

ROY PRAY AND ASSOCIATES
Lake City, Colorado
July 2, 1968

OME Region III
RECEIVED
JUL 3 - 1968
Denver, Colorado

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Building 53, Room 203
Federal Center
Denver, Colorado 80225

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247
Amended Application

Dear Mr. Hasler:

Pursuant to your recent request, we are herewith submitting an amended application for financial assistance to carry out the proposed diamond drilling program at the Palmetto mine. Two complete sets of all data are enclosed.

In conforming to your letter of May 20th, 1968, we have deleted the two original holes Nos. 7 and 8 and have substituted two new holes, Nos. 7 and 8, to be drilled from the new drill site approximately 425 feet south of the portal of the Pray crosscut, as shown on the enclosed map. Total footage for the eight holes now amounts to approximately 4,200 feet. Drill roads have been decreased in length from a total of approximately 2,600 feet to approximately 1,650 feet.

Enclosed for your consideration are:

1. Large claim map, figure 7, showing the four drill sites, the eight drill holes and the drill roads.
2. Small print (plan drawing) showing the new holes Nos. 7 and 8 suggested by the OME.
3. Four prints showing all 8 diamond drill holes in vertical section.
4. Copies of information data mailed to diamond drill contractors.
5. True copies of new bids for the proposed diamond drilling program submitted by two drill contractors.
6. True copies of bids from bulldozing contractors.
7. Amended "Proposed Diamond Drill Program" with:
   (1) Tabulation of Proposed Drill Holes.
   (2) General Discussion of Drilling Program.
   (3) Estimates of Diamond Drilling Costs.

(A) Independent Contracts.
  (1) Diamond Drilling.
  (2) Bulldozing.

(B) Company Account.
  (1) Labor, Project Engineer.
  (2) Operating Materials and Supplies.
  (3) Operating Equipment.
  (4) Miscellaneous.

RECAP. Drill Project, Total Cost.

The following data was previously submitted to OME: MME Form 40, Application for Financial Assistance and Minerals Exploration; and Annex A, Engineering and Geological Report on the proposed exploratory project; and Annex B, containing legal documents, correspondence with commercial banking houses, experience records, bid and schedule of unit prices, location certificates, patent platts, lien and subordination agreements, and certification required under 301.6 (c).

Under the amended contract it is further understood that the 400 feet of drifting originally proposed to be driven northerly on the vein from the Pray crosscut will be abandoned and this footage added to the 1,000 feet originally proposed to be driven on the vein southerly from the Pray crosscut, making a total of 1,400 feet southerly. ?

In the event additional information is desired, please contact Mr. Roy Pray, c/o Mid-Continent Mining Corp., Uranium Center Building, Grand Junction, Colorado, 81501. Your consideration of this amended application is sincerely appreciated.

Yours very truly,

ROY PRAY AND ASSOCIATES
Lake City, Colorado

Roy Pray

Roy Pray

RP/em

Enclosures: Two complete sets of all data applicable to the amended application

ROY PRAY & ASSOCIATES
Lake City, Colorado

June 22, 1968

RE: Drilling on Palmetto Property
Amendment to Original Bids

Gentlemen:

Attached is a description of an amended exploratory drilling program to be carried out in Hinsdale County, Colorado. Roy Pray and Associates of Lake City, Colorado, hereinafter referred to as the Company, is in the process of preparing an amended application to the Office of Minerals Exploration for financial assistance. A schedule of unit prices is attached to be used by the drilling company.

As part of this amended application it is necessary to obtain two firm bids from reliable contract drilling companies to substantiate overall project costs.

The program will consist of surface drilling on the Palmetto property according to the attached tabulation of data relative to each proposed hole and the stages under which each hole may be drilled. The Contractor will be expected to furnish everything necessary to complete the program except those services specifically mentioned as the responsibility of the Company. As time is very short, it would be appreciated if these firm bids were returned to the Company's Grand Junction office as soon as possible.

Please return the bids to Mr. Roy Pray, c/o of Mid-Continent Mining Corp., 204 Uranium Center Building, Grand Junction, Colorado 81501.

Yours very truly,

ROY PRAY AND ASSOCIATES

Roy Pray

Roy Pray

RP:em
Encl.

ROY PRAY & ASSOCIATES
Lake City, Colorado

Palmetto Property

June 22, 1968

General Information

The drilling sites are at an average elevation of 12,000 feet above sea level and are located in the basin northeast of Engineer Mountain. The Palmetto property, in the Galena Mining District, is located in Palmetto Gulch, a tributary of Henson Creek, which flows easterly to Lake City. A well-graveled road extends from the paved highway at Lake City, 18 miles to the property, located at an elevation 12,000 feet above sea level.

There are no housing facilities at or near the Palmetto property, the nearest housing and restaurants being in Lake City. Machine shops, hardware supplies and mining equipment and supplies are available in Montrose, Colorado, a distance of 85 miles from Lake City over a paved highway. Montrose is also the nearest rail-head to Lake City. Various grades of gasoline can be purchased in Lake City, as well as diesel and lubricating oil and greases.

It is assumed (as a minimum program) that all holes proposed under Stage I will be drilled, however this is not definite until approved by the OME. The number of holes outlined under Stage II that may be approved by the OME is also unknown, but it is assumed both Stages will be drilled. All holes are angle holes and will be drilled from the surface. Because of winter snow conditions, drilling activities will probably be limited to the period from July through November. There will be no penalty involved if the project is forced to recess because of weather conditions.

The Company will prepare the four drill sites and the roads leading to the drill sites from the main highway. In no case will these roads be over 1,500 feet in length. The area geology indicates that the drill holes will penetrate Tertiary pyroxene andesite from the collar to the bottom of the holes. The Contractor will be required to haul water with his own equipment, and ample water is available within 500 feet or closer to all drill sites. The Company will have a project engineer to line out the work and to take care of the drill cores, etc. Depth of overburden is not known, but should be slight.

Indemnity

Contractor agrees to indemnify and save harmless the Company against any and all loss and expense, including attorneys' fees and other legal expenses, by reason of liability imposed or claimed to be imposed by law upon the Company for damage because of bodily injuries, including death at any time resulting therefrom, or because of damage to property, sustained by any person or persons, arising out of or in consequence of the performance of this contract whether

or not such bodily injuries, death or damage to property arise or are claimed to arise in whole or in part out of the negligence or any other grounds of legal liability on the part of the Contractor, any Subcontractors, or the employees or agents of any of them.

Insurance

Contractor will obtain and continue in force, during the term of this contract, at its own expense, all insurance specified below.

The insurance to be obtained and continued in force by Contractor is is the following:

(a) Workmen's Compensation and Occupational Disease Disability Insurance as required by the laws of the state wherein the work is to be performed.

(b) Employer's Liability Insurance, unless the laws of the state in which the work is to be performed preclude an independent right of action by an employee against an employer under common law.

(c) Comprehensive Automobilt Liability Insurance.

(d) Comprehensive General Liability and Property Damage Insurance including Operation, Protective and Contractual Liability coverages.

Damage to Property

Contractor will, at its own expense, repair any damage to all property of whatever kind or character, whether publicly or privately owned, including the property of the Company, which may result from its operations under this contract.

If you desire any further information, please contact Mid-Continent's office in Grand Junction, Colorado, 204 Uranium Center Building, Telephone 303-243-1280.

ROY PRAY & ASSOCIATES
Lake City, Colorado

Palmetto Property

Tabulation of Proposed Drill Holes

Hole No.	Location	Stage	Length Ft. (Estimated)	Inclination	Bearing	Size (Minimum)
1	Site 1 DWG No. 1	I	450	-47°	N.20°W.	BX
2	Site 1 DWG No. 1	I	450	-47°	S.60°W.	BX
3	Site 2 DWG No. 2	I	500	-51°	N.24°W.	BX
4	Site 2 DWG No. 2	I	500	-51°	S.65°W.	BX
5	Site 3 DWG No. 3	I	450	-49°	N.35°W.	BX
6	Site 3 DWG No. 3	I	450	-49°	S.95°W.	BX
		Total	2,800			
7	Site 4 DWG No. 4	II	700	-50°	S.80°W.	BX
8	Site 4 DWG No. 4	II	700	-50°	N.30°W.	BX
		Total	4,200			

PROPOSED DIAMOND DRILLING PROGRAM (Amended)

Tabulation of Proposed Drill Holes

Hole No.	Location	Stage	Length Ft. (Maximum)	Inclination	Bearing	Size (Minimum)
1	Site 1 DWG No. 1	I	450	-47°	N.20°W.	BX
2	Site 1 DWG No. 1	I	450	-47°	S.60°W.	BX
3	Site 2 DWG No. 2	I	500	-51°	N.24°W.	BX
4	Site 2 DWG No. 2	I	500	-51°	S.65°W.	BX
5	Site 3 DWG No. 3	I	450	-49°	N.35°W.	BX
6	Site 3 DWG No. 3	I	450	-49°	S.95°W.	BX
		Total	2,800			
7	Site 4 DWG No. 4	II	700	-50°	S.80°W.	BX
8	Site 4 DWG No. 4	II	700	-50°	N.30°W.	BX
		Total	4,200			

General Discussion of Drilling Program:

It is estimated that the length of the drill holes as shown on the DWG's Nos. 1-4, inclusive, may be in error as much as 10 per cent due to brunton survey and the apparent variation in dip of the vein structure. As evidenced in the Pray crosscut, the vein has a dip of from 80-85 degrees easterly, although the dip near the Palmetto shaft may only be about 60 degrees. Refer to Figure 7 for drill hole locations. *

Referring to the discussion of June 5, 1880, page 9 of Annex A (previously submitted), it is noted that the dip of the inclined shaft sunk on the vein was 73 degrees. However, in discussing the crosscut to the vein fromthe 330-foot level of the vertical shaft, the May 20, 1882 discussion, page 10, states that the vein would be encountered approximately 90 feet from the shaft. If this is in fact the case, as illustrated on DWG No. 1, the vein from the 213-foot level to the 330-foot level would have a dip of only 60 degrees.

The maximum footages listed in the above chart should be more than sufficient to intersect the vein in all holes, and probably will be considerably less in several holes. After the drill sites have been completed transit surveys will be made to the vein outcrop to give more accurate control as to probable length of the individual holes.

As illustrated in DWG's Nos. 1, 2 and 3, Stage I holes are designed to intersect the vein at an average depth of 400 feet. Holes Nos. 3 to 6 inclusive, will explore the vein approximately 200 feet below the proposed exploratory drifts on the vein, and holes Nos. 1 and 2 will penetrate the vein about 70 feet below the bottom of the Palmetto shaft. These holes

* A large scale map, Figure 7, is attached, showing the new drill site No. 4 and the new proposed drill holes Nos. 7 and 8, replacing the former proposed drill Holes Nos. 7 and 8.

should prove that the vein contains commercial ore at depths comparable to that reported in the lowest workings of the Palmetto shaft and the Frank Hough shaft reported to be 450 feet deep.

New Holes Nos. 7 and 8, designed to explore the vein at depths of from 500' to 600' below the surface will test the theories of Kelley * and Burbank that "evidence tends to encourage exploration for metals of all sorts at any altitude above the top of the pre-cambriam basement rocks."

Because of the relatively short season it is deemed advisable to request two drilling units to complete the required footage in as short a time as possible.

Estimates of Diamond Drilling Costs

The following estimates of drilling costs at the Palmetto property are based upon eight holes (Six Stage I holes and two Stage II holes) having a total estimated footage of 4,200 feet.

A. Independent Contracts

(1) Diamond Drilling

It is contemplated to do all phases of the drilling under contract, including all necessary equipment, labor, supplies and water. The Company will prepare the access roads and the four surface drill sites under separate contract.

Stages I & II: The eight holes shown on DWG's Nos. 1-4 inclusive, total 4,200 feet. The cost differentials as bid between Stage I holes and Stage II holes are relatively insignificant, so unit costs are based on the full footage. The 4,200 feet are estimated at an average overall cost of $11.48/ft.

---

* Work cited in footnote 3 of Annex A.

				Cost	Unit Cost Per Foot
Item 1.	Mobilization and demobilization:		$1,500.00		
Item 2.	Non-coring:				
	0- 300 ft. Est. amt.				
	NX 1,200 ft.	$8.00/'	9,600.00		
	BX 600 ft.	$7.00/'	4,200.00		
	300- 600 ft. Est. amt.				
	NX 800	$8.50/'	6,800.00		
	BX 300 ft.	$7.50/'	2,250.00		
Item 3.	Coring:				
	0- 500 ft. Est. amt.				
	900 ft.	$7.00/'	6,300.00		
	500- 800 ft. Est. amt.				
	400 ft.	$8.00/'	3,200.00		
Item 4.	Reaming BX to NX (Per ft.)				
	Est. amt. 500 ft.	$3.50/'	1,750.00		
Item 5.	Cementing & redrilling (Per hr.)				
	Est. amt. 50 hrs., $10.00/hr.		500.00		
Item 6.	Drilling mud, cement, etc.				
	Est. cost plus 10%		500.00		
Item 7.	Casing left in holes. No bid.				
	Est. cost		500.00		
Item 8.	Standby time				
	Est. amt. 50 hrs., $10.00/hr.		500.00		
	Incidental allowance				
	$1.25/' for 4,200'		5,250.00		
	Based upon 4,200'bid			$42,850.00	$10.20

		Cost	Unit Cost Per Foot

(2) Bulldozing

It is contemplated to do the bulldozing work for drill roads and drill sites under contract, including equipment, labor, fuel, etc., on a per-hour basis. It is estimated that a total of 1,650 feet of access road and four drill sites can be constructed in 75 hours' time (D7 or equivalent unit) at a rate of $15.00 per hour.

Operation of bulldozer	$1,125.00		
Charge for moving in and out	75.00		
Est. standby time 10 hrs.	75.00		
		$1,275.00	$ 0.30

Total Cost Independent Contracts:

Diamond drilling	$42,850.00	$10.20
Bulldozing	1,275.00	0.30
	$44,125.00	$10.50

B. Company Account:

(1) Labor, Project Engineer:

It is estimated two drilling units can accomplish an average of 100 feet per working day.* The total footage then could be drilled in approximately 42 actual working days. Due to remoteness of area, add 15% lost time due to breakdowns and workers' absence, or a total of 49 days, or about two months, figuring 25 working days per month. Additional full-time labor would consist of:

One project engineer @ $1,000/mo.	$2,000.00		
Per diem @ $10.00/day	500.00		
	$2,500.00		
		$2,500.00	$ 0.60

(2) Operating Materials & Supplies: (Company)

Core boxes (100 @ $1.40 ea.)	$ 140.00		
Misc. drafting, office and report supplies	100.00		
	$ 240.00		
		$ 240.00	$ 0.06

* Two units, two shifts per day (25 ft. per shift per unit)

		Cost	Unit Cost Per Foot
(3) Operating Equipment: (Company)			
One pickup truck, (3,500 miles @ 10¢/mile)	$350.00		
		$ 350.00	$0.08
(4) Miscellaneous: (Company)			
Analytical work, (50 samples, average 200 determinations @ $3.00 ea.)	$600.00		
Accounting services	$200.00		
Workmen's Comp., Social Security and Unemployment Ins., 12.2% of $2,000.00 11/	$244.00	$1,044.00	$0.25
Total Cost (Company)		$4,134.00	$0.98

RECAP, Drilling Project

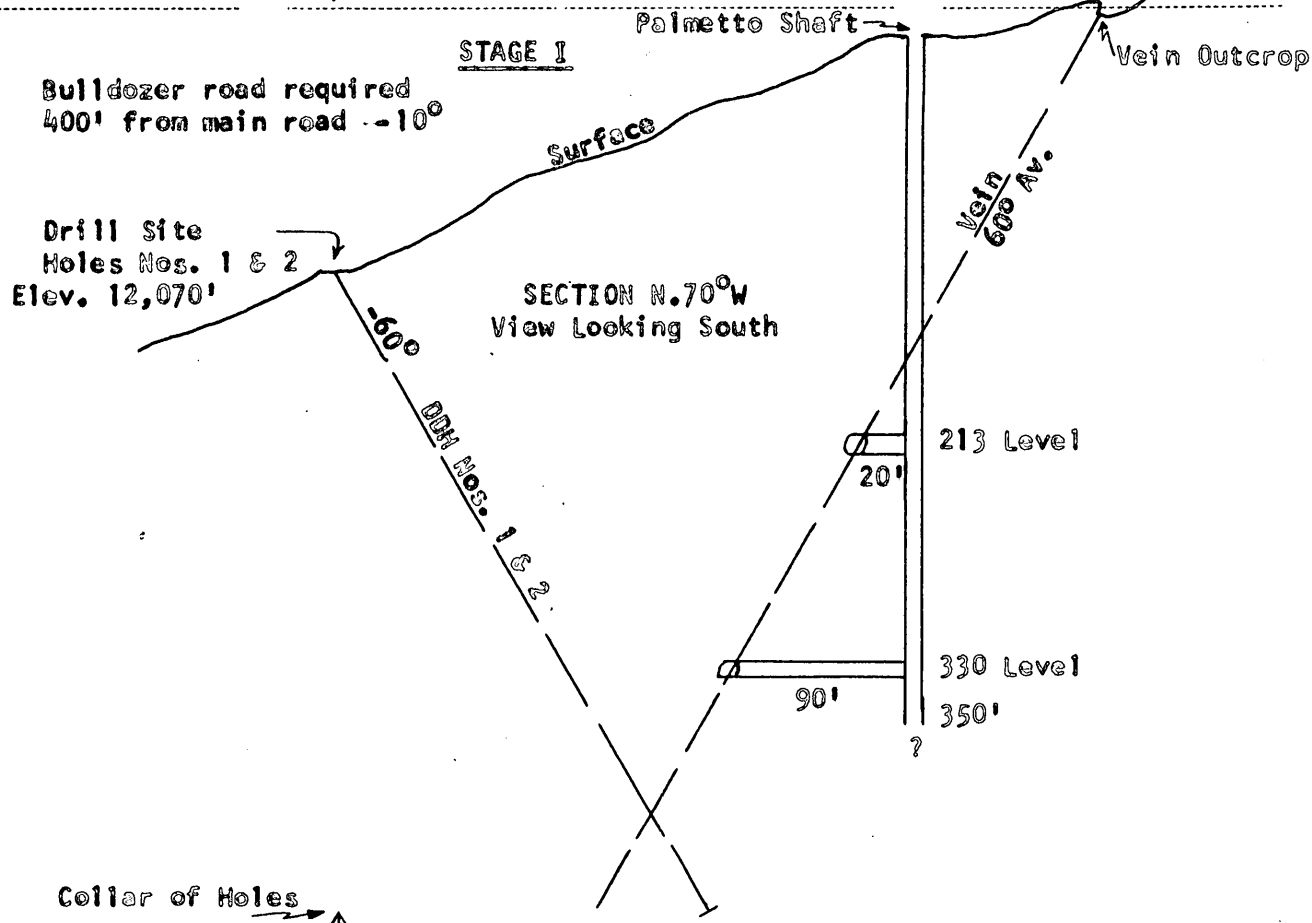
A. Total Independent Contracts:			
(1) Diamond drilling		$42,850.00	$10.20
(2) Bulldozing		1,275.00	0.30
B. Company: (Labor, materials, equipment, etc.)		4,134.00	0.98
Total Cost of Drilling Project		$48,259.00	$11.48

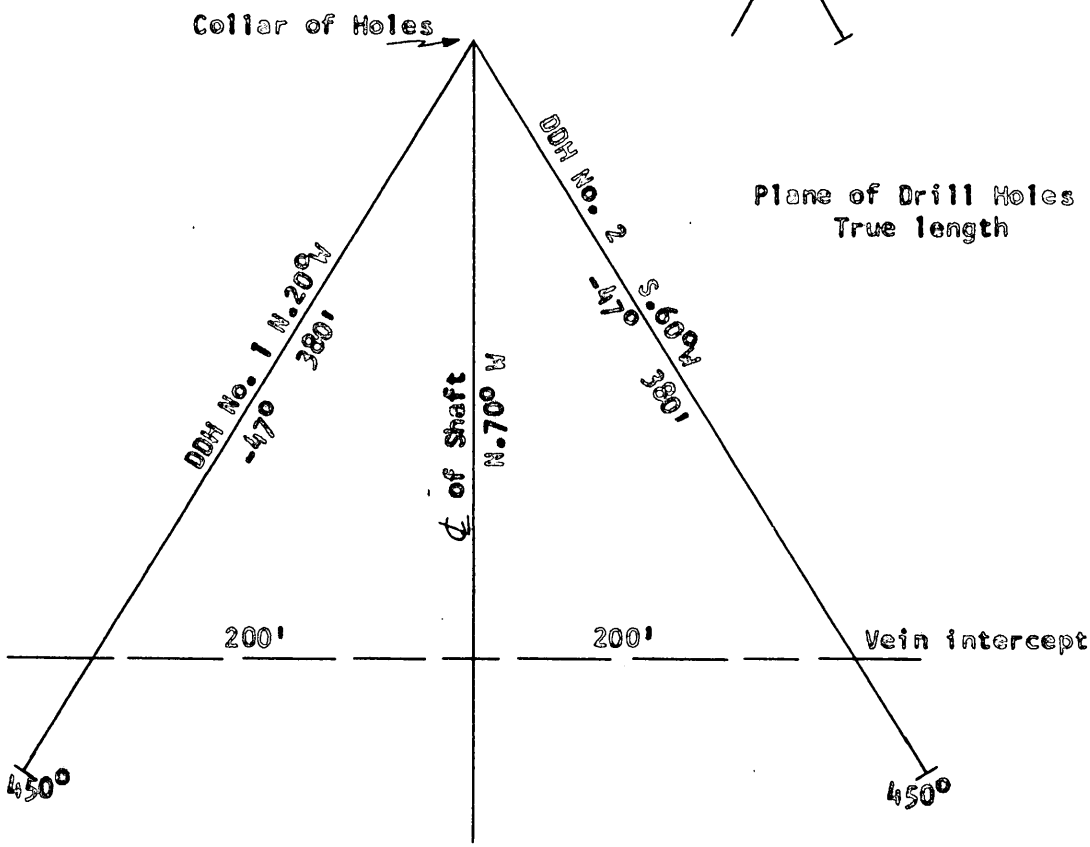
11/ Workmen's Comp., 4.7%; Social Security Taxes, 4.4% (Employer's Share); Unemployment Insurance, 3.1%; Total, 12.2%

BY N.E. DATE 3/15/67 SUBJECT PALMETTO VEIN SHEET NO. ..... OF .....

CHKD. BY N.E. DATE ..... Engineer Mountain Area, Colo. JOB NO. Scale 1" = 100'

Proposed Drill Holes Nos. 1 & 2





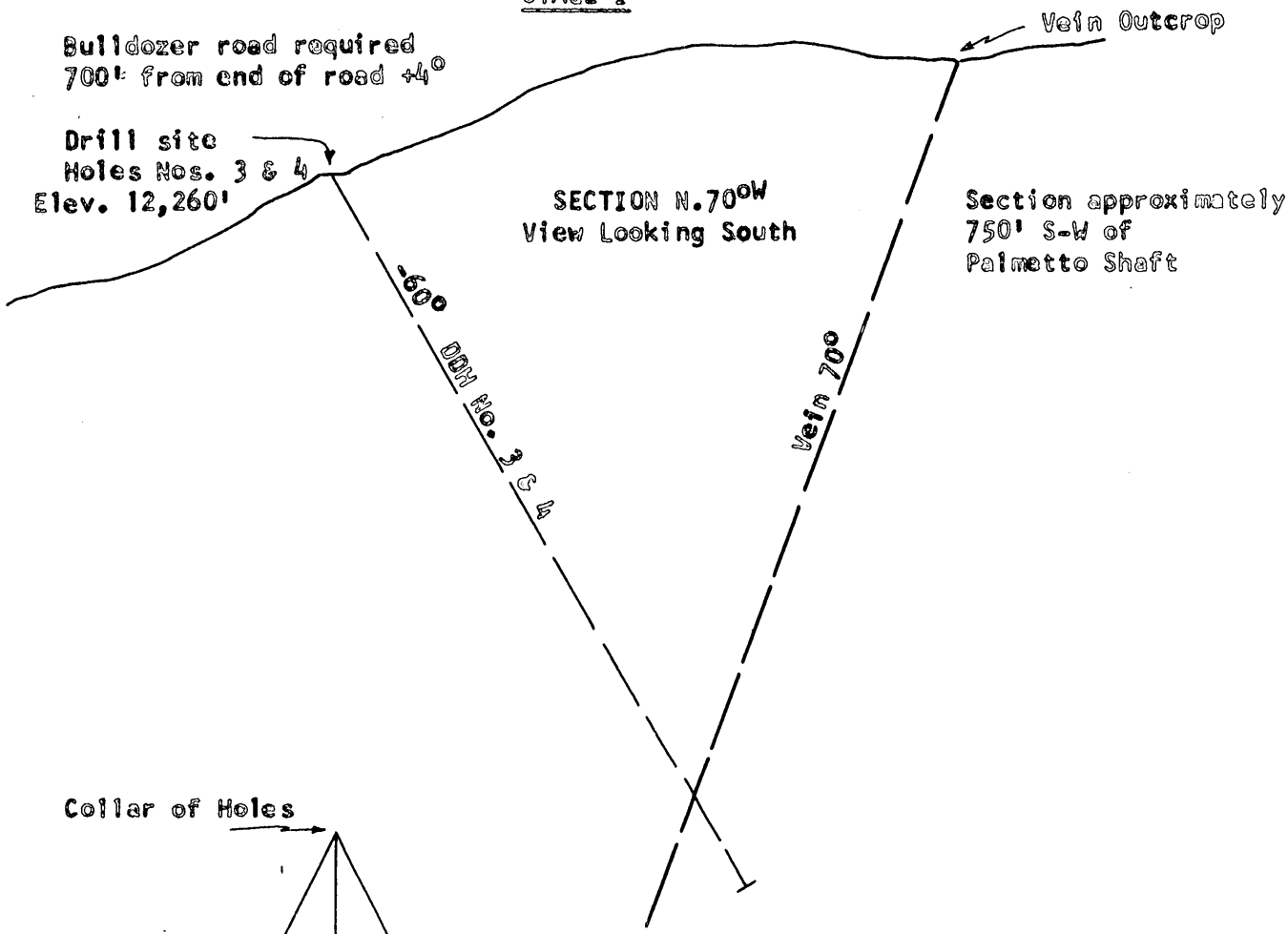
DWG NO. 1

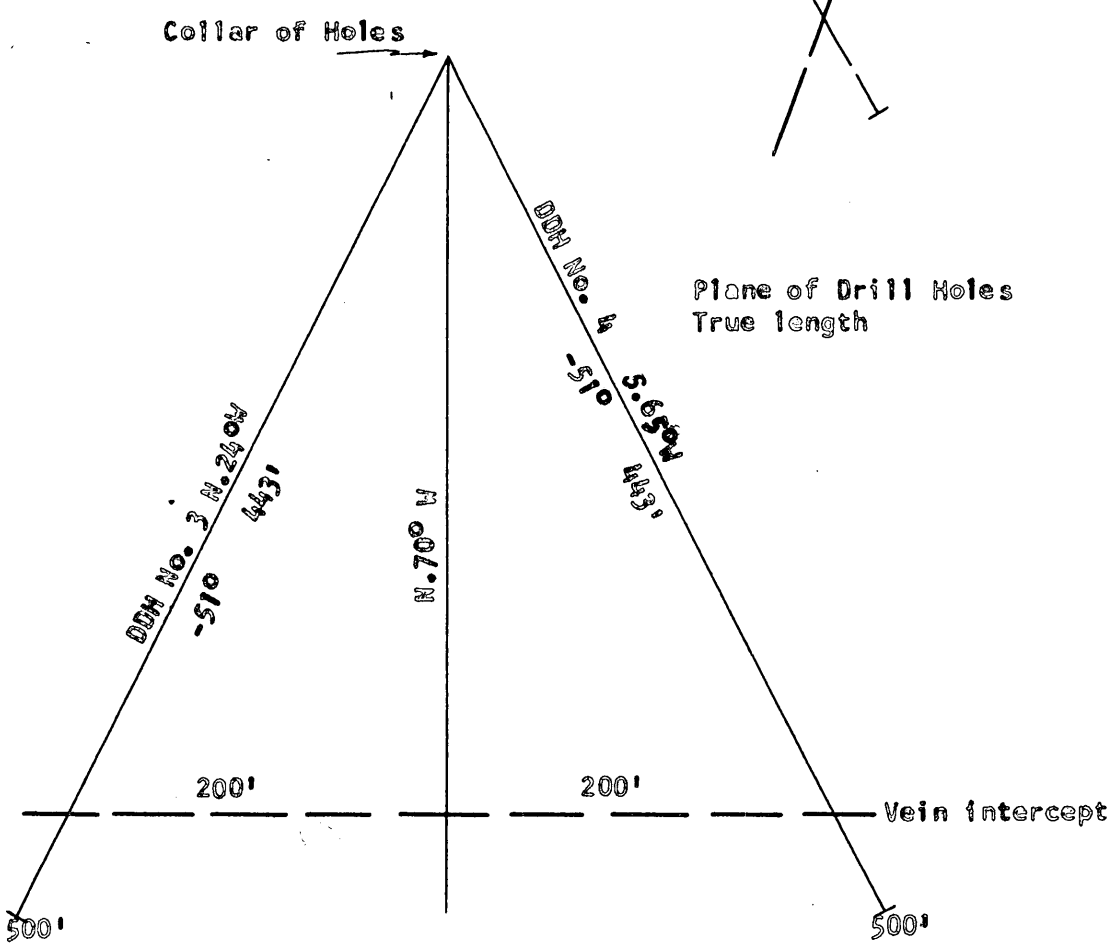
BY NE DATE 3/15/67 SUBJECT PALMETTO VEIN SHEET NO. ..... OF .....

CHKD. BY NE DATE ..... Engineer Mountain Area, Colo. JOB NO. Scale 1" = 100'

Proposed Drill Holes Nos. 3 & 4

STAGE I





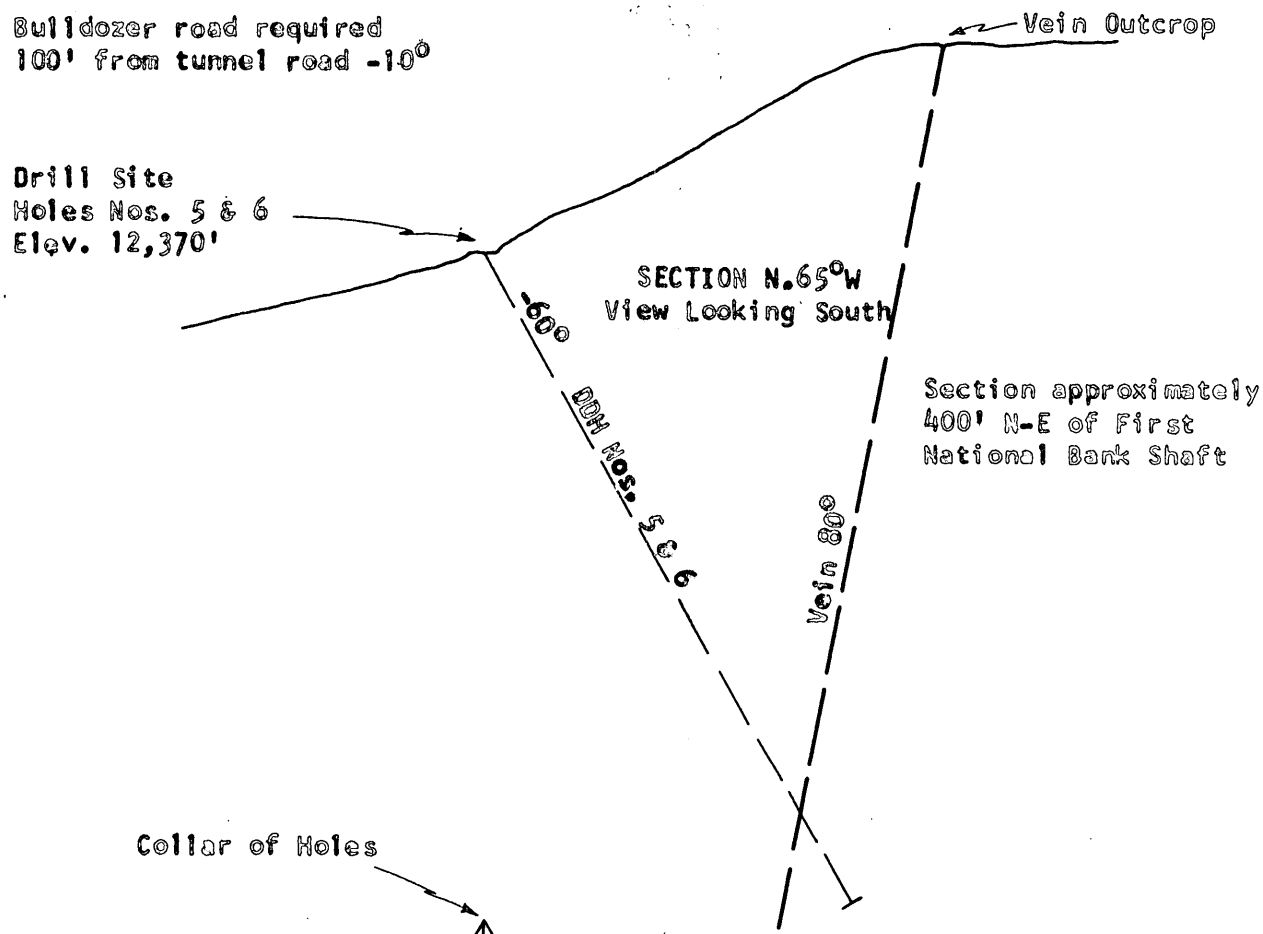
DWG NO. 2

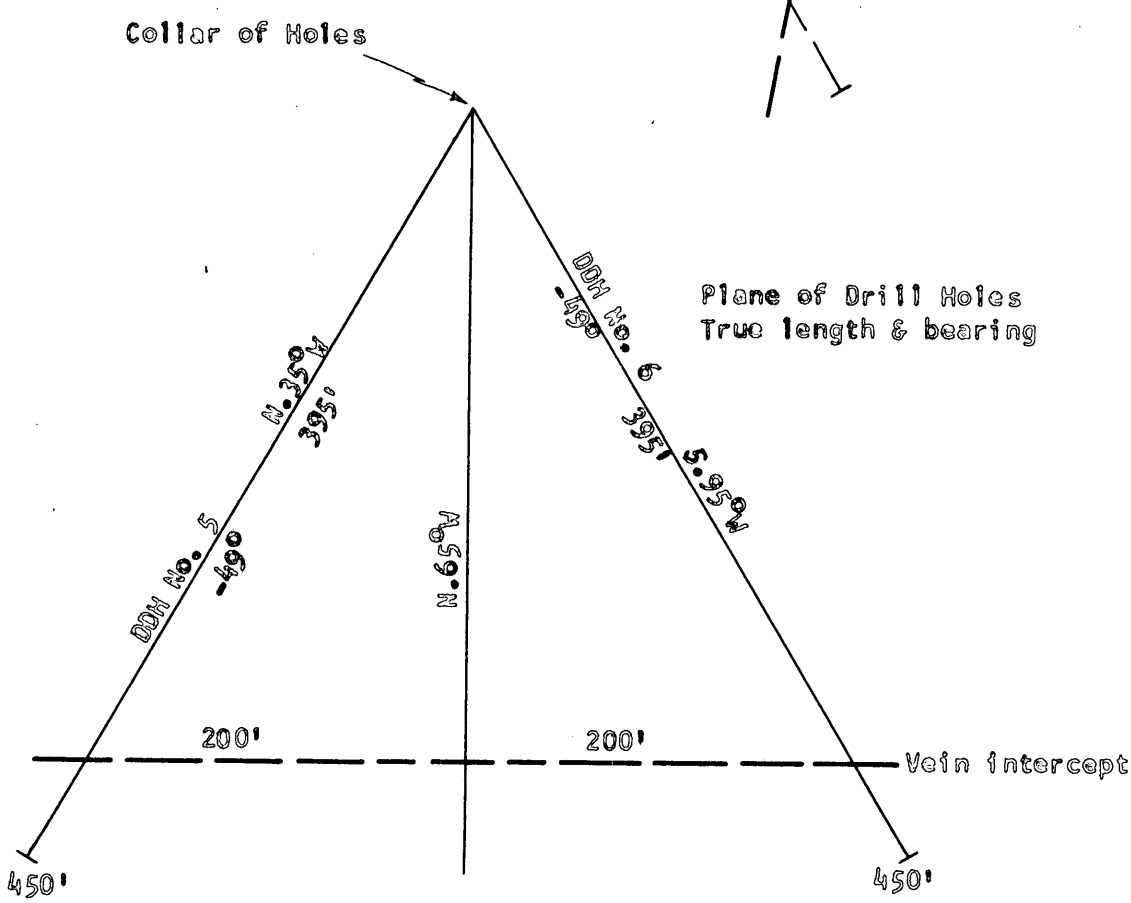
BY N.E. DATE 3/15/67 SUBJECT PALMETTO VEIN SHEET NO. ..... OF .....

CHKD. BY N.E. DATE ..... Engineer Mountain Area, Colo. JOB NO. .....

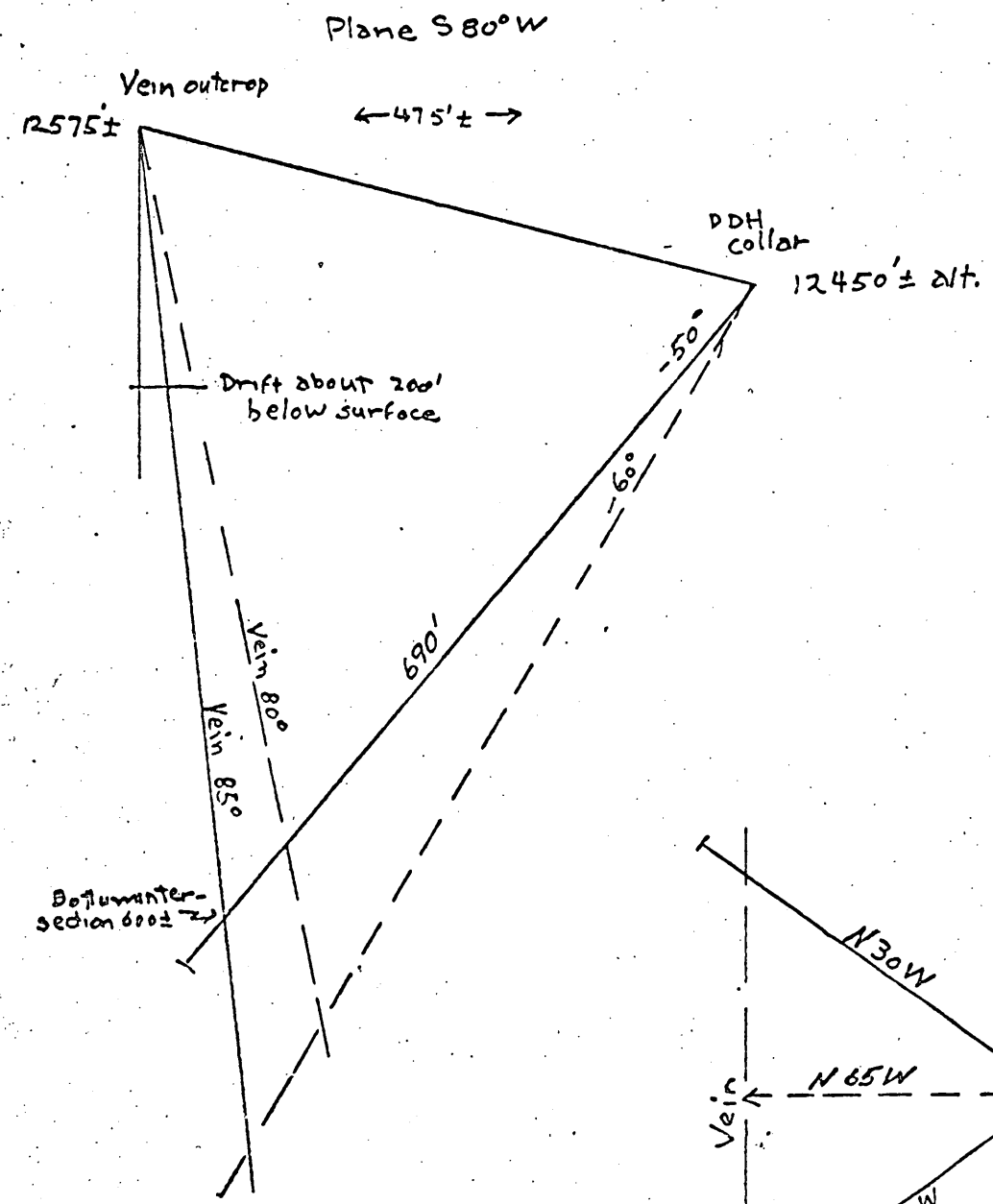
Proposed Drill Holes Nos. 5 & 6 Scale 1" = 100'

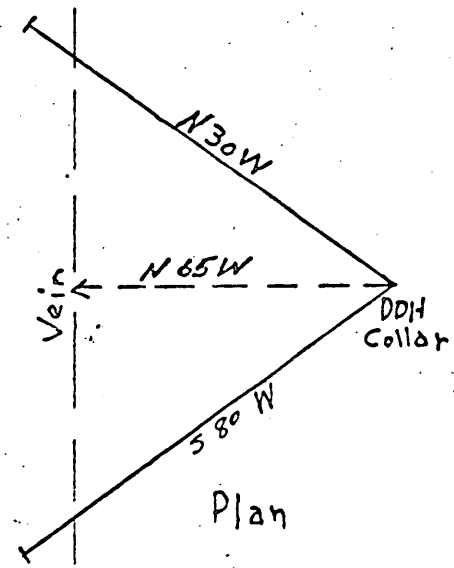
STAGE I

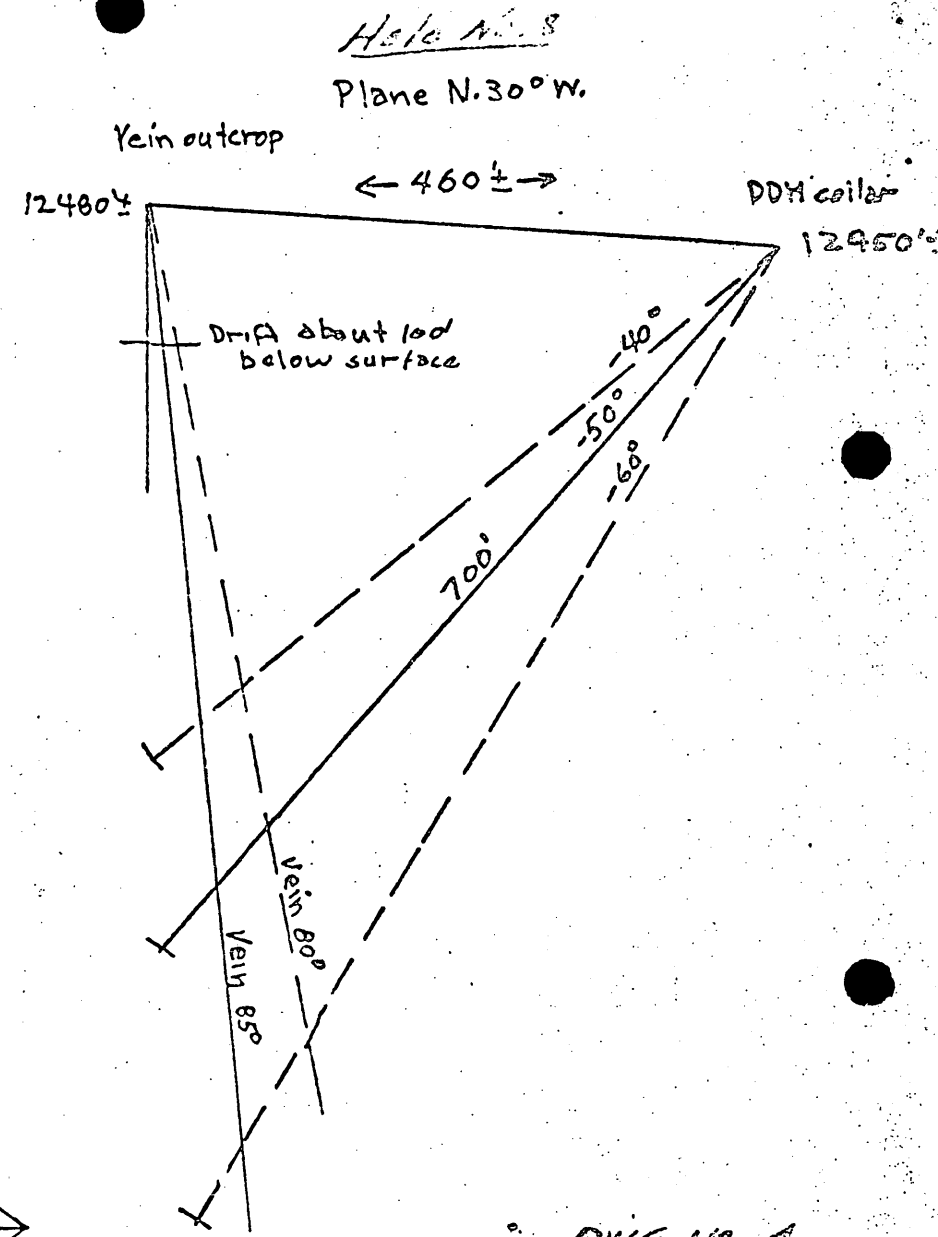




DWG NO. 3







DWG NO. 4
STAGE II

NEW PROPOSED
DRILL SIZE

ROY PRAY & ASSOCIATES
Lake City, Colorado

Amended June 22, 1968

Palmetto Property

SCHEDULE OF UNIT PRICES FOR EXPLORATORY DRILLING

Item 1 Mobilization and demobilization Total $ 1500.00

Item 2 Non-Core Drilling (Plugging)

			NX	BX
			(Per ft.)	
0 - 300 ft.	Estimated Amt:			
	NX	1,200 ft.	$ 8.00	
	BX	600 ft.		$ 7.00
300 - 600 ft.	Estimated Amt:			
	NX	800 ft.	$ 8.50	
	BX	300 ft.		$ 7.50

Item 3 Coring: (The Contractor may, at his option, furnish NX cores in lieu of BX cores provided, however, that the prices paid him for NX core drilling shall be the same as those quoted below for BX core drilling.

0 - 500 ft.	Estimated Amt:	900 ft.	$ 7.00
500 - 800 ft.	Estimated Amt:	400 ft.	$ 8.00

Item 4 Reaming BX to NX (Per ft.)
Estimated Amt: 500 ft. $ 3.50

Item 5 Cementing and drilling cement
Estimated Amt: 50 hrs. Per Hr. $ 10.00

Item 6 Cement, drill mud, etc., materials. Cost plus 10 %

Item 7 Standing and pulling casing - no charge.
Casing lost in holes - no charge.
Casing left in holes at Company's request, paid for at Contractor's actual cost.

Item 8 Standby time, etc. where authorized by Company
Estimated Amt: 50 hrs. Per Hr. $ 10.00

Notes: Moving from drill site to drill site is sole responsibility of the Contractor, and is not considered as standby time.

No payment will be made for incomplete holes.

All roads and drill sites will be provided by the Company.

The Company will supply all the necessary core boxes.

Knebler Drilling Co — Drilling Company
By Louis W. Knebler — Signature of Bidder
7/1/68 — Date

ROY PRAY & ASSOCIATES
Lake City, Colorado

Amended June 22, 1968

Palmetto Property

SCHEDULE OF UNIT PRICES FOR EXPLORATORY DRILLING

Item 1	Mobilization and demobilization	Total	$ 1,500.00
Item 2	Non-Core Drilling (Plugging)		NX / BX
	0 - 300 ft. Estimated Amt:		(Per ft.)
	NX 1,200 ft.		$ 6.75
	BX 600 ft.		$ 6.25
	300 - 600 ft. Estimated Amt:		
	NX 800 ft.		$ 8.25
	BX 300 ft.		$ 7.80
Item 3	Coring: (The Contractor may, at his option, furnish NX cores in lieu of BX cores provided, however, that the prices paid him for NX core drilling shall be the same as those quoted below for BX core drilling.		
	0 - 500 ft. Estimated Amt: 900 ft.		$ 11.00
	500 - 800 ft. Estimated Amt: 400 ft.		$ 12.00
Item 4	Reaming BX to NX (Per ft.) Estimated Amt: 500 ft.		$ 6.60
Item 5	Cementing and drilling cement Estimated Amt: 50 hrs. Per Hr.		$ 28.00
Item 6	Cement, drill mud, etc., materials. Cost plus		— %
Item 7	Standing and pulling casing - no charge. Casing lost in holes - no charge. Casing left in holes at Company's request, paid for at Contractor's actual cost.		
Item 8	Standby time, etc. where authorized by Company Estimated Amt: 50 hrs. Per Hr.		$ 26.00

Notes: Moving from drill site to drill site is sole responsibility of the Contractor, and is not considered as standby time.

No payment will be made for incomplete holes.

All roads and drill sites will be provided by the Company.

The Company will supply all the necessary core boxes.

Sprague and Henwood, Inc. BY [signature] June 24, 1968
Drilling Company — Signature of Bidder — Date
Vincent D. Nourse
Manager, Western Branch

ROY PRAY & ASSOCIATES
Lake City, Colorado

BID SCHEDULE FOR BULLDOZING WORK
Palmetto Property
Engineer Mountain Area
Lake City, Colorado

For bulldozing work at the Palmetto mine, preparing drill roads and drill sites: (It is estimated that approximately 2,500 feet of drill roads will be required; also five drill sites approximately 40 feet in diameter)

Charge per hour of bulldozing work:	Per Hour.
D 8 (or equivalent)	$
D 7 (or equivalent)	$ 18 00/XX
D 6 (or equivalent)	$
(Indicate type of unit to be used)	

Moving-in charge to the Palmetto Property:	Total	$ 200 00/XX
Standby time if requested by the Company	Per Hour	$ 8 00/XX

KEY Construction Co.
Contractor

313 Pine View
Address

Montrose, Colorado 81401

Donald J. Young

ROY PRAY & ASSOCIATES
Lake City, Colorado

BID SCHEDULE FOR BULLDOZING WORK
Palmetto Property
Engineer Mountain Area
Lake City, Colorado

For bulldozing work at the Palmetto mine, preparing drill roads and drill sites: (It is estimated that approximately 2,500 feet of drill roads will be required; also five drill sites approximately 40 feet in diameter)

Charge per hour of bulldozing work:	Per Hour
D 8 (or equivalent)	$
D 7 (or equivalent)	$
D 6 (or equivalent)	$ 15.00
(Indicate type of unit to be used)	

Moving-in charge to the Palmetto Property:	Total	$ 100.00
Standby time if requested by the Company	Per Hour	$ No-Charge

Contractor

Lake City, Colo
Address

ROY PRAY & ASSOCIATES
Lake City, Colorado

BID SCHEDULE FOR BULLDOZING WORK
Palmetto Property
Engineer Mountain Area
Lake City, Colorado

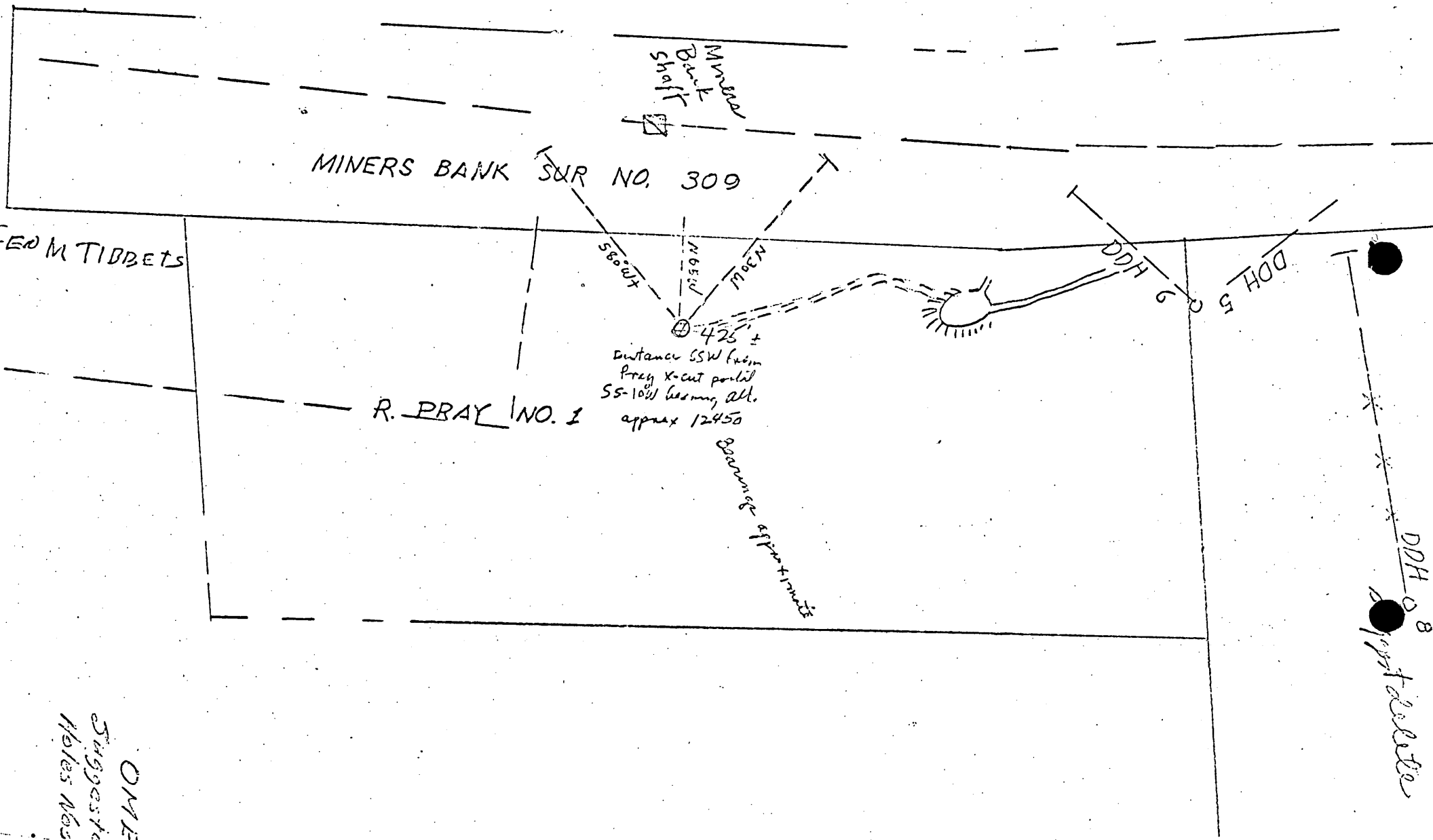
For bulldozing work at the Palmetto mine, preparing drill roads and drill sites: (It is estimated that approximately 2,500 feet of drill roads will be required; also five drill sites approximately 40 feet in diameter)

Charge per hour of bulldozing work:		Per Hour
	D 8 (or equivalent)	$
Angle Blade	D 7 (or equivalent) 103 Dozer	$ 15.00
	D 6 (or equivalent)	$
	(Indicate type of unit to be used)	

Moving-in charge to the Palmetto Property:	Total	$ $1.00 per mile or $10.00 /hr.
Standby time if requested by the Company	Per Hour	$ 5

Carl White
Contractor

Lake City
Address



ONE
Suggested New
Holes Nos. 7 & 8

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

July 2, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 3 1968

INITIALS	CODE
	130
	120
	110
HK	120

Transmitted herewith are the "Government's Copy" and the "Budget and Finance's Copy" of Amendment No. 2, signed for the Government and by the Operator on the above-stated subject.

J. William Hasler

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

Office of Minerals Exploration
Building 53 Room 203

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JUN 26 1968
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110
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June 24, 1968

Mr. Roy Pray
c/o Crystal Lodge
Lake City, Colorado 81235

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

Transmitted herewith are the original and three copies of Amendment No. 2 (one page), signed for the Government.

If the proposed amendment is satisfactory, all four copies should be signed by an authorized representative of the operator, retain the "Operator's Copy" and return the other three copies to this office.

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

Sincerely yours,

J. William Hasler mc

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

Enclosures
cc: Chief, OME ✓
cc: OME-6630
OME chron
Mr. Hasler

Office of Minerals Exploration
Building 53 Room 203

June 14, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
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Mr. Roy Pray
c/o Crystal Lodge
Lake City, Colorado 81235

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

This is to confirm our telephone conversation of this afternoon, June 14, 1968. I plan to arrive in Lake City, Colorado June 19 and will make an interim inspection on the above-stated subject June 20, 1968.

Sincerely yours,

J. William Hasler

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

cc: Chief, OME
OME-6630
OME chron
Mr. Hasler

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/18/68	Kirkemo	120
		120
6/18	Johnson	110
6/19	Kilbagard	
6/19	Kempp	
		220
		120M

AIRMAIL

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Enclosed are the original and three copies of proposed Amendment No. 2 (one page), signed for the Government. An extra copy of the amendment is enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of 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

Enclosures

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
130
Mr. Kirkemo

HKirkemo/bsl 6/18/68

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration
Building 53 Room 203

June 5, 1968

ORIGINAL COPY
G. L. E.
RECEIVED
JUN 7 1968

INITIALS	CODE
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HK	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Amendment No. 1 of the subject contract dated 9th February 1968 between the "Government" and Roy Pray and Associates, allowed for the suspension of work beginning December 1, 1967 and ending not later than June 1, 1968 under item 3 of that amendment.

The Palmetto Property lies at an elevation of approximately 12,400'± above sea level, and continued winter weather and subsequent spring storms have left large quantities of snow at these higher elevations, and have prevented the operator from resuming mining operations. Although the operator has not requested an extension of time from which to resume work and the June 1, 1968 date is now past, it is advisable and is recommended that the contract be amended to allow the suspension date to end not later than July 15, 1968 and that work can begin any time prior to July 15, 1968.

J. William Hasler

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

Jr Legal 6/13/68

120 HR
120P EP
110 RJ

120M

EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

AMENDMENT NO. 2

It is agreed this _____ day of _____, 1968, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Roy Pray & Associates, hereinafter called the "Operator," that Exploration Contract 2247 (OME-6630), dated September 8, 1967, as amended, is further amended effective ~~June 1~~ May 31, 1968, as follows:

1. (a) Work under the contract may be suspended during the period beginning June 1, 1968 and ending not later than August 1, 1968.

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

(c) 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.

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, 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
U. S. Geological Survey

ROY PRAY & ASSOCIATES

By_____

Title_____

Office of Minerals Exploration

Building 53 Room 203

May 20, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 22 1968
INITIALS | CODE
HK | 120

Mr. Roy Pray
Roy Pray and Associates
c/o Crystal Lodge
Lake City, Colorado 81235

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

Enclosed are the two maps concerning the drilling proposed by Mr. Luedke at the time of his field examination June 28, 1967, and which was discussed with you. Mr. Luedke recommended the following changes in your originally proposed program and I feel any suggestions Mr. Ebbley has for the drilling of the Palmetto property should follow along the lines of Mr. Luedke's recommendation as follows:

1) Abandonment of the two deep drill holes Nos. DDH 7 and 8 of Stage II, thereby reducing both drill footage and bulldozer footage necessary to establish sites for these holes (about 900 of 1,400 feet for the latter).

2) Addition of a new drill site, for two holes, south of the Pray crosscut and south of the creek about 425 feet, attempting to remain as much on contour as possible (would use 400-500 feet of bulldozer footage from above). Drill site (not measured or plotted in field) shown on their map figure 7 and attached sketch. Drill holes were plotted to be about 690 feet long but because exact position on the surface for the collar respective to topography is not known, it would be better to allow perhaps 60 feet more to make a total of 750 feet at an angle of 50° to intersect the vein dipping easterly at 85°. Using a 690-foot hole, it calculates that 1,380 feet of the total 2,300 feet from the deep holes would be used.

The weather is still sounding rough for the high country, however I shall be ready for an interim inspection as soon as you are opened up and ready to proceed for the summer's work.

Sincerely yours,

J. William Hasler

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

Enclosures

cc: Chief, Office of Minerals Exploration
OME chron
OME-6630
Mr. Hasler

MME FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Asso. Sol.--MR, Room 6554 (Through Room 6042)		
2. Mr. Kirkemo, Room 4459, Interior		
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:

7-68-2056.3192

FROM SOLICITOR

SOLICITOR

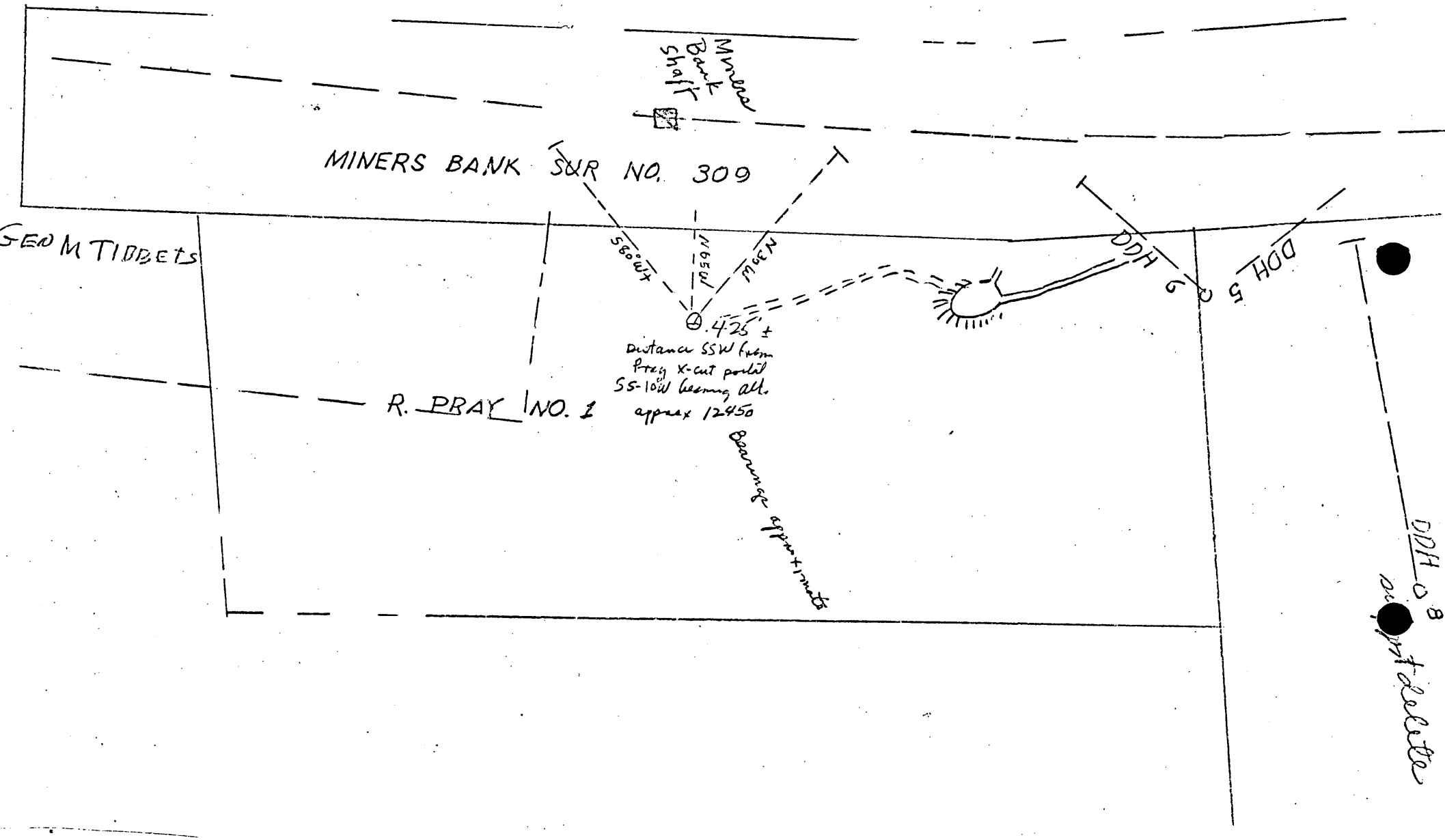
FOR SIGNATURE

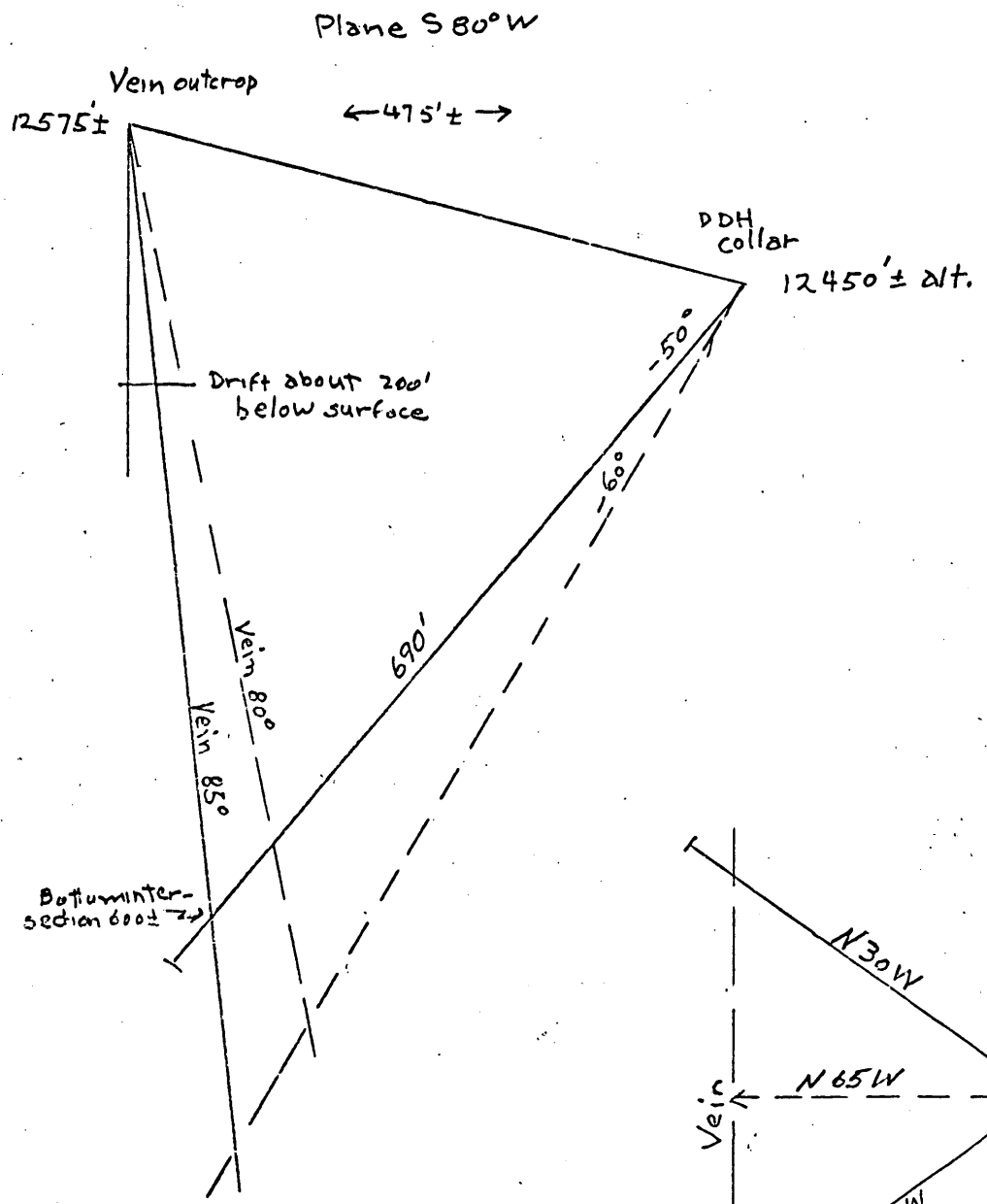
JUN 13 1963

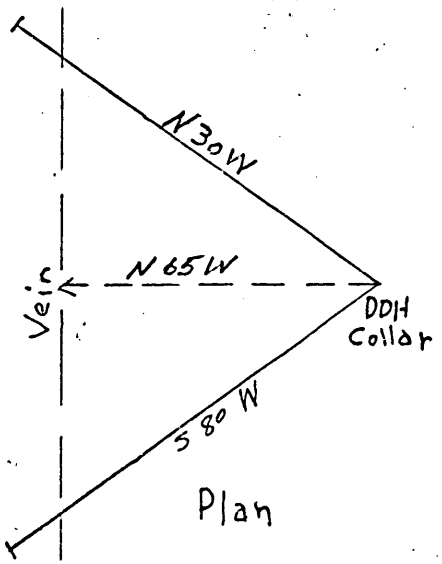
INTERIOR DEPT.

T.-DUP. SEC., WASH., D.C.

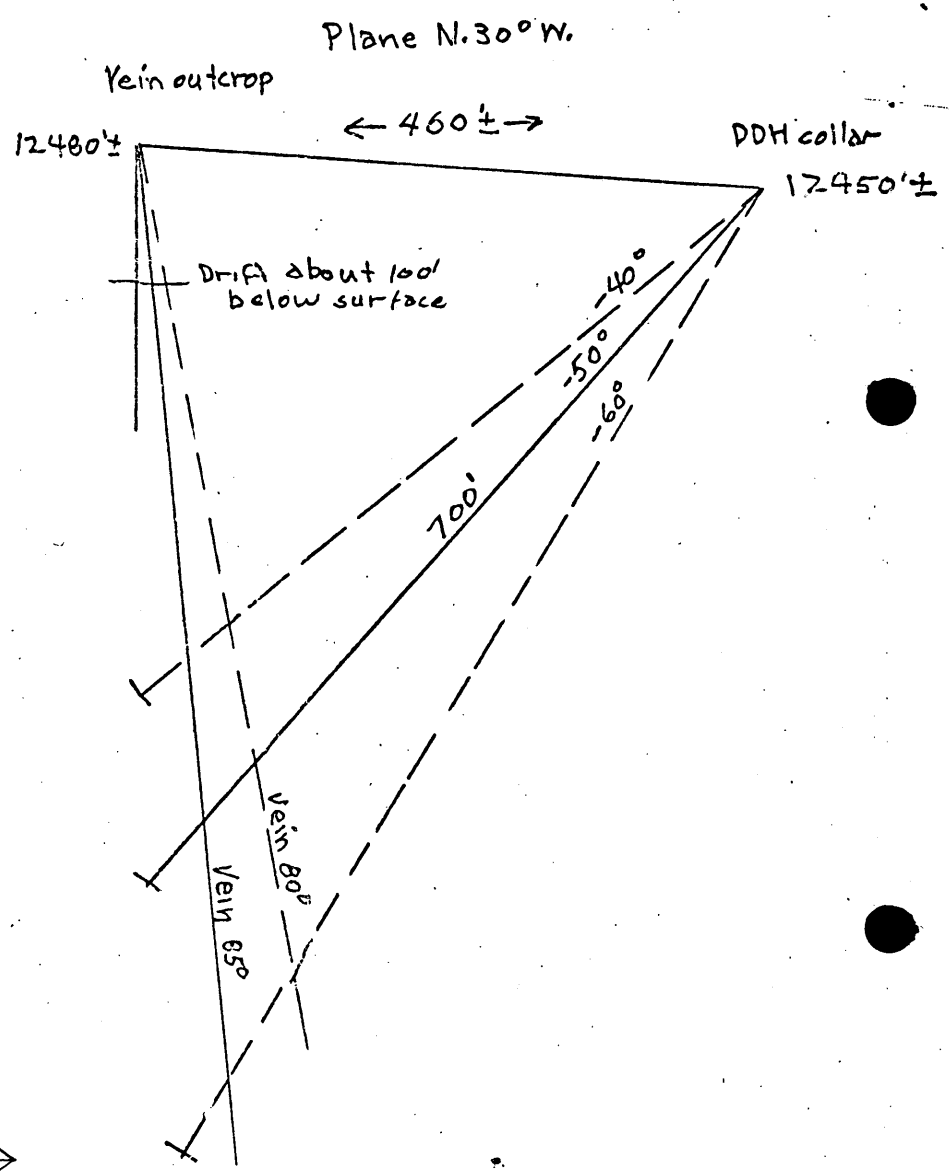
M56300-62


Mineral Bank Shaft
MINERS BANK SUR NO. 309
GEO M TIBBETS
S80°W
N65W
N30W
.425 ±
Distance SSW from Pray X-cut portal SS-10°W bearing all. approx 12450
Bearings approximate
R. PRAY NO. 1
DDH 5
DDH 9
DDH 8
not located





Plan



NEW PROPOSED DRILL SIZE

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

NONSECURITY CONFIDENTIAL

Memorandum

To: Deputy Assistant Secretary for Administration

From: Director, Geological Survey

Subject: Case No. 1968-17 (D. I. 2334) Investigation of questionable practices in issuing a contract for Federal assistance in minerals exploration to Roy Pray and Associates, Lake City, Colorado, by the Office of Minerals Exploration, U. S. Geological Survey, Washington, D. C.

With reference to your memorandum of March 27, we agree wholeheartedly that it is important in the OME program to have knowledge of the business reliability of the individuals with whom exploration contracts are made. To this end, the OME staff routinely consults reports of Dun and Bradstreet, Inc., and Standard and Poor's Corporation for information on its applicants, but, unfortunately, most OME applicants are individuals and partnerships not listed by those firms. In the absence of information from such sources, various financial information is requested from the applicants and, also, information is gathered as may be available through contacts in the industry and in the community involved.

Aside from financial considerations, however, are questions of character and associations, as in the case of Roy Pray and Associates. Adverse information in these respects can be obtained with certainty only by the equivalent of a "National Agency Check" or by an FBI-type of investigation. Since we are not aware of any authority to request National Agency Checks of individuals who are not Government employees or prospective employees, nor to request FBI investigations of this kind, and since we have no resources to set up an investigative agency, we know of no practicable solution except to keep our "eyes and ears open". In defense of this system, we would point out that in the 17 or 18 years of DMEA-OME contract operations and in dealing with some thousands of applicants, the Roy Pray case is the first of this nature.

As an outgrowth of this case, however, we plan to intensify our efforts to learn more about the individuals with whom we conduct business. Particularly, we intend to obtain more information on silent partners or financial backers by making discreet inquiries, and, insofar as feasible, by meeting all the significant principals.

Incidentally, in the case here involved, we have been informed that Mr. Fray's associates thus far have supplied no funds for the exploration project and that he has borne all expenditures to date. Further, we understood that Mr. Fray is endeavoring to sever the partnership with the associates who motivated the present investigation and that he is seeking to obtain financing for his share of the exploration costs from other and more reputable sources.

Director

FEJohnson/HKirkemo/gla 4/4/68
Rewritten OTweto/af 4/5/68

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON

DATE 4/16/68

REFERRED BY ASSISTANT CHIEF GEOLOGIST:

TO Frank Johnson

Here are copies of reply to Robinson's memo as it finally went out. Note the commitments. Regular file copies were not prepared

Olg Lee

APR 17 1968

KL 110
HK 120

INT.-DUP. SEC., WASH., D.C. M86938-66

January 15, 1968

Memorandum

Subject: Notes on telephone conversation with Robert W. Long, Assistant Solicitor, regarding proposed Amendment No. 1, Roy Pray & Associates, OME-6630, Contract 2247

From: Harold Kirkemo, Assistant Chief, Office of Minerals Exploration

At Mr. Johnson's request on January 12, 1968, I discussed with Mr. Long on January 15, 1968, the possible delay in signing the proposed amendment. I recalled as best I could, without having the report before me, the report of investigation by the Division of Compliance regarding this contract. In view of this investigation, I asked Mr. Long whether the proposed amendment should not be held and processed until later considering the FBI interest in the Operator. Mr. Long's first question was whether any of the individuals had been indicted and what were the charges. I replied that, to my knowledge, no indictments or charges have been made. He stated that as far as he could recall from having approved the proposed amendment there have been no violations of the terms of the OME contract and, if this is true, there is no legal basis for withholding action on the amendment as requested by the Operator. Mr. Long suggested that if legal opinion was necessary concerning the amendment, Mr. Francis Grambo, extension 6657, in the Solicitor's Office be contacted because either he and/or Bruce Wright would review the case.

I asked Mr. Long if by holding up this amendment was not the Government responsible for the expense of rehabilitation and repair following the period of recess. Mr. Long replied that the responsibility for such added expense would rest with the Government and that if such a delay is permitted, we should be prepared to defend the action and the expense of sharing in the rehabilitation. Such allowance is not now in the contract.

Later in the day Mr. Long called me to report that a copy of the report of investigation by the Division of Compliance was in the Solicitor's office for review. He also stated that his earlier remarks concerning the proposed amendment remained unchanged.

Harold Kirkemo

Harold Kirkemo

cc: Mr. Kiilsgaard
Mr. Tweto
Mr. Klepper
Mr. Johnson
Mr. Kirkemo

HKirkemo/gla 1-15-68

DRAFT 1/10/68
HKirkemo/gla

Memorandum

To: Chief, Division of Compliance

From: Director, Geological Survey

Subject: Comments on Case No. 1968-17 (D. I. 2334) Investigation of questionable practices in issuing a contract for Federal assistance in minerals exploration to Roy Pray and Associates, Lake City, Colorado, by the Office of Minerals Exploration, U. S. Geological Survey, Washington, D. C.

This is in reply to the subject investigation. Except as noted below, the facts as reported are essentially correct and the interpretations reached are in accordance with these facts.

We believe the title of the investigation implies that questionable practices were used in issuing a contract to Roy Pray and Associates. The investigation does not specify which practices of the OME are improper, nor does it offer recommendations to correct defects in the program. On the basis of what we believe to be the purpose of the investigation--to determine whether fraud was involved in issuing the subject contract--no omission of responsibility to prevent fraud in a Government contract is evident in the report or, in fact, ever existed in the activities leading to preparation and execution of the contract.

The procedures used in reviewing and preparing this contract were in accord with the regulations of the OME program as set forth in 30 CFR; Chapter 2, Part 229 (Title 30-Regulations).

Roy Pray was known by two of the Geological Survey employees, Messrs. Hasler and Luedke, about 1½ years and 2 years, respectively,

prior to receipt of the OME application. Had there been reasons to question the character, integrity, and background of Roy Pray, Geological Survey personnel working in the district over a period of many years surely would have been aware of them. The reputations of permanent residents are well known in a small community such as Lake City, Colorado. Confidence in Mr. Pray's business reputation is evidenced by the fact that three bulldozer contractors bid on the proposed bulldozing work at the project area. Likewise, three well known drilling contractors bid on the proposed drilling project. Inasmuch as work under the contract was to be for and on behalf of Roy Pray, reputable individuals and companies would not have submitted bids if Mr. Pray's business reputation had not been satisfactory. Absence of adverse information regarding his character and reputation satisfied OME regulations on this score.

Employment of Norman Ebbley, a respected and competent mining engineer, by Roy Pray and Associates insures technical guidance and accurate reporting of the work during the course of the project. Had there been reason for Mr. Ebbley to question Mr. Pray's reputation, it is doubtful that he would have accepted the employment. Presumably, Pray's associates, Messrs. Ianni and Haas, were furnishing the financial backing necessary to the Operator's share (25 percent of the contract). Their individual characters and reputations were unknown to OME, and the fact that they are undesirable was not reported to OME officials by Federal investigation agencies prior to execution of the contract.

We believe these facts prove that no questionable actions suggesting fraud were committed prior to execution of the contract, and that the terms of the contract provide adequate safeguard against fraud during the operation of the contract and later if the project is certified.

Except to the extent mentioned above, OME cannot conduct independent investigations of the character and reputations of every individual mentioned in an application because funds and staff are not available for such purposes. The extent of investigation is prescribed by the regulations of the program. If there are obvious omissions in the regulations in this respect, we would appreciate being so informed.

Work under the contract with Roy Pray and Associates (Exploration Contract 2247, Docket OME-6630) was suspended for a period of six months beginning December 1, 1967, and ending not later than June 1, 1968, because of adverse weather conditions which make operations virtually impossible. The Government will not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred had there been no suspension of the work. The Operator at its own cost and expense during the period of suspension is obligated to preserve and protect the project work already completed. Because of this suspension, the time for completion of the contract will be extended from 8 to 14 months from the date of the contract, or until November 8, 1968, and the maximum period for royalty payments and for a lien to secure payment thereof will be extended from 10 to 11 years from the date of the contract.

An inspection of the project by an OME representative was scheduled in December 1967, but had to be cancelled because access to the property was impossible following a severe snowstorm. No future reimbursement by the Government to the Operator will be made before an interim inspection of the project is made by an OME representative after work is resumed in the spring. Close surveillance will be kept of progress until the project is finished to ensure that the work is completed in accordance with the terms of the contract.

The following comments are offered to clarify certain statements in the report of investigation:

Page 2, paragraph 4: The report states that the contract is awarded on the basis of the estimated cost of the work to be performed. An acceptable application for financial assistance first must meet the regulations of the program. Any contract subsequently prepared is awarded essentially on the basis that there is a geologic probability of making a significant ore discovery by the work proposed--not on the basis of the estimated cost.

Page 3, paragraph 1: The report states that "It was further agreed that if the project warranted, the remaining phases would be completed under an amendment to the first contract or under a new contract." A memorandum to the file dated August 24, 1967, from Harold Kirkemo, Assistant Chief, OME, states as follows: If the results of this work are favorable and if further work is warranted, a drilling project

or additional underground work can be considered either as an amendment to the first contract or as a new contract." The latter statement does not promise that an amendment or a new contract would be prepared. Results of the work completed on the contract, performance of the Operator, and availability of OME funds would be factors to be weighed in considering additional work.

Page 3, paragraph 4: The report states that employees of OME had no knowledge of the backgrounds, characters, or reputations of Pray, Ianni, or Haas prior to the awarding of the contract. Our introductory comments show that we had background knowledge of Mr. Pray and that no adverse factors were evident which would preclude satisfactory operation of an OME contract.

Page 8, paragraph 4: If the information regarding Ianni and Haas which was received by the Department of the Interior on October 16, 1967, had been known to OME prior to the execution of the contract in September, Mr. Pray's association with these individuals would have been questioned by OME.

Page 16, paragraph 3: Harold Kirkemo has been Assistant Chief, OME, since April 1966, not April 1965 as stated.

Page 16, paragraph 5: The statement is repeated that OME does not investigate the background or character of Applicants for loans. Although independent investigations are not made, the data submitted

with the application regarding background and operating experience, financial ability to support the Operator's share of expenses incurred, general reputation within the community, and possibly past experience by OME (and DMEA, the predecessor program) with the Applicant are considered in processing an application.

Page 17, paragraph 3: The report states that the Operator is "entitled to reimbursement by the Government of only 75 percent of the cost of the work." This should be qualified by adding "approved by and acceptable to the Government."

Director

gwH

AREA CODE 303
PHONE 243-1280

OME Region III
RECEIVED
FEB 20 1968
Denver, Colorado

MID-CONTINENT MINING CORP.

(FORMERLY MID-CONTINENT URANIUM CORP.)
URANIUM CENTER BUILDING
GRAND JUNCTION, COLORADO 81501

February 19, 1968

Mr. J. William Hasler, Field Officer, Region III
Office of Minerals Exploration
U. S. Geological Survey
Denver Federal Center - Bldg. 53 - Rm. 203
Denver, Colorado 80225

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Mine
Hinsdale County, Colorado
Contract 2247

Dear Mr. Hasler:

Thank you for your letter of February 13th, 1968 regarding the possible change in associates involved in the subject contract.

As mentioned to you in Denver, New Park Mining Company has evidenced some interest in the Palmetto project, subject, of course, to the possible withdrawal of some of the present parties. Since our discussion, the principals in Dallas, who have 75% interest in the venture, have been in touch with me and are endeavoring to obtain the necessary financing to continue the program as originally planned. A consulting geologist from Dallas, a Mr. Victor Oppenheim, has been retained to report on the merit of the program and we should know in the near future what the Dallas people intend to do.

Will write to ~~them~~ who they are when we know

Accordingly, it appears there is nothing we can do from this end at the present time, however I am confident that the funds will be available from one source or another to continue the program.

I assure you that you will be notified just as soon as the property is accessible for an on-site interim inspection so that progress to date can be verified.

Yours very truly,

Norman Ebbley

Norman Ebbley

NE/em
cc Mr. Roy Pray
Lake City, Colorado

Mr. John Holland
New Park Mining Company

U. S. Geological Survey
Denver Federal Center--Building 53--Room 203
Denver, Colorado 80225

March 21, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 22 1968

INITIALS	CODE
	130
JGa	120
VJS	110
HK	~~130~~

Mr. Roy Pray
Roy Pray and Associates
c/o Crystal Lodge
Lake City, Colorado 81235

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

Transmitted herewith is a xeroxed copy of Amendment No. 1 to the above-stated contract which you requested in a telephone call yesterday, March 20, 1968.

Sincerely yours,

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

Enclosure

cc: Chief, OME
OME chron
Mr. Hasler
OME-6630

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

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 26 1968

INITIALS	CODE	
	110	
	120	NK
	120	
	120	S
HK	120	

February 23, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Transmitted herewith are the "Government's Copy" and "Budget and Finance's Copy" of Amendment No. 1 signed for the Government and by the Operator on the above-stated subject. The Operator has retained the "Operator's Copy" and the "Field Office's Copy" and the "Extra Copy for Field Use" are in the OME Field Office files, Region III.

J. William Hasler

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

OME Docket Surname

1/25/68 120

~~110~~

January 25, 1968 120

Memorandum

To: The File

From: Assistant Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Further Justification for Proposed Amendment No. 1

The contract specifies under Article 1(a) that the Operator "shall complete the work within 8 months from the date (September 8, 1967) of the contract," and under Article 3(a) that "the work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, ...". Failure to satisfy these requirements places the Operator in default on the contract, and the Government would have to terminate the contract before the objective of the proposed work had been adequately explored. However, when it is in the Government's interest to maintain a contract in force, specifications in the contract may be changed by amendment.

About 14 percent (193 feet of the 1400 feet proposed) of the drift south on the Palmetto vein had been completed before the involuntary shutdown occurred in December. Assays of samples from the new drift show encouraging results, and continued advance along the vein structure is warranted.

By amending the contract to recess and extend it as proposed, the Government saves the contract from default, retains the opportunity for a significant discovery being made if the work is allowed to continue as planned, protects the Government from obligation to share in the expense for any repair and rehabilitation following the recess, and retains the chance of recovering some or all of the Government funds already paid (about $6,885) and to be paid for future work if the project is successful and royalties result from production.

Harold Kirkemo

Harold Kirkemo

cc: Director's Reading File
Asst. Chief Geologist for Econ. Geol.
Division Copy
Economic Geology copy
OME docket
OME Reading File
HKirkemo/gla 1-25-68

IN REPLY REFER TO:

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

Office of Minerals Exploration
Building 53 Room 203

February 13, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Last Thursday afternoon, February 8, 1968 while attending the Colorado Mining Association meetings in Denver I was contacted by Mr. Norman E. Ebbley, Consulting Mining Engineer for Roy Pray and Associates.

Mr. Ebbley informed me that Mr. Pray's associates, Mr. Leon Haas, and Mr. Joe Ianni have not participated in the subject contract work insofar as contribution of funds are concerned. Mr. Ebbley informed me that all expenditures to date have been borne by Mr. Roy Pray.

It is Mr. Pray's desire to obtain financial assistance elsewhere. The New Park Mining Company, 25 Broadway, New York City, New York 10004 has been contacted through Mr. J. S. Holland, Vice President. Mr. Ebbley indicated to me that the New Park Mining Company may be interested in the Palmetto Mine, and would be of financial assistance to Mr. Pray.

I informed him that the Government must be kept advised concerning the change of associates, and also that it is imperative that I be notified when the property is free of snow, so that an interim examination can be made to ascertain the progress made to date along the Palmetto vein.

J. William Hasler

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

Office of Minerals Exploration
Building 53 Room 203

February 13, 1968

Mr. Norman Ebbley
Midcontinent Uranium Company
Grand Junction, Colorado 81501

Re: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Mine
Hinsdale County, Colorado
Contract 2247

Dear Mr. Ebbley:

Sorry I did not get to talk to you more on Thursday, February 8, 1968 while we were attending the Colorado Mining Association, concerning the subject contract.

I informed our Washington office that the New Park Mining Company is interested in the Palmetto property and might be of financial assistance to Mr. Pray. I also informed them that Mr. Pray had borne all the costs incurred to date under the subject contract.

It will be necessary to alter the present contract when funds are obtained elsewhere by amendment and by assigning the contract to the new associates, whoever they may be.

It is also imperative that I be notified of the availability of the mine, for an on-site interim inspection as soon as the winter snows have melted and the property is accessible, in order to verify the progress made to date on the Palmetto vein.

Sincerely yours,

J. William Hasler

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

cc: Mr. Roy Pray
Chief, OME
OME-6630
Mr. Hasler

OME chron

Office of Minerals Exploration
Building 53 Room 203

February 13, 1968

MAILED COPY
O. M. E.
RECEIVED
FEB 15 1968

INITIALS	CODE
sba	130
bal	120
JKJ	~~110~~
HK	~~170~~

NC

Mr. Roy Pray
c/o Crystal Lodge
Lake City, Colorado 81235

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Dear Mr. Pray:

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

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

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

Sincerely yours,

J. William Hasler

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

Enclosures

cc: Chief, Office of Minerals Exploration
OME-6630
OME chron
Mr. Hasler

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/10/68	Kirkemo	120
"	Johnson	110
1/11	Lindgaard	220
2/19	Jewett	120M
2/9	Meyer	
2/9	Bolles	

1068

AIRMAIL

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

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

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of 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

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME docket
OME Reading File
Mr. Kirkemo
130

HKirkemo/gla 1/10/68

23263

Memorandum

To: The File

From: Assistant Chief,
Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Mine
Hinsdale County, Colorado
Contract 2247

JUSTIFICATION FOR AMENDMENT NO. 1

Access to the project became almost impossible early in December 1967 because of deep snow and drifting conditions enroute. Progress on the project had been satisfactory until work had to be halted because of the winter weather.

In view of the fact that about 1200 feet of drift remains to be driven, it is in the best interests of the Government to allow time to complete the contract.

I concur in the Field Officer's recommendation to recess the project.

Harold Kirkemo

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

HKirkemo/bsl 12/28/67

DMEA FORM 6 REFERENCE SLIP

REV. 12-66 DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO: Asst. Sol. MR, Room 6554

	INITIALS	DATE
1. (Through ~~Room 6042~~)		
2. Mr. Kirkemo, Room 4459	RB	
3. H-67-2170 3192		
4. INTERIOR DEPT. SOLICITOR		
5. DEC 2 0 1967		
FROM: SOLICITOR JAN 4 - 1968		

FOR: Check items for action desired

INTERIOR DEPT.

___ Action	___ Reply for signature of ___	
___ Approval	___ Investigate	
___ Comment	___ Recommendations	___ Surname
___ Conference	___ Rewrite	___ Signature
___ Instructions	___ Your information	___ File

REMARKS:

~~SOLICITOR~~ FROM SOLICITOR

RECEIVED

JAN 8 1968 JAN 2 1969

FOR SIGNATURE Division of Mineral Resources

INT. DEPT. General Legal Service

RECEIVED

JAN - 1969

Division of Mineral Resources

General Legal Service

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

M25803

HK ✓

T. Fogal
12-29-67

DRAFT - 12/28/67
HKirkemo/bsl

EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

AMENDMENT NO. 1

It is agreed this _____ day of _____, 1968, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Roy Pray & Associates, hereinafter called the "Operator" that Exploration Contract 2247 (OME-6630), dated September 8, 1967, is amended effective December 1, 1967, as follows:

1. The time fixed by Article I(a) of the contract for completion of the work is extended from eight (8) to fourteen (14) months from the date of the contract or until November 8, 1968.

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

3.(a) Work under the contract may be suspended during the period beginning December 1, 1967 and ending not later than June 1, 1968.

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

(c) 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.

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, 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
U. S. Geological Survey

ROY PRAY & ASSOCIATES

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 203

OFFICIAL COPY
O. M. E.
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DEC 28 1967
INITIALS | CODE
glc | ~~130~~
bll | 120 M
110
HK | ~~120~~ K

December 21, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Mine
Hinsdale County, Colorado
Contract 2247

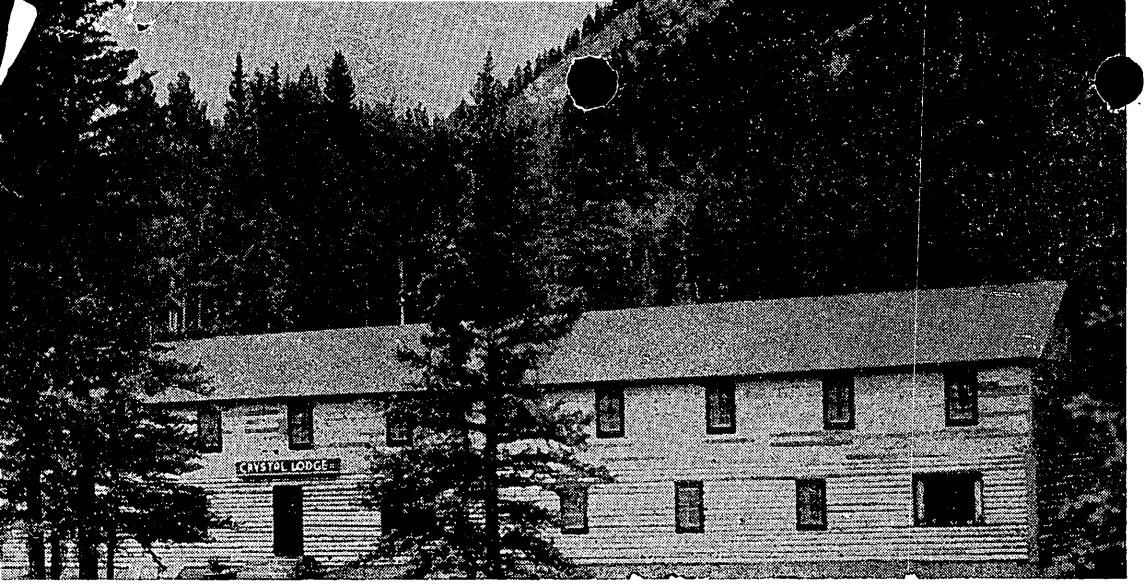
Enclosed is a request by the Operator requesting permission to recess the exploration from December 1, 1967 to June 1, 1968 due to heavy snows and inclement weather.

It is recommended that an amendment be executed to recess the project for the period requested by the Operator and that $200.00 be withheld from the November voucher pending commencement of work next Spring.

Recommendation noted on Nov. voucher Kishing

J. William Hasler
mc.

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



CRYSTAL LODGE

Near Scenic
Lake San Cristobal

Lake City, Colorado

DEC. 19, 1967

ROY PRAY AND ASSOCIATES
LAKE CITY, COLORADO

RE: PALMETTO MINE
OME - 66[illegible]

OME Region III
RECEIVED
DEC 20 1967
Denver, Colorado

MR. J. WILLIAM HASLER
FIELD OFFICER, REGION III,
OFFICE OF MINERALS EXPLORATION,
DENVER FEDERAL CENTER - BLDG. 53 - RM. 203,
DENVER, COLORADO 80225,

Dear Mr. Hasler,

Due to the early and unusually heavy snows this fall, I was forced to discontinue work on the Palmetto mine.

Would you grant me a shut down period from the 1st of Dec. 1967 until the 1st of June 1968. It is possible I will get into the property befor that time and will do so, and will notify you as to the conditions.

Respectfully yours
Roy Pray and associates
Roy Pray - Power of attorney

● New Tourist Hotel ● Coffee Shop ● Cocktail Lounge

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
12/6/67		120
	J Johnson	110
		220
		120M

DEC 6 1967

Memorandum

To: The File

From: Assistant Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Mr. William F. Goodrick, Special Agent, Office of Survey and Review, Department of the Interior, visited my office on November 28 and December 5, 1967 to discuss circumstances leading to preparation and execution of the subject contract. He had interviewed for the same purpose J. W. Hasler in Denver, Colorado on November 14 and 15, and Robert G. Luedke, Geologist, U.S.G.S., Washington, D. C., on December 1, 1967.

The interviews were made on behalf of an investigation by the FBI of the activities of Roy Pray, Joe Ianni, and Leon Hass, partners in Roy Pray and Associates, the Operator, for reasons not identified to me.

Mr. Goodrick's questions pertained to the information used to support a recommendation for a contract, the sources for the information used, and measures taken by the Government to verify statements in the application.

Harold Kirkemo

Harold Kirkemo

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Kirkemo
Region III - R. G. Luedke, MGS-GD 801 19th St., N.W.

HKirkemo/bsl 12/6/67

43683

IN REPLY REFER TO

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

Office of Minerals Exploration

September 22, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 22 1967

INITIALS	CODE
Cae	210
gea	130
gff	120
[illegible]	110
HK	130

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado
Contract 2247

Transmitted herewith are the Government's Copy and Budget and Finance's Copy of the contract for the above-stated subject, both signed for the Government and by the three partners. The Operator's Copy has been retained by Mr. Roy Pray, who has power of attorney for the co-partnership. The Field Office copy and Extra Copy for Field Use have been retained for the Region III, Field Office files.

Also enclosed are two copies of the Power of Attorney authorizing Mr. Roy Pray to act for the co-partnership, and signed by Leon Haas and Joe Ianni, with the notarial seal of Jean M. Vickers.

R. M. Smith

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

Enclosures

CRYSTAL LODGE

Near Scenic
Lake San Cristobal

Lake City, Colorado

Sept. 21, 1967

J. Wm. Hasler
Field Office, Region III
Office of Minerals Exploration

OME Region III
RECEIVED
SEP 22 1967
Denver, Colorado

Dear Mr. Hasler,

Please find three copies of the exploration contract dated and signed as per your instructions. Also please find two copies of the power of attorney.

I will contact you before coming to Denver next week. Thank you very much.

Very truly yours

Ray Pray

ROY PRAY AND ASSOCIATES
Lake City, Colorado

September 14, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 20 1967

INITIALS	CODE
Jla	130
BH	120
	110
HK	130

Mr. J. William Hasler, Field Officer, Region III
Office of Minerals Exploration
U. S. Geological Survey
Denver Federal Center - Bldg. 25 - Rm. 2284
Denver, Colorado 80225

Re: Docket No. OME 6630
Palmetto Property
Hinsdale County, Colorado

Dear Mr. Hasler:

Reference is made to our telephone conversation of August 10th, 1967 regarding having the Kuchler Drilling Company submit firm bids on subject OME Application.

These bids were just received today and I am enclosing two true copies for your consideration. We are mailing today a copy of this letter and one true copy of the revised Kuchler bid directly to the Washington Office of the Office of Minerals Exploration. It is understood that the drilling phase of the program, in any event, would not be undertaken until next spring.

contract, if signed, is only for underground drilling

Very truly yours,

ROY PRAY AND ASSOCIATES
dba Palmetto Mine Company

Norman Ebbley

Norman Ebbley, Consultant

NE:em
Encls.
cc Office of Minerals Exploration
Department of Interior
Washington, D. C. 20242

Diamond Core Drilling & Exploration Work — Dam Foundation Consolidification Grouting

KUCHLER DRILLING CO.

P. O. Box 73 Sapinero, Colorado 81247 Phone 303 - 641-0377

Over 50 Years Available Field Experience

Free Consultation and Bid Appraisal Service

R. L. "Dick" Kuchler
Sapinero, Colo. 81247

Louis W. Kuchler
Montrose, Colo. 81401

Roy Pray and Associates
Lake City, Colorado. Palmetto Property

SCHEDULE OF UNIT PRICES FOR EXPLORATORY DRILLING

			NX	BX
Item 1	Mobilization and demobilization	Total	$ 1,500.00	
Item 2	Non-Core Drilling (Plugging)		Price Per Foot	
	0 to 500' Estimated Amount:			
	NX - 1,200'		$ 7.50	
	BX - 900'			$ 1.50
	500 to 1300' Estimated Amount:			
	NX - 350'		$ 8.00	
	BX - 350'			$ 7.00
Item 3	BX Core Drilling			
	0 to 500' Estimated Amount: 900'			$ 6.50
	500 to 1,300' Estimated Amount: 600'			$ 7.00
Item 4	Reaming BX to NX			
	Estimated Amount: 500'		$ 3.50	
Item 5	Cementing and Drilling Cement			
	Estimated Amount: 50 hrs. Per Hr.		$ 10.00	
Item 6	Furnishing Materials (Cement, drill mud, Etc.)			
	Cost Plus------		10 %	
Item 7	Standing and Pulling Casing--------No Charge			
	Casing Lost in Holes----------No Charge			
	Casing left in holes at Company's request paid for at Contractors actual cost.			
Item 8	Standby Time, Etc.--Where authorized by Company:			
	Estimated Amount: 50 hrs. Per Hr.		$ 10.00	

Notes: Moving from drill site to drill site is sole responsibility of the contractor, and is not considered as standby time.

No payment will be made for incomplete holes.

All roads and drill sites, will be provided by the company.

The company will supply all the necessary core boxes. In case of lost circulation; Company will pay for extra water hauling. (When necessary to haul.)

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 20 1967
INITIALS | CODE

Kuchler Drilling Co. By R. L. Kuchler Sept. 1, 1967
Drilling Company Signature of Bidder Date

Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 14 1967
INITIALS | CODE
glu | 130
BH | 120
FJ | 110
HK | 130

September 12, 1967

Mr. Roy Pray
Crystal Lodge
Lake City, Colorado 81235

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado

Dear Mr. Pray:

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), two Lien and Subordination Agreements, Exhibit A (three pages), Exhibit B (one page), and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government. Please insert the date for commencement of the work.

If the proposed contract is satisfactory, all four copies should be signed by the three partners. Thereafter, please retain the "Operator's Copy" and return the rest of the copies to this office.

We suggest that one of the three signators be given Power of Attorney to sign vouchers and other necessary documents in the future. Two executed copies of the Power of Attorney should be furnished this office for forwarding to Washington.

Please be advised that the 7-1/4 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.

In case you wonder why the unit cost of drifting is less than you estimated, the items having salvage value are included at 50 percent of cost, and allowances for ground support and assaying are separate cost items in the contract. The Government retains no equity in the value of salvable items.

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

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

Enclosures

cc: Chief, OME ✓
Hasler chron
OME chron
OME-6630

MME 7
(2)

OFFICIAL FILE COPY

Date	Surname	Code
9/7/67	Kirkemo	120
9/8/67	Johnson	110
9/8/67	Kirkgard	220
	JE James	
		110
9/8/67	COL	220

120M

AIRMAIL

Memorandum

SEP 8 1967

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale 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), two Lien and Subordination Agreements, Exhibit A (three pages), Exhibit B (one page), and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government. You should insert the date for commencement of the work. Also enclosed is an extra copy of the contract for field use.

If the proposed contract is satisfactory to you and the Applicant, all four copies should be signed by the three partners. Thereafter, please distribute the copies in the usual manner.

We suggest that one of the three signators be given Power of Attorney to sign vouchers and other necessary documents in the future. Two executed copies of the Power of Attorney should be furnished this office.

Please advise the Applicant that the 7-1/4 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 the Applicant questions the fact that the unit cost of drifting is less than he had estimated, please explain that items having salvage value are included at 50 percent of cost, and allowances for ground support and assaying are separate cost items in the contract. The Government retains no equity in the value of salvable items.

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
Division File
Econ. Geol. File
OME Docket
OME Reading File
Mr. Kirkemo
130

HKirkemo/gla 9-7-67

23263

MME FORM 6 REFERENCE SLIP

REV. 2-[illegible] OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~Assoc. Sol. - MR, Room 6554~~ Through Room 6042		
2. Mr. Kirkemo, Rm. 4459		
3.		
4.		
5.		
FROM: Chief, OME		

21-67-2170, 2192

INTERIOR DEPT.

FROM SOLICITOR

AUG 3 1 1967

SOLICITOR

SEP 6 '67

FOR SIGNATURE

FOR: Check items for action desired

____ Action ____ Reply for signature of _____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

Please return copies of figures 1 and 2

DRAFT 8/24/67 Kirkemo/gla

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 -6630	Silver		Hinsdale	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

Roy Pray and Associates

whose mailing address is c/o Crystal Lodge, Lake City, Colorado 81235, 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 $ 64,640.00 The Government will contribute ~~50~~ 75 percent of the total fixed unit costs of the work performed, not in excess of $ 48,480.00 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.

THE UNITED STATES OF AMERICA

ROY PRAY & ASSOCIATES
(Operator)

By _____
Roy Pray, Partner

By _____
Joe Ianni, Partner

By _____
Leon Haas, Partner

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
ROY PRAY & ASSOCIATES
OME-6630

ANNEX I

The land including all rights thereto referred to in Article 2 of the contract consists of ten (10) patented and four (4) unpatented lode mining claims in unsurveyed sec. 19, T. 43 N., R. 6 W., New Mexico Principal Meridian, Galena Mining District, Hinsdale County, Colorado. It is shown on Figure 1, entitled "Map Showing Palmetto Property, Hinsdale County, Colorado, which is attached and made part hereof.

The patented lode mining claims are as follows:

Name	U. S. Survey No.
Palmetto	233
Ruby Queen	407A
First National Bank	408A
Miner's Bank	309
Chimney Corner	496
F. X. Aubrey	852
Sarah Wood	1036
Superior	1053
Polar Star (Northern 3.383 acres)	7863
George M. Tibbits	1087

The unpatented lode mining claims are recorded in the Hinsdale County Court House, Lake City, Colorado, as follows:

Name	Book	Page
R. Pray No. 1	60	1, 2
R. Pray No. 2	60	3, 4
R. Pray No. 3	60	5, 6
R. Pray No. 4	60	7, 8

The Operator is in possession of the first eight patented claims described above by virtue of an Assignment of Mining Lease, dated April 6, 1966, between Roy Pray, assignor, and Leon Haas and Joe Ianni, assignees, whereby Roy Pray assigned to Leon Haas and Joe Ianni 75 percent interest in his Mining Lease, dated April 1, 1966, with Ralph C. Horton, the owner. Ralph C. Horton consented to the assignment in Lessor's Agreement of Assignment signed on April 11, 1966.

The Operator is in possession of the remaining two patented claims under the terms of a Supplemental Agreement, dated August 26, 1967, from Ralph C. Horton.

Lien and Subordination Agreements executed on April 15, 1967, and August 22, 1967, by Ralph C. Horton, owner of the patented claims, are attached and made part hereof.

The Operator is in possession of the unpatented mining claims by right of location.

A Special Agreement Concerning Land

In the event that the Operator or any successor thereof at any time during the period of this contract acquires any interest, title, or equity in or with respect to any land including minerals therein, situated within 600 feet of the boundaries of the land described in this contract, it is agreed that such land shall there-

upon become subject to the provisions of this contract as of the date of acquisition; and the Operator shall promptly notify the Government of such acquisition, furnishing a description of the land acquired, maps, and other data that may be required by the Government.

EXPLORATION CONTRACT
ROY PRAY & ASSOCIATES
OME-6630

EXHIBIT A

The purpose of the project is to explore by drifting and crosscutting on the level of the Pray crosscut for silver-bearing ore bodies in and along the Palmetto vein system in volcanic rocks in the Henson Formation of the Silverton Volcanic Group of Tertiary age.

General Provisions

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

Mine rails shall be not less than 20-pound size, air lines not less than 2-inch diameter, and water lines not less than 1-inch diameter. The workings shall be ventilated, using not less than 10-inch diameter vent pipe.

All significantly mineralized areas traversed by the drifts or crosscuts shall be sampled normal to the trends of the deposits at intervals of not more than 5 feet. In addition, a representative bulk sample may be taken of each round broken, but no such sample shall represent more than 5 linear feet of workings.

Samples from whatever source shall be split as necessary and one split assayed for silver and gold, and, as warranted, for lead, zinc, and copper. The Operator shall store one split of each sample in a suitable container properly labeled for Government inspection and possible use. With prior Government approval, the Operator may dispose of the stored samples.

True copies of assay certificates of all samples shall be submitted with the Operator's monthly reports together with maps or sketches showing the work completed, the location, width, and assay values of the samples, and the geological formations and structures traversed by the workings.

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

No work under this contract shall be performed closer than 50 feet to the outer boundary of the Operator's property.

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

Description of the Work

The work shall consist of rehabilitating the Pray crosscut from the portal to the Palmetto vein, approximately 250 feet, then drifting, and crosscutting as necessary, southwestward ~~on the vein~~ no more than 1,400 feet. The approximate locations of the crosscut and drift are indicated on Figure 2, entitled, "Map Showing Proposed Drift on Palmetto Vein system, Hinsdale County, Colorado," which is attached and made part hereof.

Estimated Costs of the Work

Fixed Unit Costs 1/

Mobilization ~~and demobilization~~ of equipment and rehabilitation of Pray crosscut to Palmetto vein	$ 975.00*
Drifting and crosscutting, 1,400 feet @ $42.45/ft.	59,430.00
Ground support, est. 140 feet	2,240.00
Timbering, $16.00/ft. installed	
Rock bolting in lieu of timbering	
5-foot bolts @ $3.00/bolt, installed	
6-foot bolts @ $3.25/bolt, installed	
8-foot bolts @ $3.50/bolt, installed	
Assaying, estimated 300 samples	1,695.00
Gold and silver @ $3.50/sample	
Lead, zinc, copper @ $2.50 each determination	
Office expense, 6 months @ $50.00/month	300.00
Total Estimated Fixed Unit Costs	$64,640.00
Government participation @ 75 percent	$48,480.00

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

* Indicates a maximum.

Office of Minerals Exploration

August 21, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 30 1967

INITIALS	CODE
jla	120 M
	~~120 S~~

Mr. Roy Pray
Roy Pray and Associates
c/o Crystal Lodge
Lake City, Colorado 81235

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado

Dear Mr. Pray:

Transmitted herewith are the Form 52's (Lien and Subordination Agreements) referred to in today's telephone conversation. Please send five copies of the executed form to the Washington office, one copy to the Denver office, and retain one copy for your files.

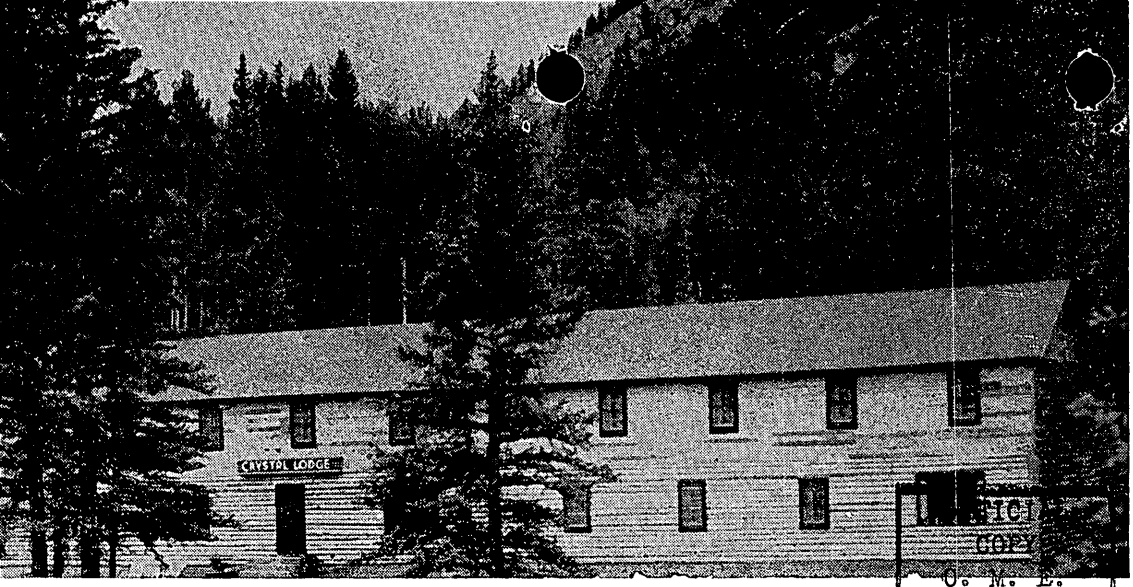
Sincerely yours,

J. William Hasler
mc

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

Enclosures

cc: Chief, OME ✓
Hasler chron
OME chron
OME-6630



CRYSTAL LODGE

Near Scenic
Lake San Cristobal

Lake City, Colorado
Aug. 26, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 28 1967

INITIALS	CODE
	120
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	120
	(for H.K.)

Re: DOCKET NO. OME 6630
PALMETTO PROPERTY
HINSDALE COUNTY, COLO.

Mr. Kerkino
Chief Office of Minerals Exploration
Room 4460, Interior Bldg.
Washington D. C.

Dear Mr. Kerkino,

As per our telephone conversation, I am mailing five copies of supplemental agreement on two leases that you requested:

GEORGE M. TIBBITS, - U.S. SURVEY NO. 1087.
POLAR STAR EXTENSION, U.S. SURVEY NO. 7863.

Any further information you may need, please let me know.

Very truly yours
Roy Pray

● New Tourist Hotel ● Coffee Shop ● Cocktail Lounge

CRYSTAL LODGE

Near Scenic
Lake San Cristobal
Lake City, Colorado

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 25 1967
INITIALS CODE
gla 170 M
gj 110
120

August 22, 1967

OME Region III
RECEIVED
AUG 22 1967
Denver, Colorado

Dear Mr. Hesler

RE: DOCKET NO. OME 6630
PALMETTO PROPERTY
HINSDALE COUNTY
COLORADO.

As per your instruction, I have mailed five copies of Lien and Subordination agreements to Washington, also one to yourself.

Any more information you need, please let me know, for we are anxious to proceed.

Very truly yours

Roy Pray

OME-6630 8/25/67
Roy Pray

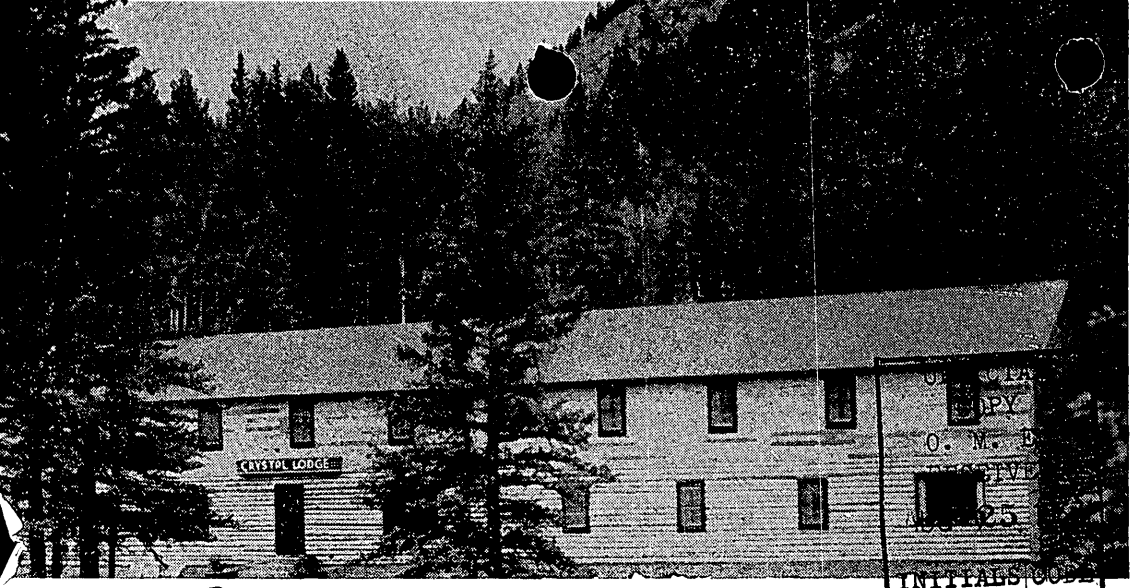
Note

I phoned Mr. Pray today and asked him to obtain from Mr. Horton an assignment of the fractional interest in the Polar Star claim and the George M. Tibbits claim to the lease.

He said he would do so right away because Mr. Horton was in Lake City today.

Mr. Pray has mailed us L & S. on the George M. Tibbits claim.

Kirkemo



CRYSTAL LODGE

Near Scenic
Lake San Cristobal

Lake City, Colorado
August 22, 1967

INITIALS CODE
HIR 120

Mr. Frank E. Johnson
Chief Office of Minerals Exploration
Room 4460, Interior Bldg.
Washington D.C.

RE: DOCKET NO. OME 6630
PALMETTO PROPERTY
HINSDALE COUNTY
COLORADO

Dear Mr. Johnson,

Find enclosed five copies of Lien and subordination agreement as per instruction from your office signed by Ralph C. Horton, the owner of the George M. Ribbits lode U.S. Survey 1087.

I am also sending one copy to Mr. J. William Hosler, Field Officer, Region III, Office of Minerals Exploration, Denver Federal Center Bldg. Denver, Colorado.

Very truly yours
Roy Gray

● New Tourist Hotel ● Coffee Shop ● Cocktail Lounge

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/24/67		120
		110
		120M

August 24, 1967

Memorandum

To: The File

From: Assistant Chief

Subject: OME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado

This property was examined by Robert G. Luedke, U. S. Geological Survey, on June 28, 1967. The report of examination, dated July 11, 1967, was filed in the Field Office during an absence of the Field Officer and inadvertently was not brought to his attention until late in July.

Inasmuch as the field examiner had recommended a surface drilling and underground drifting project, the Applicant was consulted regarding the proposed work and related costs. Because of the lateness of the season at the +12,000-foot altitude of the property, the Applicant did not wish to start surface drilling this summer, but would start underground work with the expectation of continuing through the fall and winter months if a contract was executed.

When consulted about the advisability of starting the underground work before any drilling was done, Mr. Luedke said the underground work was as important as the drilling and did not depend upon prior completion of the drilling. Accordingly, a contract for underground work only was prepared.

If the results of this work are favorable, and if further work is warranted, a drilling project or additional underground work can be considered either as an amendment to the first contract or as a new contract.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/gla 8-24-67

23263

IN REPLY REFER TO:

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

August 16, 1967

CERTIFIED COPY
O. M. E.
RECEIVED
AUG 18 1967
MINERALS ADMIN.
120
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120

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6630 (Silver)
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado

Transmitted herewith is Figure 7, Palmetto Vein, Engineer Mountain, Hinsdale County, Colorado to be included with the application on the above-stated subject.

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, COLORADO 80225

Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 16 1967

INITIALS	CODE
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August 15, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6630
Roy Pray and Associates
Palmetto Property
Hinsdale County, Colorado

Transmitted herewith is a letter to the Washington Office of Minerals Exploration submitting revised cost estimates for driving 1,400 feet of drift on the above-stated subject.

Transmitted also is a copy of a letter to the Denver Office of Minerals Exploration with a plat of the George M. Tibbits claim, survey No. 1087, showing the location with relationship to the Miner's Bank patented claim. Figure 7, Palmetto Vein, Engineer Mountain, Hinsdale County, Colorado, mentioned in paragraph 3, will be forwarded as soon as a tracing is made for the Region III, Field Office files.

J. William Hasler
mc.

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

Enclosures

ROY PRAY AND ASSOCIATES
Lake City, Colorado

OME Region III
RECEIVED
AUG 15 1967
Denver, Colorado

August 14, 1967

Office of Minerals Exploration
Department of Interior
Washington, D. C. 20242

Re: Docket No. OME 6630
Palmetto Property
Hinsdale County, Colorado

Gentlemen:

Pursuant to a telephone conversation with William Hasler on August 10, 1967, we are herewith submitting revised cost estimates for driving 1,400 feet of drift on the Palmetto vein.

It was suggested by Mr. Hasler that the item No. 23 "Misc. overhead, breakdowns, delays, 15%" be deleted, and that these unknown but real contingent costs should be reflected in direct categories.

Factors involved that have slightly increased the original figures are: (1) proposal now is to drive one heading instead of two; (2) time element has been changed from four to five months to complete the underground program; (3) underground drifting phase of the program is not now in conjunction with the proposed diamond drilling, thus cannot double up on project supervision; and (4) three shifts per 24 hours instead of two, which will eliminate the common practice of short overtime sessions to complete an unfinished round and blast before going off shift.

Yours very truly,

ROY PRAY AND ASSOCIATES
dba Palmetto Mine Company

Roy Pray

Roy Pray, Partner

RP:em
cc Mr. J. William Hasler, Field Officer
Region III, Denver, Colorado 80225

PROPOSED DRIFT ON VEIN

It is proposed to drift on the vein from the end of the Pray crosscut southerly a distance of 1,400 feet. The drift southerly will explore the vein at depths up to 300 feet below the outcrop. This proposed underground work will explore the ore zone approximately half-way between the outcrop and the zones to be tested by Stage I drill holes.

Estimated Costs of Exploratory Drifts
(Av. size 6 x 7½ ft. in clear)

	Cost	Unit Cost Per Foot
(1) Labor:		
4.5 ft. av. round/shift. 3 shifts per 24 hours. 6 days per week. 6 miners @ $2.75/hr., av./day w/overtime 6th day = $143.00/24 hrs. (Time required: 100% performance = 104 days. Actual experience indicates 16 2/3% lost time from unavoidable delays*; therefore use 125 days or 5 months (25 working days/month)	$17,875.00	
Two foremen-surface men @ $550/mo., on swing and night shifts. (5 months)	5,500.00	
Preparation: repair crosscut, install switches at crosscut-vein intersection, setting up machinery, moving, etc. (1 week)	972.00	
Project engineer: @ $1,000/mo. plus per diem; bookkeeping, surveying, mapping, reports, supervision day shift.	5,000.00	
	$29,347.00	
Workmen's Comp., S. S., and Unemployment Insurance, 11.71%	3,436.53	
	$32,783.53	$23.42
(2) Materials and Supplies		
1. Explosives: (Per 4.5' round) Powder $20, fuse $2.80, caps $1.20 (311 rounds + reblast) = 321 rounds	$ 7,700.00	$ 5.50
2. Rails (20#) 10 tons @ $260/ton	2,600.00	1.86
3. Spikes, angle-bars, bolts & ties	910.00	0.65
4. 1" water line (1,700')	595.00	0.42
5. 2" air line and couplings (1,700')	918.00	0.66
6. Pipe line valves and fittings	65.00	0.05

* Time study records of a 1,100-foot cross-cut tunnel driven in 1965 indicated an actual lost time factor of 16 2/3 percent, caused by: (1) machinery breakdown and repairs; (2) personnel delays from absenteeism; (3) timbering time; and (4) footage lost from rounds that didn't break clean.

(2) Materials and Supplies (Continued)	Cost	Unit Cost Per Foot
7. Drill steel - one integral 6' steel @ $21 ea. Av. 16'/steel w/resharpening =	$ 1,848.00	$ 1.32
8. Air and water hose	262.50	0.19
9. Rock drill rentals (3 drills w/legs)	900.00	0.64
10. Rock drill repairs, oil, etc.	930.75	0.66
11. 600 CPM Compressor (rental)	2,000.00	1.43
12. Diesel fuel, oil, filters, etc.	2,500.00	1.79
13. Vent. fan 3,000 CFM (rental, gas.)	300.00	0.21
14. Vent. pipe 10" 1,500', fittings	1,550.00	1.11
15. One 12B Mucking machine (rental: $285/mo.)	1,425.00	1.02
16. Two 1-ton muck cars (rental)	80.00	0.06
17. Two ½-ton pickups, transportation, etc., (rental)	2,500.00	1.79
18. Three car passes; 360 cu.ft. ea. @ $1.00/cu. ft. w/3 18" gauge switches @ $100 ea.	1,380.00	0.99
19. Miscellaneous small tools, picks, shovels, etc.	125.00	0.09
20. Timbering est. 10% = 140'; 300 bd. ft. 8 x 8's, 3 x 12's, braces, wedges, per set $30. Labor/set $40 plus 11.71% = $44.68; (30 sets)	2,240.40	1.60
21. Assays: 10' intervals, Av. 4 determinations/ sample @ $3.00 ea.	1,680.00	1.20
22. Transportation cost, gas, oil, repairs	2,187.50	1.56
Total Cost 1,400 ft.	$67,480.68	$48.20

RECAP, Total Project

Diamond drilling	$57,813.40
Drifting underground	67,480.68
TOTAL	$125,294.08

ROY PRAY AND ASSOCIATES
Lake City, Colorado

OME Region III
RECEIVED
AUG 15 1967
Denver, Colorado

August 14, 1967

Mr. J. William Hasler, Field Officer, Region III
Office of Minerals Exploration
U. S. Geological Survey
Denver Federal Center - Bldg. 25 - Rm. 2284
Denver, Colorado 80225

Re: Docket No. OME 6630
Palmetto Property
Hinsdale County, Colorado

Dear Mr. Hasler:

Reference is made to our telephone conversation of August 7, 1967 regarding the George M. Tibbits patented claim. Enclosed is a plat of the George M. Tibbits claim, survey no. 1087, showing the location with relationship to the Miner's Bank patented claim.

The George M. Tibbits claim is also owned by Mr. Ralph Horton, who acquired the claim after the Palmetto group was leased to Roy Pray. In the event a contract is entered into for the proposed diamond drilling phase of the OME application, this claim can be included in the lease and option, if the OME believes it necessary.

As shown on the plat and the enclosed print, figure 7, the George M. Tibbits claim does not overlap the Miner's Bank claim, but does overlap the R. Pray number 1 claim slightly over 300 feet inside the south end line of the R. Pray number 1 claim. (Actually 340 feet on the west side line and 280 feet on the east side line). The north end line of the George M. Tibbits claim would still be over 400 feet south of the new site for proposed Holes 7 and 8.

Yours very truly,

ROY PRAY AND ASSOCIATES
dba Palmetto Mine Company

(for) Roy Pray, Partner

RP:em
Encls.
cc Office of Minerals Exploration
Department of Interior
Washington, D. C. 20242

Ebbley

Phone

FTS 7-303-
242-0731

MidContinent
Mining Co
243-1280

SURVEY NO. 1087
Mineral District No. 7

PLAT

OF THE CLAIM OF

H. P. Lyon et al.

UPON THE

George M. Tibbits Lode

GALENA MINING DISTRICTS HINSDALE COUNTY, COLORADO.
UNCOMPAHGRE SAN JUAN

Surveyed by George Mills *U. S. Deputy Surveyor.*

Containing 10.11 *Acres.*

Scale 200 *Feet to an Inch.*

Var 14° 20′ *E.*

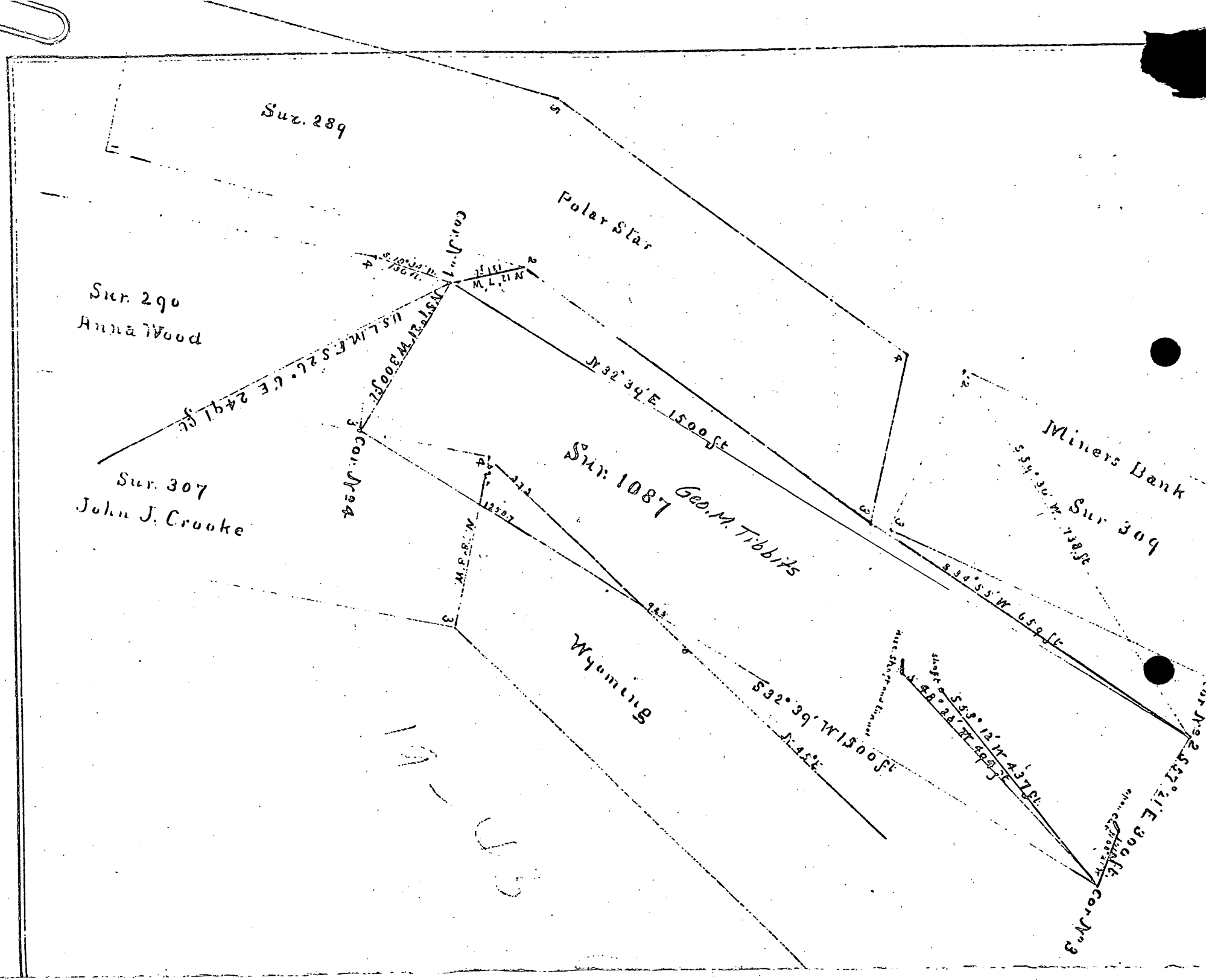
The original Field Notes of the claim of H. P. Lyon et al. *upon the* George M. Tibbits *Lode from which this Plat has been made, have been examined and approved, and are on file in this office. And I hereby certify that they furnish such an accurate description of said Mining Claim as will, if incorporated into a patent, serve fully to identify the premises, and that such reference is made therein to natural objects and permanent monuments as will perpetuate and fix the locus thereof. I further certify that the value of the labor and improvements upon the said Mining Claim placed thereon by the applicant or his grantors, is not less than Five Hundred Dollars, as sworn to by the Deputy Surveyor, and that said improvements consist of* Area Shafts, a Tunnel & an Open Cut.

And I further certify that this is a correct Plat of said Mining Claim or premises, made in conformity with said original Field Notes of survey thereof.

U. S. SURVEYOR-GENERAL'S OFFICE,
DENVER, COLORADO.
August 10th 1882.

Albert Tabor
U. S. Surveyor-General for Colorado.

TRIGGS, DENVER, COLO.


Sur. 289
Polar Star
Sur. 290
Anna Wood
Sur. 307
John J. Crooke
Sur: 1087
Geo. M. Tibbits
Wyoming
Miners Bank
Sur 309
N 32° 39' E 1500 ft
S 32° 39' W 1500 ft
S 54° 30' W 738 ft
S 34° 55' W 659 ft
S 55° 12' W 437 ft
S 48° 28' W 492 ft
S 57° 21' E 300 ft
Cor. No. 3

THE SECURITY CONNECTICUT INSURANCE GROUP

3/7/67

Duff

Mr. Horton gave me these maps. He also owns the Geo M. Robbins which he acquired after he leased me the Palmetto.

He will cooperate with us any way he can.

Roy

Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 15 1967

INITIALS	CODE
gla	120M
FJ	~~110~~
	120

August 11, 1967

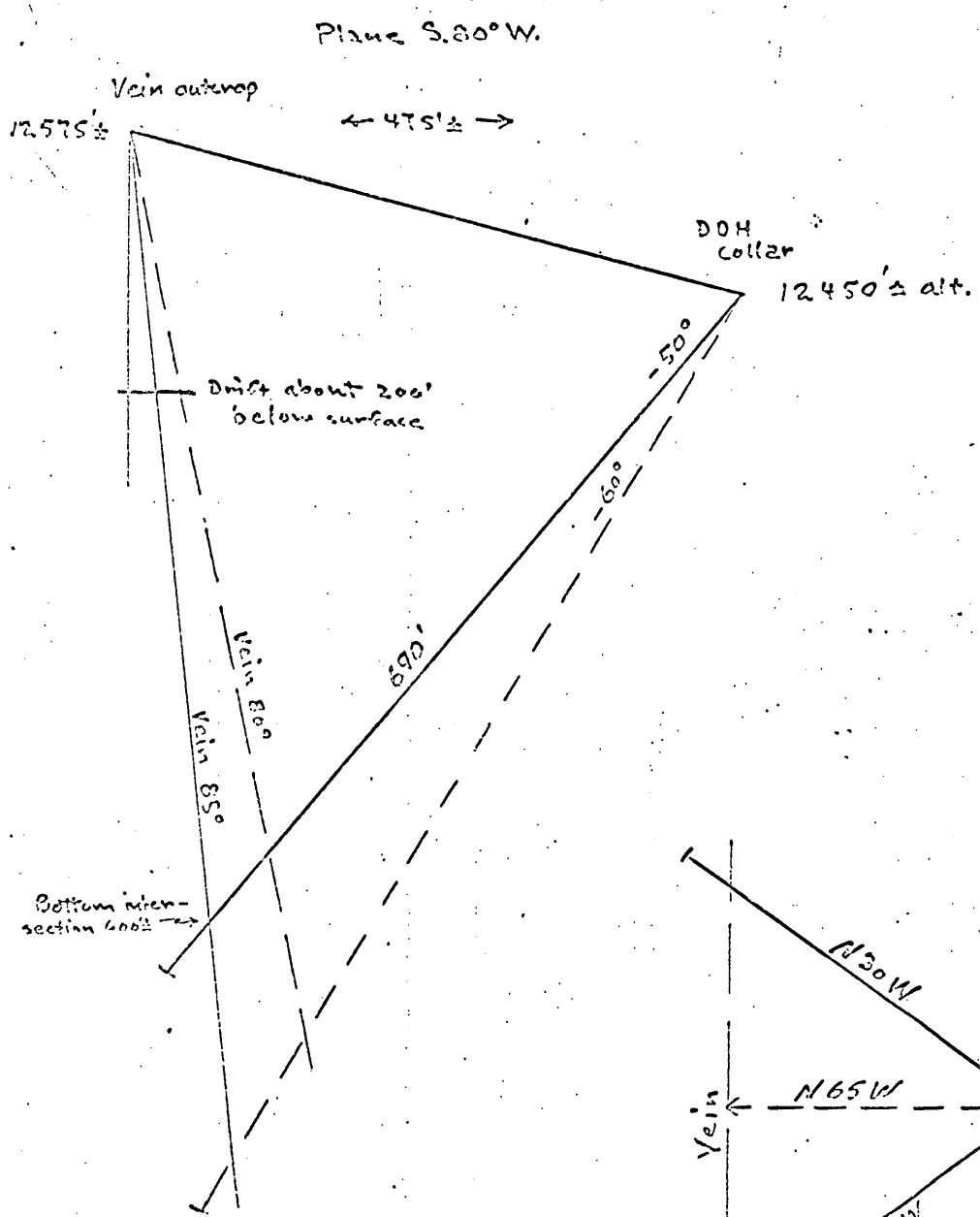
Mr. Roy Pray
Roy Pray and Associates
Crystal Lodge
Lake City, Colorado 81235

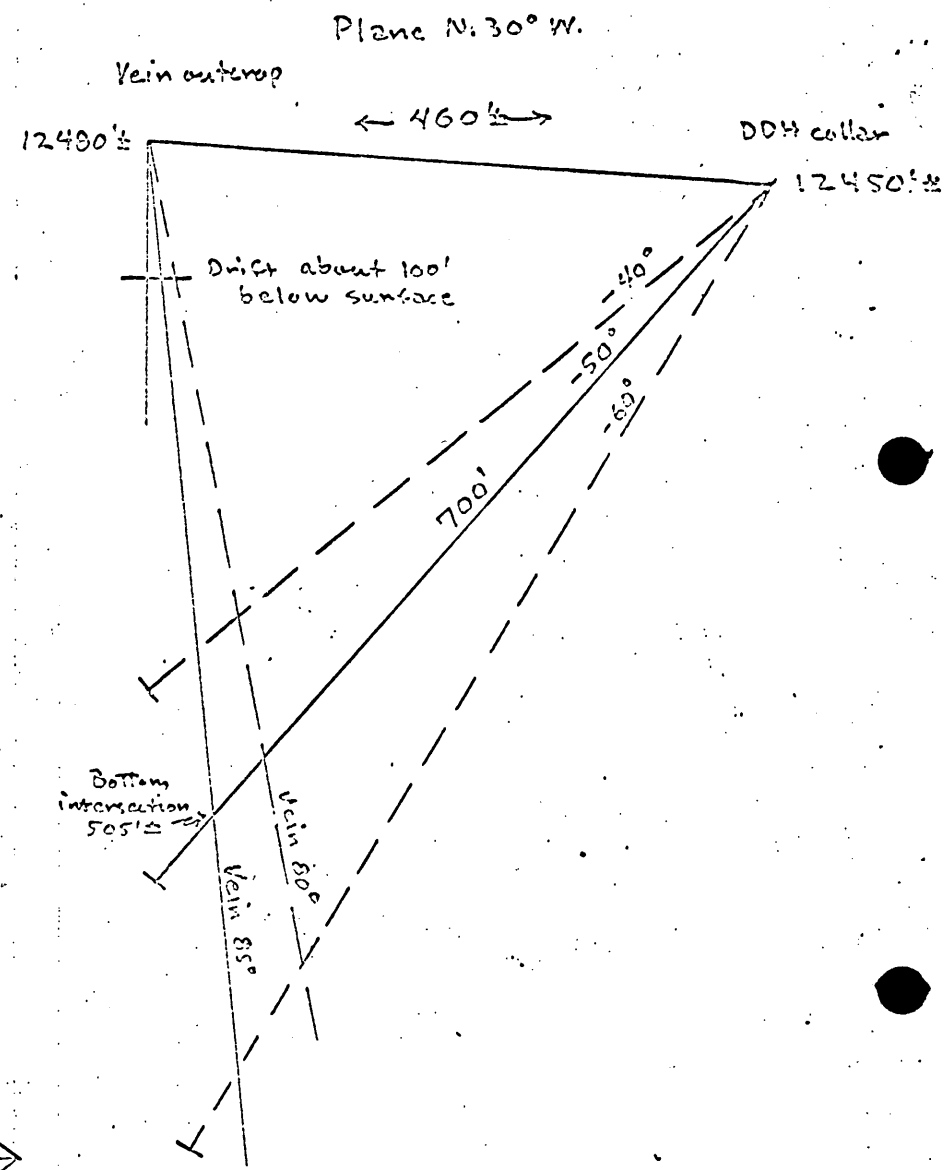
Dear Mr. Pray:

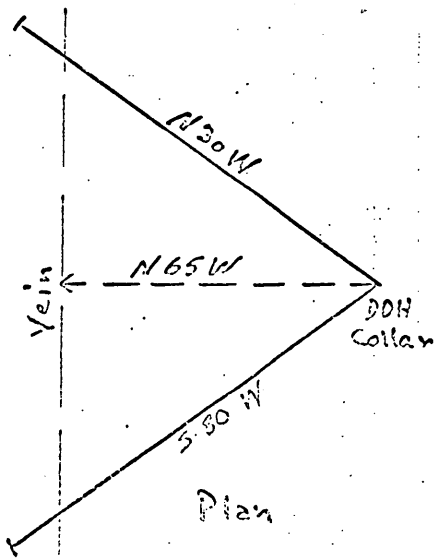
Enclosed are copies of sketch maps showing the approximate site for proposed holes 7 and 8 recommended to replace your suggested drill holes Nos. 7 and 8 to explore the Palmetto Vein farther south as it was discussed with you by Mr. Luedke, our examining geologist. The newly proposed holes are also shown on a partial claim map adapted by me from your figure No. 7 which is also enclosed.

The claim maps shows Mr. Luedke's plot of the George M. Tibbits(?) patented claims taken from the Hinsdale County claim map with respect to the R. Pray No. 1 claim, the Polar Star and Miner's Bank patented claims. According to Mr. Luedke's data, the George M. Tibbits' claim overlies the R. Pray No. 1 claim some 500 feet inside of the south end line of the R. Pray No. 1 claim. The northwest end line of the George M. Tibbits' claims lies some 230 feet from the proposed drill site for Drill Holes Nos. 7 and 8. You reported to Mr. Luedke that the George M. Tibbits' patented claim is presently on the Hinsdale County delinquent tax roll, and could be acquired. If our plotting of the George M. Tibbits' claim is correct and shows it to overlie the R. Pray No. 1 claim as well as a portion of the Miner's Bank claim as shown on the accompanying illustration, then the George M. Tibbits' claim must be purchased, or leased so it can be included as a part of an OME contract should one be executed, as the underground work may involve the George M. Tibbits' patented claim especially where the extended exploratory work to the south is concerned.

The cost item No. 23 on page 25 of your application concerning miscellaneous, overhead, breakdowns, delays at 15% for the underground work cannot be allowed as a part of an OME contract without further justification or unless it is utilized in other items







NEW PROPOSED DRILL SITE

included in your cost figures for the underground drifting. These items have also been discussed with your consulting geologist, Mr. Norman Ebbley, who assisted you in preparing your OME application.

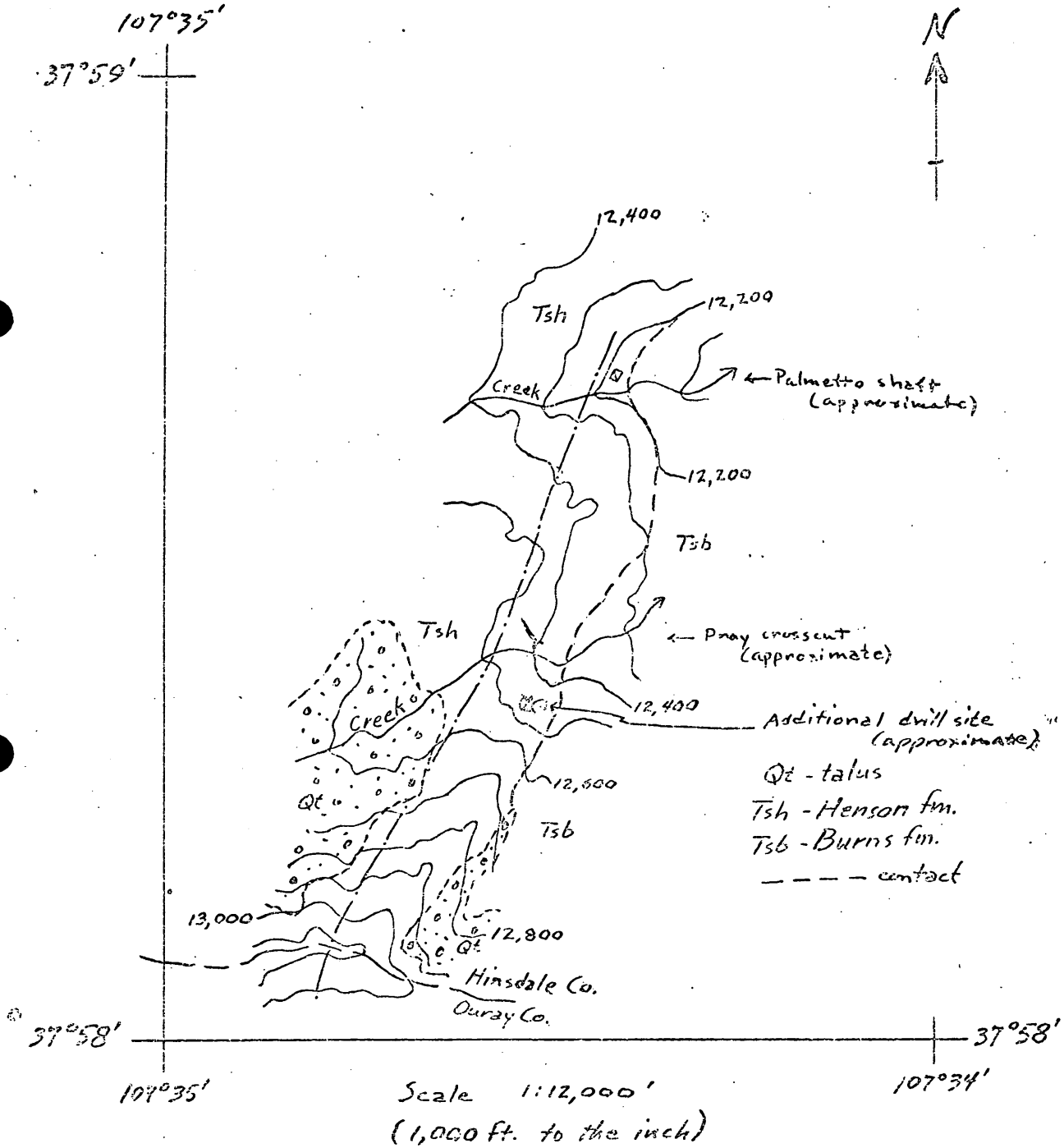
Sincerely yours,

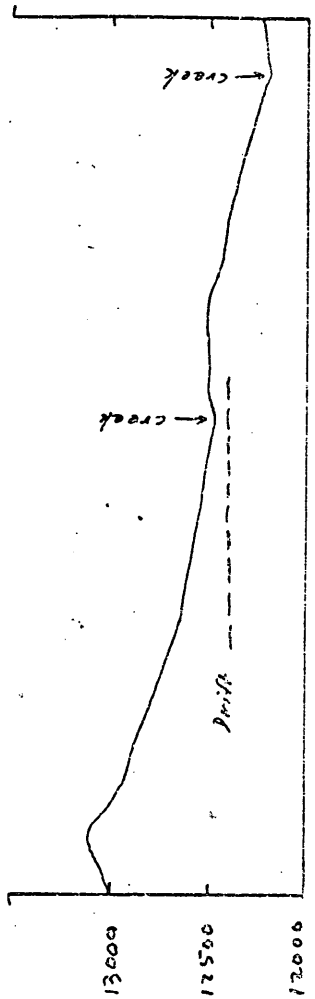
J. William Hasler

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

cc: Norman Ebbley (with copies of maps)

Chief, OME
Hasler chron
OME chron
6630





Cross-section along vein
Same scale (vertical & horiz.)
as plan map

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 1 1967
INITIALS | CODE
130
110
120

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 338
Silverton, Colorado 81433

IN REPLY REFER TO:
RECEIVED
Denver, Colorado

11 July 1967

Mr. J. William Hasler, Field Officer, Region III
Office of Minerals Exploration
U. S. Geological Survey
Federal Center, Bldg. 25, Room 2284
Denver, Colorado 80225

Dear Bill:

Enclosed are the OME report on the Pray property, items of attached correspondence, and my field examination report. I am very sorry to have taken so long on submitting this and hope I have not inconvenienced you or your office - time passed between the long 4th-of-July weekend, some field work, several other commitments and a case of the Silverton flu.

You will probably be fit-to-be-tied when you see the crude attempt - I just hope enough information is given that you can salvage this. It was my first try at such things as messing with ore reserves, plotting drill holes, etc.. I did find it rather interesting, however. This is the first of several OME dockets I have read where there was a suggestion of reasonable judgment employed and a possibility of some mineral potential; also, this general area holds some promise but needs better exploration than has been given in the past.

I contacted Pray and he was readily agreeable to the proposed changes in both the drilling and drifting programs (particularly the latter as that was what he originally had wanted). I tried to be what I thought was conservative on figuring reserves and ore grade. On attempting to reconstruct a new drill site, costs, etc., I did not know what I was doing. From what is presented, perhaps you can redo without too much effort. So, please feel free to recast, change, delete, demolish, what-have-you, as you see fit on anything in this report.

If I can be of further service or assistance on this, please do not hesitate to ask, either by mail or phone (if by the latter, you will have better luck getting me in the evening).

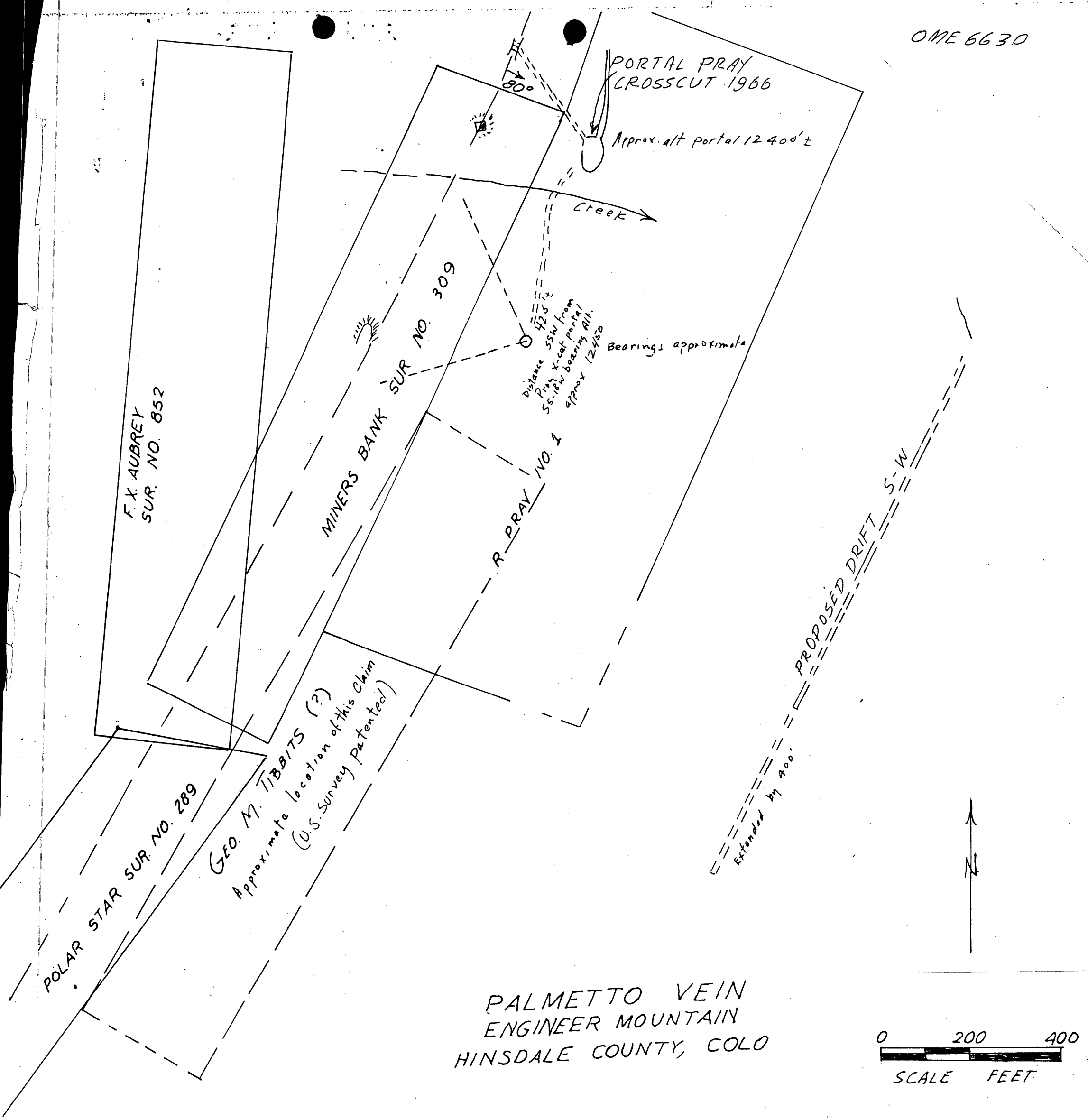
Best regards.

Sincerely,

Bob

Robert G. Luedke
Geologist
Southern Rocky Mountains Branch

OME 6630



PALMETTO VEIN
ENGINEER MOUNTAIN
HINSDALE COUNTY, COLO

IN REPLY REFER TO:

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

11 July 1967

Report of Field Examination

To: J. William Hasler, Field Officer, OME Region III

From: Robert G. Luedke, Geologist, U. S. Geol. Survey

Subject: Field examination OME-6630 (Silver)

Field examination was made Wednesday, June 28, 1967, in company of the applicant Roy Pray of Roy Pray & Associates, from Lake City, Colorado. Property examined was the Palmetto vein system located in the Galena mining district, Hinsdale County, Colorado (unsurveyed T. 43 N., R. 6 W., sec. 19(?) - Forest Service map).

Property of applicant consists of four (4) owned unpatented claims and nine (9) leased, with option to purchase dated April 1, 1966, patented lode mining claims from the owner, Ralph Horton of Denver, Colorado. All claims are recorded at the courthouse, Lake City, Hinsdale County, Colorado.

Apparently, all legal documents pertaining to ownership, leasing rights, lien and subordination agreements, etc., are in satisfactory order, and signed originals and/or copies are included in a second part (Annex B) of the application.

One patented claim, the Geo. M. Tibbits, slightly overlaps the Miners Bank claim and, in turn, is overlapped by the unpatented Pray No. 1 claim (see approximate location on their map - figure 7). Applicant states permission can be obtained, for any right-of-way, drill site, etc., and also states his intention to acquire said patented claim as it is now on the Hinsdale County delinquent tax roll.

The entire length of the Palmetto vein crops out in andesite lava flows and some flow breccia and tuff assigned to the Henson Formation. This formation dips northwesterly about 15° and laps southeastward onto a massive dacite assigned to the underlying Burns Formation. The vein strikes generally N. 25° E. and dips 70-85° east; the dip varies considerably along strike but in general steepens southerly along strike. In most cuts exposing the vein and locally along strike, the vein consists of vuggy iron-stained quartz 6-18 inches thick and several inches to a couple feet of altered country rock; locally the vein consists of only the altered country rock. The sulfide content in the vein, particularly chalcopyrite and sphalerite, increases southward with fair mineral exposed in that part of the vein in the Miners Bank claim. A general impression is that the southern part of the vein system holds greater promise of ore discovery.

N-SITE REPORT

Very little information is available concerning the ore, but Ransome (U.S.G.S. Bull. 182) states the ore carries argentiferous minerals nearer the surface, and grades to a pyrite-quartz assemblage with low silver content at depth. The richer ore also probably existed in pockets or small shoots.

Very little is known of mining activities, the extent and size of workings and ore bodies, etc., on the Palmetto vein system because these activities occurred in the 1870-80's. The historical and production record as given by the applicant is as complete and accurate as possible (Annex A of application). The extent of workings along the vein consist of several shallow(?) shafts (caved or flooded, and of unknown depth except the Palmetto which is reported about 350 feet deep), several bulldozer cuts, and a short tunnel (caved-?). At least 2, and possibly 3, levels exist off the Palmetto shaft with presumed stoping above the first level - sampling of and these partial workings are described in Annex A of application.

Likewise, not too much is known of production, size and extent of workings and ore bodies, and mining activities in the rest of the district because little, if any, reliable records were kept before 1900. Production information cannot be separated according to district but must be given as county totals. Commodity totals to 1965, compiled by myself and based on published production figures of the U.S.G.S. and U.S.B.M. are:

gold	-	71,558 ounces
silver	-	5,831,910 ounces
copper	-	3,012,000 pounds
lead	-	101,188,000 pounds
zinc	-	1,734,000 pounds
total value	-	$ 11, 204,505

Ore reserves on the applicants property, for the Palmetto mine only, are given in Annex A of application as 17,500 probable tons underground and 4,500-5,000 tons in existing dumps; this tonnage is believed a little high in both cases, particularly the part below the so-called 200 level of the mine in light of recoverable ore and ore grade as that part is expected to be in the pyrite and quartz. Inferred reserves for the vein, as a whole, extending from the Miners Bank claim to the Ruby Queen claim are:

$$\frac{(3{,}000' \text{ long} \times 300' \text{depth} \times 2' \text{ thick})}{12} = 150{,}000 \text{ tons @ } 15\text{-}20 \text{ oz. Ag/ton}$$

The 300 feet depth is that upper part of the vein in the andesite where more silver-bearing minerals and other sulfide minerals (sphalerite and chalcopyrite) are expected to be found. Another block of the same dimensions below the above calculated one corresponds in depth, rock type, and ore grade (maybe 10-15 oz. Ag/ton) to and would be an extension to the Palmetto mine workings.

The following changes in the exploration targets were proposed to the applicant, Roy Pray, by subsequent telephone calls, to which he readily agreed.

1) Abandonment of the two deep drill holes nos. DDH 7 and 8 of Stage II, thereby reducing both drill footage and bulldozer footage necessary to establish sites for these holes (about 900 of 1,400 feet for the latter).
2) Addition of a new drill site, for two holes, south of the Pray crosscut and south of the creek about 425 feet, attempting to remain as much on contour as possible (would use 400-500 feet of bulldozer footage from above). Drill site (not measured or plotted in field) shown on their map figure 7 and attached sketch. Drill holes were plotted to be about 690 feet long but because exact position on the surface for the collar respective to topography is not known, it would be better to allow perhaps 60 feet more to make a total of 750 feet at an angle of 50° to intersect the vein dipping easterly at 85°. Using a 690-foot hole, it calculates that 1,380 feet of the total 2,300 feet from the deep holes would be used.
3) Abandonment of the 400 feet drifting north along the vein but adding this footage to the 1,000 feet drifting south along vein to make a total of 1,400 feet under that part of vein that may be more favorable and gives a greater back to surface for stoping purposes. ??

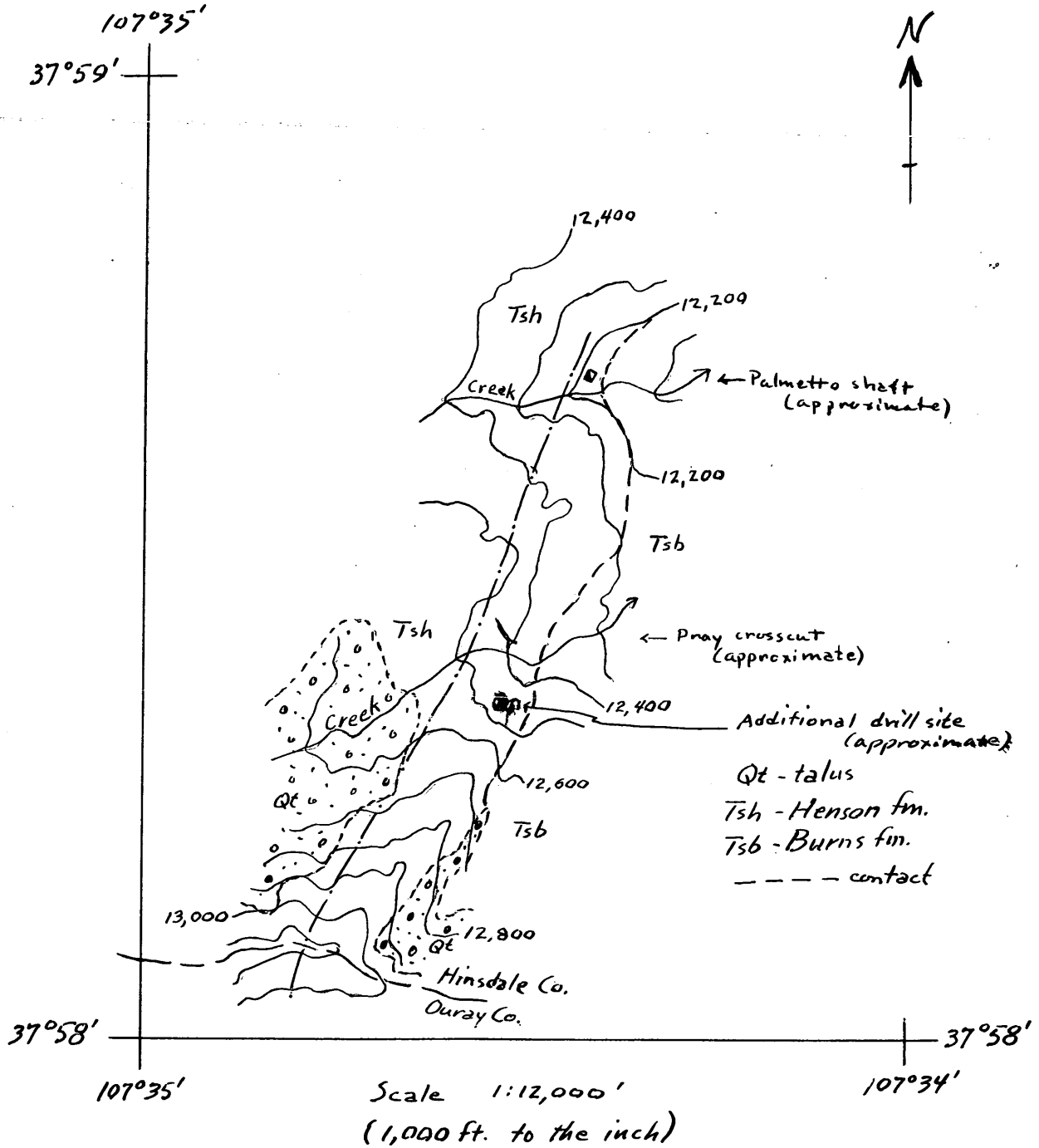
Using their cost figure of $10.25 per foot for diamond drilling, and decreasing the total footage of 5,100 to 4,200 (except perhaps for allowing an additional 100 feet as noted above in change #2 but not calculated here) alters cost from $52,275 to $43,050. Likewise, using $0.30 per foot for bulldozing, and decreasing footage about 900 feet, alters total cost of $1,530 to about $1,260.

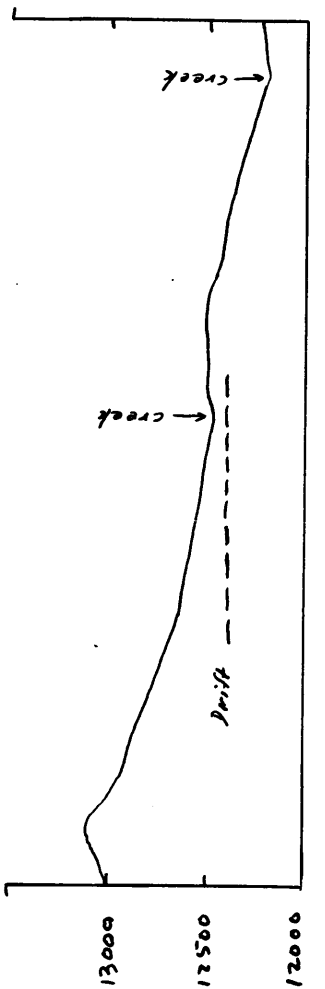
Cost, timing, and number of miners for drifting may need slight altering as there would be under the new proposal not two headings but one so that at the beginning if the drifting is done on three shifts per day, the total footage per day is reduced from 16 to 12 feet (using their figure of 4 feet per average round), but the time necessary to complete the longer drift may be increased thus possibly balancing out at about the cost figures for drifting as given in the application.

The total cost of the project would be reduced from $122,976.43 by $9,495.00 to $113,481.43.

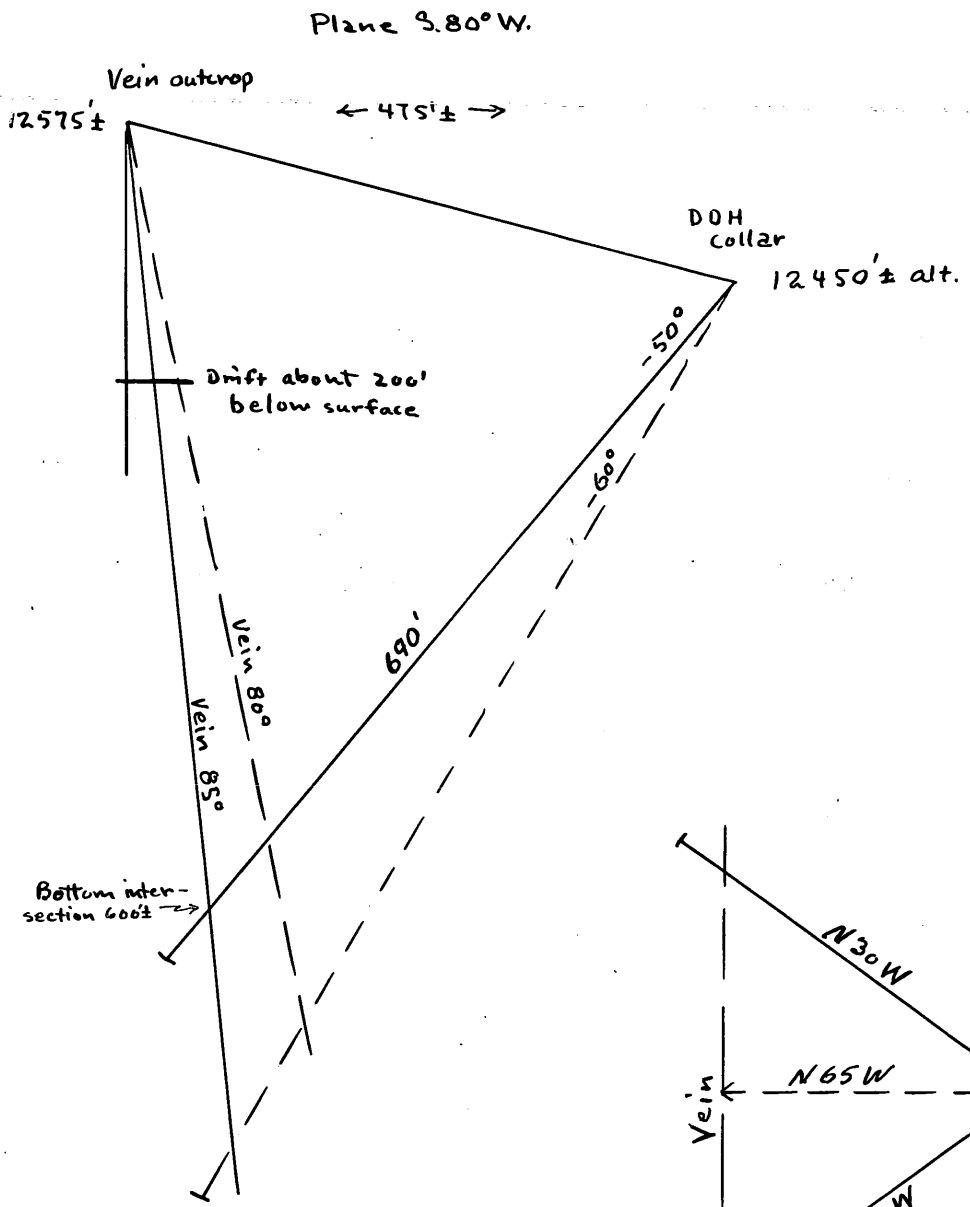
Only three published references make mention of the Palmetto mine and its immediate vicinity:

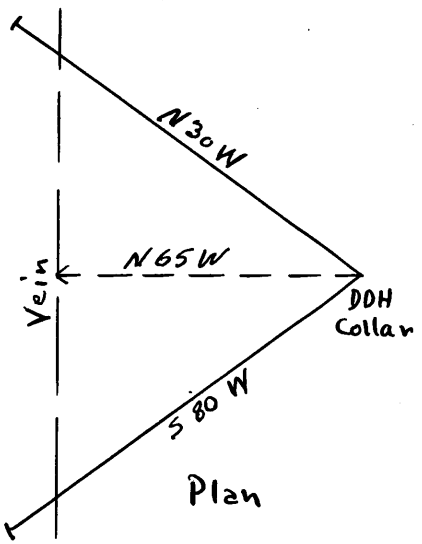
1) Ransome, F. L., 1901, U. S. Geol. Survey Bull. 182, p. 187-188, 189-190
2) Kelley, D. C., 1946, Colorado Sci. Soc. Proc., v. 14, no. 7, p. 451-461
3) Burbank, W. S., in Vanderwilt, J. W., Mineral Resources of Colorado, Denver, Colo., p. 439-443.



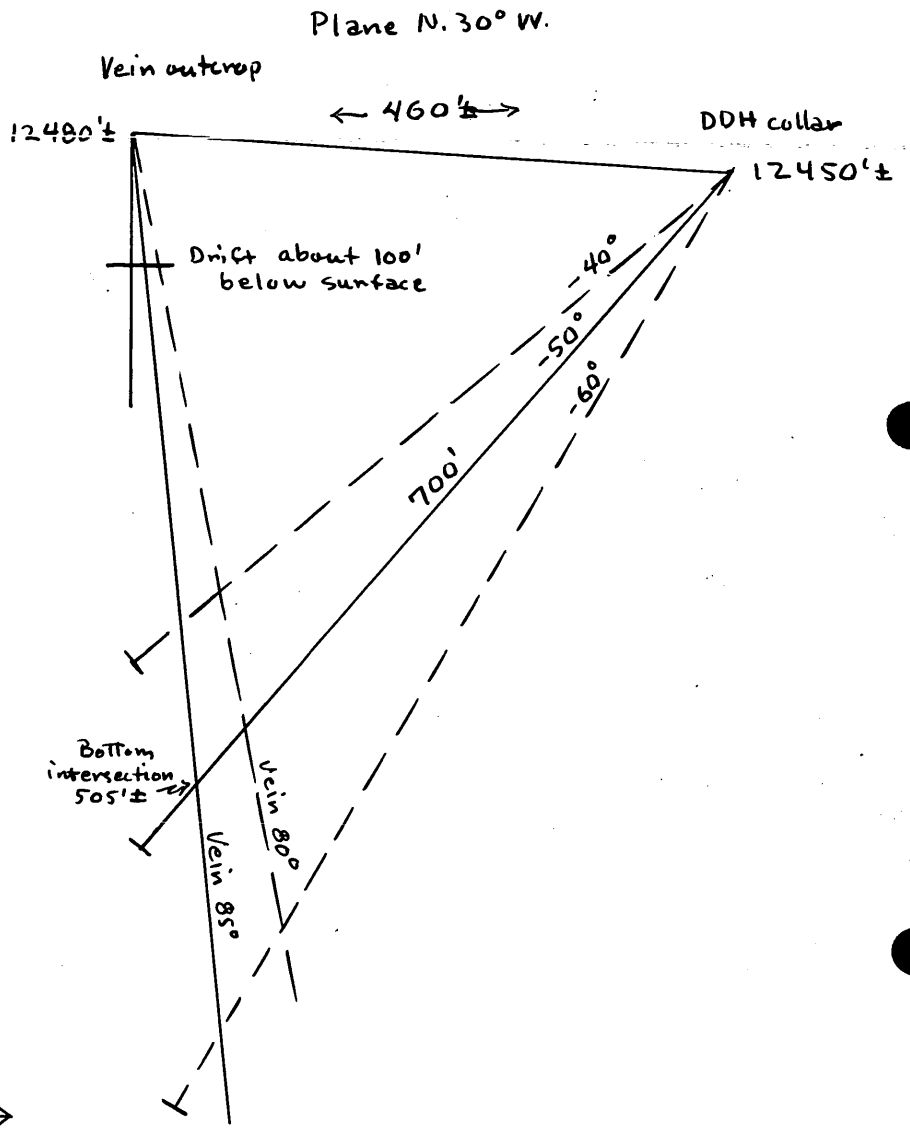


Cross-section along vein
Same scale (vertical & horiz.)
as plan map





Plan



NEW PROPOSED DRILL SITE

MME Form 7
(2/63)

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Date	Surname	Code
7/13/67	Kirkemo	130
		110
		220
		120

JUL 13 1967

AIRMAIL

Roy Pray & Associates
c/o Crystal Lodge
Lake City, Colorado 81235

Re: CME-6630 (Silver)
Roy Pray & Associates
Palmetto Property
Hinsdale County, Colorado

Gentlemen:

Thank you for the supplementary information regarding evidence to obtain credit from two banking institutions. We will include this with the documents already submitted with your application.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc:
Director's Reading
Division
Econ. Geol. Reading
OME Docket
OME Reading
Region III
Mr. Kirkemo
Chron.
130

HKirkemo:mch 7-13-67

23263

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JUL 10 1967
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ROY PRAY AND ASSOCIATES
Lake City, Colorado

July 8, 1967

Office of Minerals Exploration
Department of Interior
Washington, D. C. 20242

Re: Docket No. OME 6630
Palmetto Property
Hinsdale County, Colorado

Gentlemen:

Pursuant to a field examination of the subject property made on June 28, 1967 by OME representative Mr. Robert Leudke, the writer was informed that, under MME Form 40, 1. Financial Eligibility; (a), the evidence to obtain credit from two banking institutions should be from banks located in Colorado, since the property is located in Colorado.

In Annex B, submitted with the original Application on May 3, 1967, the letters to two banking institutions were to banks located in the State of Texas.

Accordingly, submitted herewith are true copies of letters to two Colorado banks applying for credit and true copies of their replies. The First National Bank of Gunnison, Colorado is my bank of account.

Yours very truly,

ROY PRAY AND ASSOCIATES
dba Palmetto Mine Company

Roy Pray

Roy Pray, Partner

RP:eem
Encls.
cc Mr. J. William Hasler, Field Officer
Region III, Denver, Colorado 80225

OME Docket

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

May 25, 1967

Memorandum

To: Harold Kirkemo, Office of Minerals Exploration

From: Robert G. Luedke, Geologist, U. S. Geological Survey

Subject: Review of Docket OME-6630 (Roy Pray & Associates, Palmetto Property, Hinsdale, Colorado)

The site of the subject property (corrected on figure 1) lies within the large San Juan volcanic depression (cauldron) but marginal to the smaller Silverton cauldron which is about a 10-mile diameter volcanic subsidence structure. The east-northeast-trending Palmetto-First National Bank-Miners Bank-Polar Star vein probably is a tension fracture related to development of the cauldron which was later altered and mineralized. For the most part, the vein crops out in the Henson Formation of the Silverton Volcanic Group which consists of thin amygdaloidal andesitic lava flows and interbedded thin-bedded water-laid sandy tuffs (Tsa on figure 4). To the west and north the tuffs become more prominent and thicker (Tsh on figure 4). This unit laps onto an older dome-shaped body of uniform massive porphyritic dacite (Tsaa on figure 4), assigned to the Burns Formation, the next older unit in the Silverton Volcanic Group. Therefore, at varying depths (100 to 400 feet) along strike, the vein must pass from the andesite into the dacite; this rock change may or may not be reflected by the change in dip (flattening) at about the 100 level shown in the cross section at the Palmetto shaft (figure 3).

Most other veins occurring in the dacite in this area have been relatively poor in values and few have been producers. Except for structural features favoring perhaps localization of small ore shoots, the lower parts of the subject vein would be expected to have minor values. The greatest values to be found would be expected from the interbedded tuffs in the Henson andesite unit, similar to the Frank Hough mine.

The Frank Hough vein, parallel to and about 1,500 feet west of the subject vein is reported to have been mined to depth of a few hundred feet. Where the vein passed through lava flows, it tended to be tight, but through tuffs, it impregnated the rock forming deposits of bedded or manto-type. The Frank Hough was the best producing mine in the general area with a total output valued at nearly $600,000. Samples of vein (?) material, collected on the dump in 1957 and 1966, were analyzed spectrographically with the following results (in percent except rerun), and are given for comparison with analyses of the Docket's report:

1957		1966		1966 (Rerun)	
Cu, As, Fe >	5.0%	Cu, Fe - major			
Ag	.08	As	10.0	Au	2 ppm
Pb	.45	Ag	.1	Ag	1000 ppm
Sb	1.5	Pb	.2		
Zn	.68	Sb >	1.		
Au	0	Zn	.15		
		Au	0		

Robert G. Luedke by HK.

Robert G. Luedke

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/8/67	Kirkemo	120
		110
		220
		120M

AIRMAIL

MAY 8 1967

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6630 (Silver)
Roy Fray & Associates
Palmetto Property
Hinsdale County, Colorado

This application is referred to you for further consideration and a possible field examination.

In our review we consulted with Mr. Robert G. Luedke, U. S. Geological Survey, Washington, and obtained much information about the area. He has worked in the San Juan region for many years and last year was in the Galena mining district and sampled the Frank Hough area in the course of his investigations. He plans to examine the Palmetto vein system this summer. He has agreed to review this application for us later this month. He plans to be in Silverton about June 17 or 18 and sometime thereafter, depending upon condition of the roads, he will visit the subject property. If the application warrants a field examination, he has offered to examine the property for us. Access from Lake City no doubt will be possible earlier than from Silverton where Luedke is headquartered in the summer.

Aside from the geological factors involved, which Luedke will discuss in his review, our chief concern with the application is whether silver is present in sufficient quantity to warrant OME participation in further exploration. The assays of surface samples shown on Figure 7 indicate interesting values in silver, and on this basis the proposed diamond drill program appears to be justified. However, only two of the eleven samples from the vein on the 200-foot level Palmetto mine show a worthwhile content of silver. This may be indicative of narrow ore shoots or of scattered mineralization. The absence of stopes above these sample points may suggest the latter possibility.

The Fray crosscut disclosed low values in silver where it intersected the First National Bank vein.

We will forward Mr. Luedke's comments to you and unless you have made other arrangements for a field examination, we urge you to accept Mr. Luedke's offer in the event a field examination is warranted.

FRANK E. JOHNSON

Frank E. Johnson

cc: Mr. Robert G. Luedke
MGS-GD, 810 - 19th St. N.W.

cc: Director's Reading File
Division File
Economic Geology File

OME Docket
OME Reading File
Mr. Kirkemo
130

HKirkemo/gla 5-8-67

23263

(OMR-6630 (Silver))

P. S. If a contract is to be recommended, please ask the Applicant to submit either (1) copies of new letters to banks with their replies, or (2) copy of a recent financial statement. The present letter to the Empire State Bank, Dallas, Texas, locates the Palmetto claims in Humboldt County, California, and both letters are to banks in Texas instead of to banks in Colorado where the property is located.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/8/67	Kirkemo	120
		110
		220
		120M

AIRMAIL

MAY 8 1967

Roy Fray & Associates
c/o Crystal Lodge
Lake City, Colorado 81235

Re: OME-6630 (Silver)
Roy Fray & Associates
Palmetto Property
Hinsdale County, Colorado

Gentlemen:

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

Mr. Hasler will notify you if additional information concerning the application is needed and possibly to make arrangements for a field examination.

As Mr. Hasler is responsible for making OME field examinations in eleven states, a visit to your property necessarily will have to be scheduled well in advance. The question of accessibility will also affect the scheduling of a possible examination.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

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

HKirkemo/gla 5-8-67

23263

May 4, 1967

Roy Pray & Associates
c/o Crystal Lodge
Lake City, Colorado 81235

Subject: OME-6630

Gentlemen:

Your application for exploration assistance, dated May 3, 1967, submitted to our office at Washington, D. C., has been assigned Docket Number OME - 6630.

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

Sincerely yours,

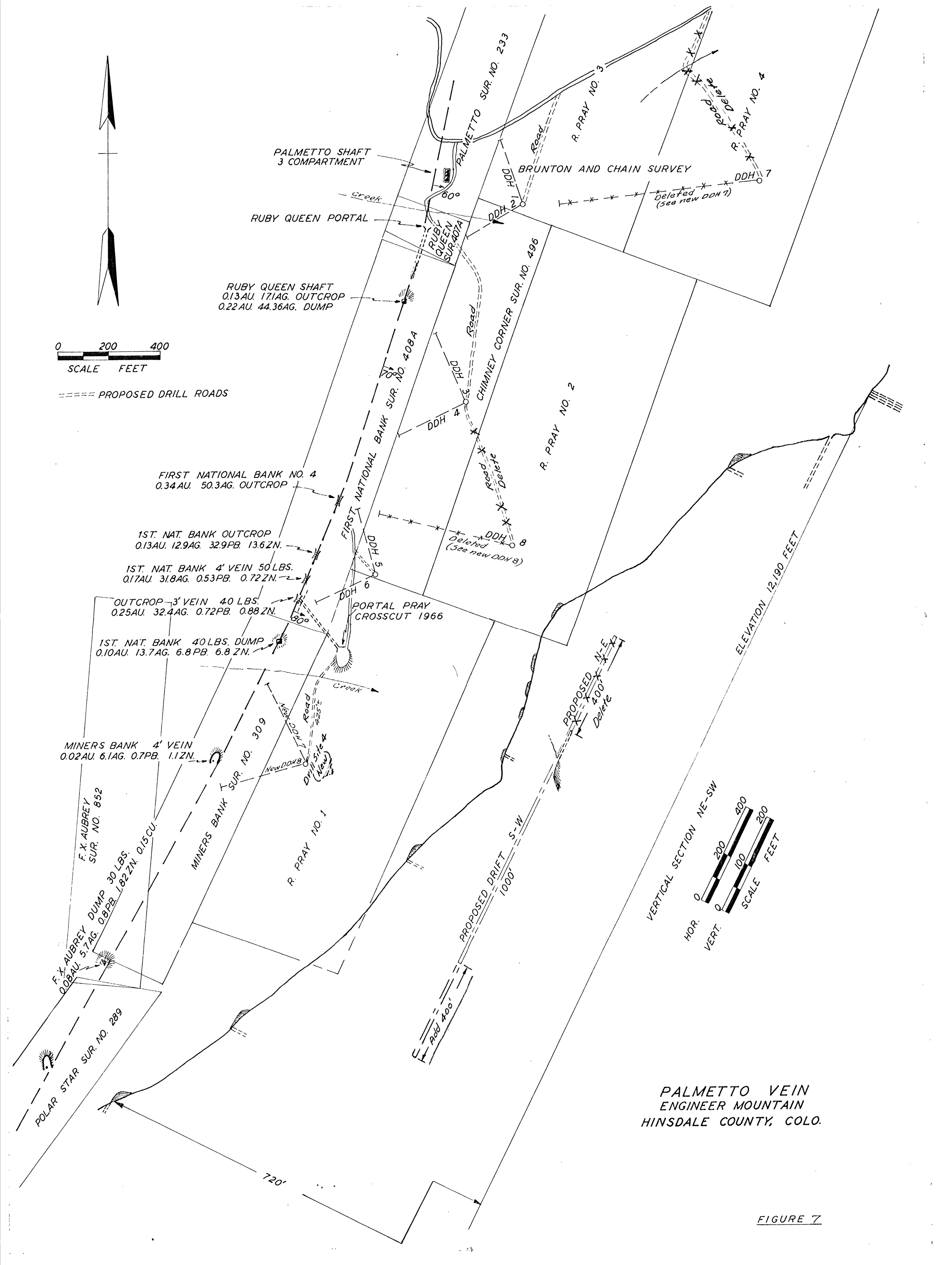
Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Region III

View Looking S-W from point 1,500' S-W of Palmetto Shaft

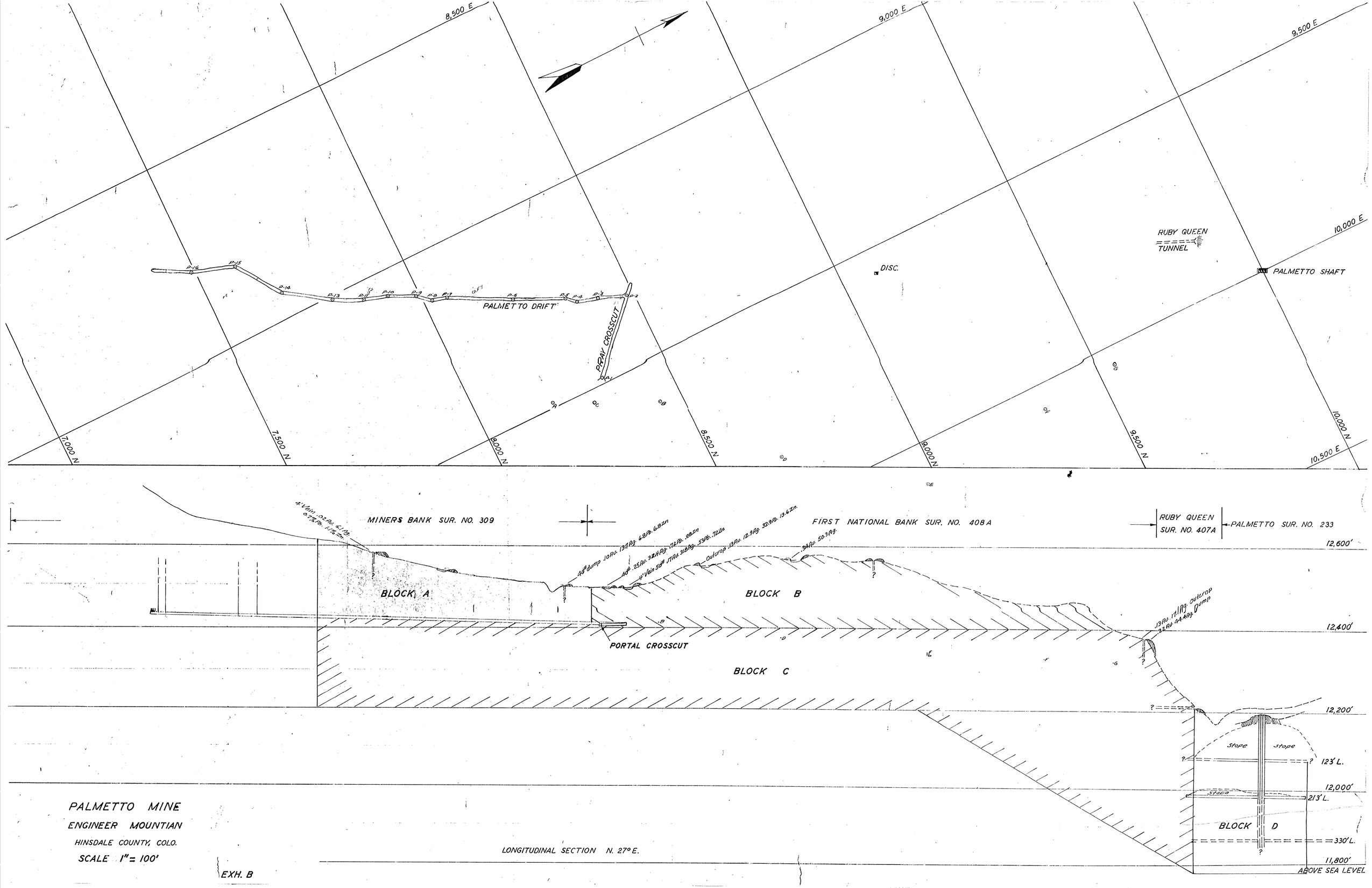
Figure 5

Fig. 9



PALMETTO VEIN
ENGINEER MOUNTAIN
HINSDALE COUNTY, COLO.

FIGURE 7



PALMETTO MINE

ENGINEER MOUNTIAN

HINSDALE COUNTY, COLO.

SCALE 1" = 100'

EXH. B

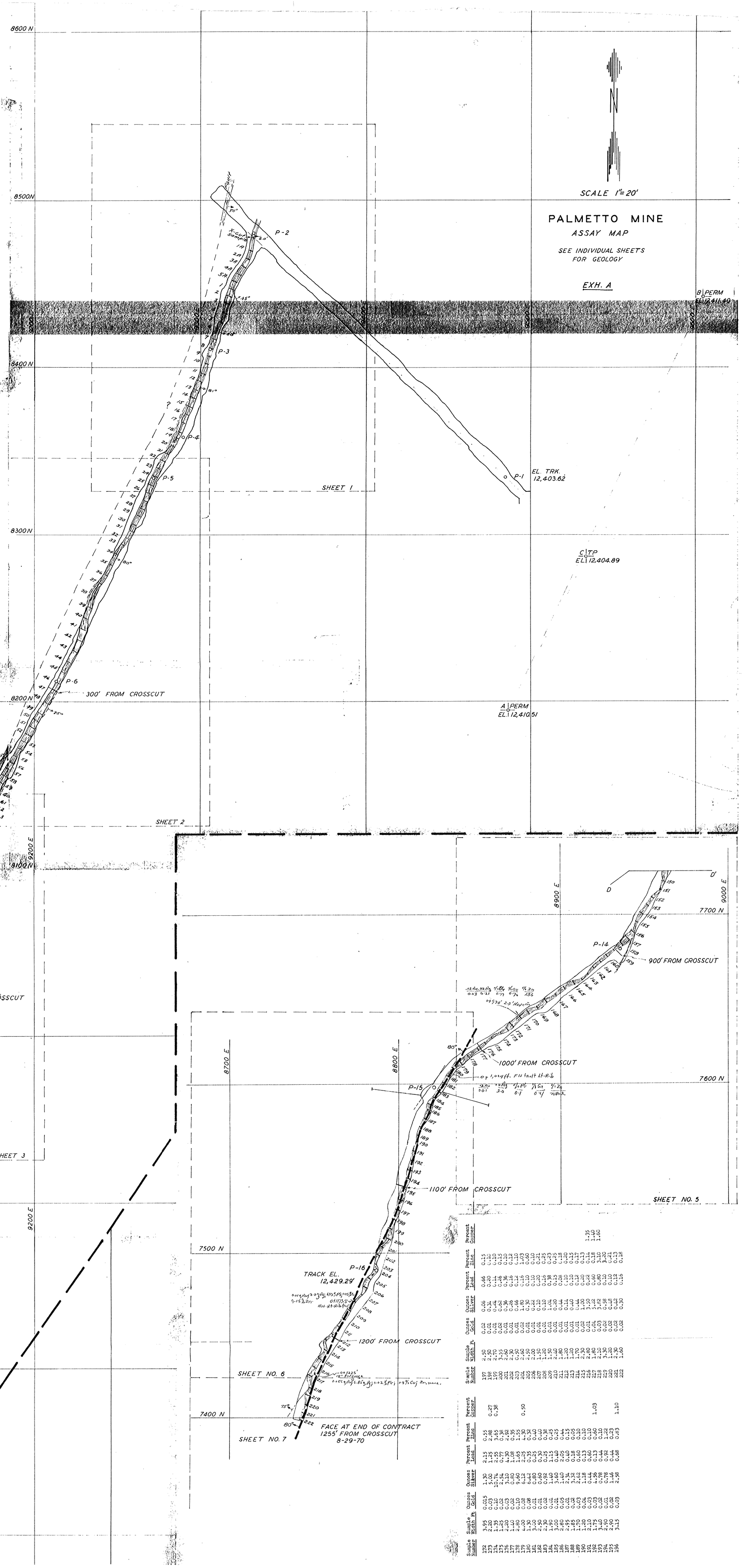
Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper
168	1.85	0.005	0.60	0.50	0.63	0.06
169	1.3	0.005	0.72	0.52	0.48	0.15
170	2.0	0.005	1.60	0.90	0.10	0.13
171	2.5	0.01	1.63	0.42	0.70	0.15

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper
81	2.5	0.04	2.4	0.7	0.8	0.14
82	2.7	0.04	10.7	1.0	1.2	0.29
83	1.8	0.06	8.1	Tr	0.3	0.58
84	2.4	0.02	9.3	0.7	1.1	0.65
85	2.2	0.04	5.5	4.6	7.1	0.31
86	3.6	0.04	4.7	9.2	20.6	0.03
87	2.9	0.14	3.7	12.5	30.3	0.59
88	2.2	0.17	2.4	2.5	13.0	0.35
89	2.4	0.18	2.7	2.8	12.6	0.42
90	2.8	0.04	3.1	5.6	15.9	0.80
91	2.5	0.17	2.1	2.6	10.7	0.23
93	1.9	0.14	6.9	11.8	30.0	-
94	2.1	0.06	3.0	5.0	16.6	-
95	1.7	0.03	4.3	3.7	6.2	-
96	1.6	0.04	3.8	10.0	30.0	-
97	1.5	0.15	7.0	4.6	10.0	-
98	1.75	Tr	5.5	4.1	10.0	-
99	2.0	0.03	10.0	11.0	25.6	-
100	1.75	0.06	10.0	4.7	14.2	-
101	1.7	0.04	0.6	0.7	0.8	-
102	1.9	0.03	3.4	0.5	0.8	-
103	2.0	0.04	2.0	4.1	16.6	-
104	2.3	Tr	2.0	0.6	1.0	-
105	1.7	0.05	6.3	5.5	16.6	-
106	1.7	0.07	3.6	4.5	4.5	-
107	2.1	0.05	1.7	0.4	0.5	-
108	2.2	0.07	2.2	0.4	0.3	-
109	1.9	0.07	3.6	0.5	4.0	0.22
110	1.2	0.07	3.8	0.6	1.1	-
111	2.0	0.07	2.2	0.3	2.2	-
112	1.3	0.09	5.4	5.0	18.7	0.80
113	1.4	0.07	3.6	3.4	9.6	-
114	1.75	0.05	1.3	1.9	8.5	-
115	2.2	0.08	3.6	3.0	4.0	0.28
116	1.15	0.07	3.4	5.9	6.6	-
117	2.5	0.08	4.1	11.3	10.1	-
118	1.5	0.10	5.4	4.5	3.8	-
119	2.1	0.07	3.8	2.4	4.8	0.48
120	2.0	0.06	2.64	1.30	5.25	-
121	2.2	0.04	1.48	0.20	3.30	-
122	2.35	0.08	3.02	2.15	Tr	-
123	2.15	0.13	11.27	2.40	0.30	1.66
Crosscut Sample	1.35	Tr	5.6	3.6	9.7	0.31

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper
124	1.6	0.15	8.05	4.66	0.40	-
125	2.0	0.04	1.06	1.25	3.20	-
126	2.5	0.14	2.32	1.80	6.90	-
127	0.85	0.16	5.44	3.65	7.55	-
128	2.15	0.08	3.00	1.10	2.75	-
129	3.0	0.08	2.92	3.20	10.80	-
130	1.6	0.21	4.93	6.90	10.50	-
131	2.05	0.11	6.05	3.15	7.45	-
132	1.8	0.14	5.56	5.35	14.75	-
133	Sample lost in transit					
134	1.35	0.03	5.71	0.31	0.18	-
135	1.35	0.07	3.53	3.90	21.20	0.68
136	0.80	0.10	5.00	2.60	3.18	-
137	1.6	0.03	2.89	3.60	7.53	0.45
138	1.35	0.04	2.30	3.45	4.45	0.35
139	1.05	0.06	6.44	4.50	11.85	0.68
140	2.9	0.03	1.87	2.70	3.25	0.30
141	2.5	0.01	0.59	0.90	0.65	0.05
142	3.25	0.03	2.80	0.60	0.50	0.05
143	3.6	0.02	1.94	1.50	3.65	0.10
144	2.0	0.02	3.24	1.00	2.03	0.00
145	5.5	0.01	0.19	1.60	2.35	0.15
146	3.1	0.01	2.00	5.40	11.25	0.18
147	2.6	0.02	1.98	4.30	3.53	0.05
148	1.85	0.02	1.84	1.80	1.85	
149	3.6	0.04	1.76	0.60	0.55	
150	1.35	0.04	3.96	1.60	1.70	
151	1.2	0.03	2.21	2.30	2.40	
152	2.3	0.02	1.18	0.32	0.24	
153	1.2	0.02	1.38	1.70	0.83	
154	1.95	0.01	1.03	0.70	1.43	
155	1.8	0.01	0.69	0.60	0.45	
156	2.6	0.02	0.68	0.80	Tr	
157	5.0	0.02	0.74	0.50	Tr	
158	2.05	0.03	1.13	4.40	6.05	
159	1.3	0.04	2.36	2.30	3.65	
160	1.7	0.04	1.76	1.30	1.00	
161	1.35	0.02	1.58	2.00	2.20	
162	2.1	0.015	1.42	1.24	1.30	0.15
163	1.5	0.02	1.24	1.28	1.34	0.12
164	0.65	0.025	2.18	4.90	6.51	0.16
165	0.6	0.01	2.65	3.04	3.42	0.19
166	2.0	0.01	1.03	0.52	0.98	0.18
167	0.9	0.005	1.16	0.36	1.03	0.07

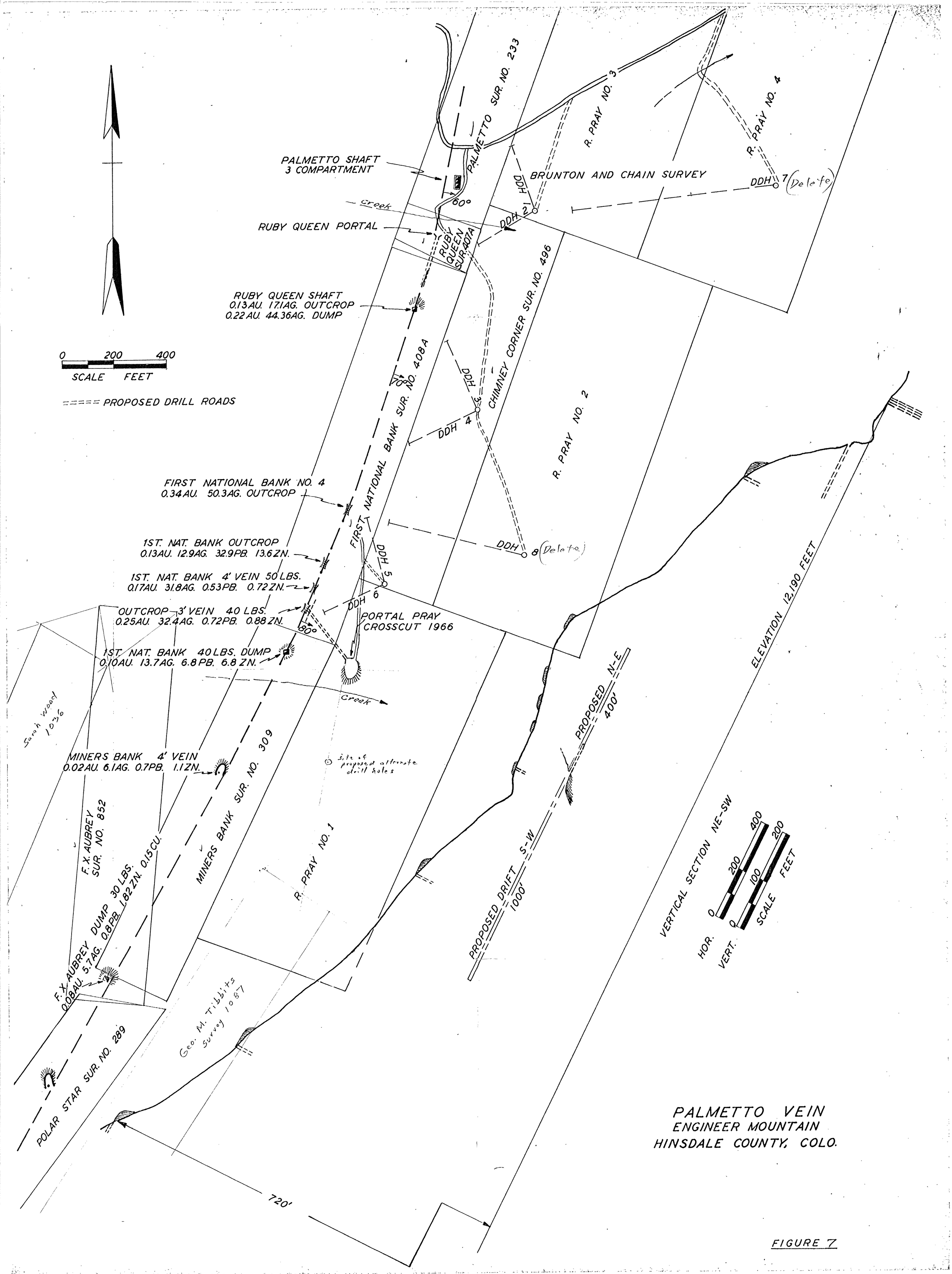
Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper
1A	4.0	0.07	7.3	1.6	5.0	0.7
2A	4.0	0.01	2.3	0.9	3.2	0.3
3A	4.0	0.05	3.6	0.3	1.3	0.2
4A	4.0	0.03	6.8	0.7	4.1	0.3
5A	4.1	0.01	2.3	0.8	3.0	0.1
1	4.25	0.03	5.4	1.3	4.9	0.7
2	5.4	0.02	3.9	1.2	4.2	0.5
3	5.15	0.04	5.6	2.1	8.3	0.4
4	5.5	0.02	1.1	0.6	2.2	0.1
5	4.65	0.03	3.1	0.8	3.4	0.2
6	4.5	0.05	5.2	2.3	7.8	0.3
7	6.0	0.02	1.0	-	0.6	Tr
8	5.15	0.03	3.4	0.7	3.6	0.2
9	5.0	0.04	5.4	1.0	1.4	0.2
10	5.0	0.04	3.0	1.0	2.5	-
11	5.5	0.06	3.1	0.8	3.3	-
12	4.25	0.18	12.2	3.0	3.6	-
13	4.4	0.14	10.2	0.9	2.4	-
14	4.0	0.12	3.4	1.5	-	-
15	3.85	0.35	4.8	1.6	-	-
16	4.15	0.16	3.5	2.7	-	-
17	4.65	0.13	2.2	1.1	-	-
18	4.5	0.07	3.3	3.8	6.5	0.1
19	4.0	0.28	14.8	2.0	5.3	0.3
20	4.6	0.06	2.6	2.6	7.7	0.2
21	4.15	0.11	7.0	1.3	4.1	0.3
22	4.6	0.07	5.8	5.1	7.4	0.6
23	4.0	0.21	14.1	16.4	11.6	0.9
24	4.0	0.08	5.0	1.9	6.0	0.7
25	4.25	0.05	4.0	1.2	3.6	Tr
26	4.15	0.06	2.2	0.8	3.2	0.0
27	4.4	0.05	4.2	1.1	1.9	0.1
28	3.9	0.12	8.2	7.8	4.2	0.4
29	3.6	0.03	7.1	0.9	2.1	0.2
30	3.9	0.02	3.1	0.3	0.5	0.2
31	2.6	0.02	3.8	0.2	0.5	0.2
32	2.6	0.06	6.3	1.1	0.9	0.2
Special	1.3	0.00	5.6	2.6	9.7	0.3
33	3.4	0.06	2.94	3.65	7.35	0.81
34	3.0	0.10	14.50	4.70	8.35	0.22
35	3.0	0.12	0.02	15.35	17.50	0.55
36	1.5	0.01	5.80	5.70	13.90	0.37
37	2.3	0.08	7.30	2.80	14.30	0.28

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper
38	4.2	0.14	7.90	3.20	9.00	0.46
39	3.6	0.18	4.40	4.70	6.60	0.29
40	2.8	0.05	7.50	1.20	2.40	0.36
41	3.0	0.02	4.18	2.18	3.02	0.29
42	3.0	0.12	12.04	7.85	11.74	0.88
43	2.1	0.01	4.09	3.02	5.81	0.39
44	3.0	0.01	4.20	3.95	10.67	0.36
45	3.7	0.01	2.04	1.20	3.24	0.25
46	3.0	0.02	4.02	6.97	8.97	0.37
47	3.1	0.02	5.32	7.28	15.21	0.29
48	3.5	0.03	4.33	4.78	11.06	0.46
49	3.6	0.03	5.41	4.58	7.06	0.62
50	3.5	0.02	4.26	1.14	4.30	0.33
51	3.3	0.02	7.14	4.16	6.20	0.78
52	3.3	0.24	3.40	4.30	3.63	0.26
53	3.2	0.04	2.60	4.55	7.65	0.42
54	3.4	0.04	1.70	2.45	0.30	0.136
55	3.3	0.08	2.26	5.10	9.75	0.40
56	2.9	0.10	8.04	6.30	12.85	0.47
57	3.5	0.02	2.38	1.60	4.13	0.30
58	3.3	0.06	5.48	1.10	3.85	0.24
59	3.7	0.12	5.92	4.00	12.45	0.45
60	2.8	0.10	4.38	1.80	6.15	0.28
61	3.3	0.02	3.06	2.60	3.88	0.33
62	3.0	0.06	3.88	0.25	6.30	0.20
63	2.3	0.03	6.40	4.20	7.70	0.30
64	2.1	0.02	1.80	0.60	3.40	-
65	3.6	0.04	2.40	0.70	7.30	-
66	2.5	0.04	2.70	1.50	4.50	0.10
67	4.7	1.06	49.60	3.30	6.70	0.40
68	3.7	0.05	6.30	1.10	8.20	0.20
69	4.1	0.06	10.40	1.40	6.80	0.50
70	2.6	0.02	2.40	1.10	6.10	0.10
71	3.8	0.05	1.1	2.3	7.0	0.27
72	3.8	0.03	1.1	1.0	3.0	0.11
73	3.7	0.03	2.7	2.3	8.8	0.25
74	3.4	Tr	5.3	2.8	7.5	0.43
75	3.2	0.06	6.0	2.1	3.3	0.63
76	3.2	0.06	4.0	2.9	7.9	0.26
77	2.2	0.06	10.5	1.6	5.8	1.14
78	2.4	0.06	13.0	6.6	13.7	0.13
79	2.1	0.06	1.7	Tr	0.6	0.03
80	3.2	0.08	4.1	12.3	19.6	0.46



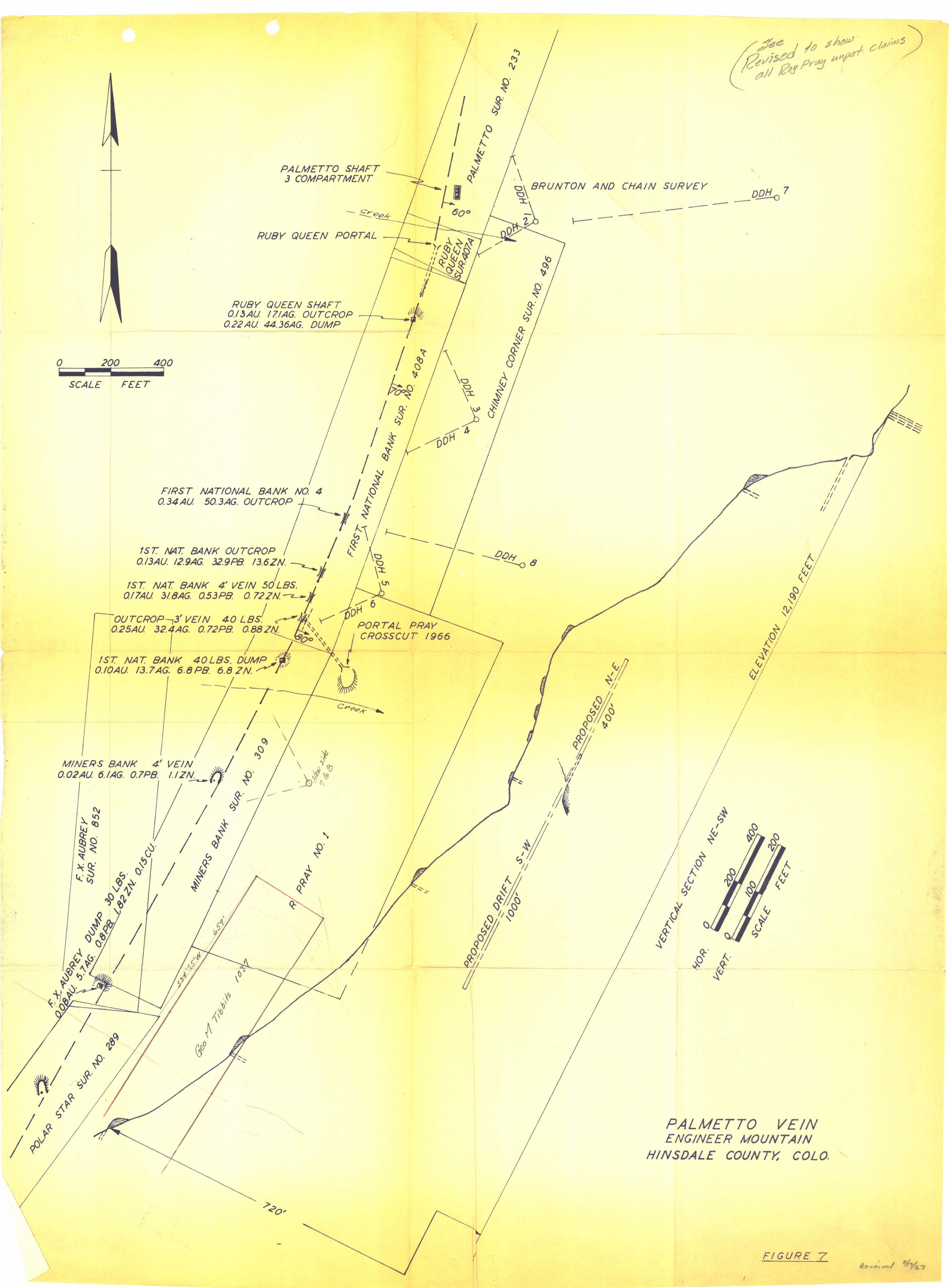
Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper
172	3.95	0.015	1.30	2.15	0.55	
173	2.20	0.03	5.00	1.25	2.85	0.27
174	1.35	0.10	10.74	2.55	3.65	0.38
175	1.25	0.02	2.54	0.77	0.38	
176	2.20	0.03	3.10	4.30	2.92	
177	1.40	0.02	0.80	1.08	0.35	
178	2.80	0.10	9.60	1.65	1.55	
179	4.00	0.08	6.12	2.25	4.30	0.50
180	1.30	0.08	0.42	0.35	0.19	
181	2.50	0.01	1.80	0.30	0.40	
182	2.50	0.02	0.92	0.25	0.38	
183	3.00	0.01	1.40	1.15	0.45	
184	1.90	0.01	3.60	0.40	0.25	
185	2.80	0.05	1.40	2.05	0.44	
186	2.95	0.01	2.34	0.40	0.15	
187	1.85	0.02	3.32	0.18	0.05	
188	1.70	0.03	2.16	0.15	0.10	
189	1.20	0.04	1.18	0.10	0.10	
190	2.10	0.03	0.44	0.60	0.10	
191	1.75	0.03	4.56	0.13	0.60	1.03
192	3.40	0.02	0.78	0.44	1.22	
193	2.90	0.01	0.78	0.92	0.10	
194	2.90	0.02	1.46	0.44	0.23	
195	3.15	0.03	2.58	0.68	0.83	1.10

Sample Number	Sample Width Ft	Ounces Gold	Ounces Silver	Percent Lead	Percent Zinc	Percent Copper
197	2.50	0.02	0.06	0.66	0.15	
198	2.50	0.01	0.31	0.20	0.10	
199	2.70	0.01	0.44	0.14	0.10	
200	3.15	0.02	0.62	0.26	0.15	
201	2.60	0.01	0.36	0.36	0.10	
202	2.30	0.01	0.26	0.16	0.12	
203	2.50	0.01	0.86	0.12	0.10	
204	2.50	0.02	0.30	0.10	0.60	
205	2.00	0.01	0.22	0.10	0.10	
206	1.50	0.01	0.10	0.20	0.21	
207	1.20	0.01	0.10	0.16	0.25	
208	1.50	0.01	1.04	0.38	0.23	
209	2.40	0.01	0.20	0.15	0.25	
210	1.80	0.01	0.14	0.08	0.18	
211	1.20	0.01	0.10	0.15	0.20	
212	1.50	0.01	0.14	0.10	0.13	
213	1.70	0.01	0.19	0.10	0.17	
214	2.30	0.01	0.44	0.12	0.13	
215	2.50	0.02	1.00	0.40	0.14	
216	2.80	0.01	3.30	0.22	0.18	1.35
217	1.80	0.01	3.12	0.50	3.10	1.40
218	2.10	0.03	3.82	0.80	3.20	1.60
219	3.30	0.02	0.38	0.10	0.21	
220	1.30	0.02	0.48	0.12	0.13	
221	2.50	0.02	0.40	0.12	0.13	
222	1.60	0.02	0.50	0.16	0.18	



PALMETTO VEIN
ENGINEER MOUNTAIN
HINSDALE COUNTY, COLO.

FIGURE 7



PALMETTO VEIN
ENGINEER MOUNTAIN
HINSDALE COUNTY, COLO.

FIGURE 7

Received 8/7/67