MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE

Contract No. 2255 Docket No. 6632

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits 9/69 May 1971
- [x] Termination ~~Notice or~~ Agreement 12/14/70 eff. 7/1/70
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments #1,2,3
- [ ] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [ ] Application and Attachments

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semiannual Report for Certified Project
- [ ] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab) 3/11/71
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) 10-2-67
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

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

Right Side

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

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

Folders No. _____: Settlement Sheets

Folders No. _____: Drill Logs

Folders No. _____: Royalty Material

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MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/8/71		120
		220

SEP 8 1971

Mr. F. W. Baumgartner, President
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Re: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Mr. Baumgartner:

Reference is made to your terminated exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of possible production under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

We appreciate your interest and participation in the OME exploration program.

Sincerely yours,

Harold Kirkemo
Chief, Office of
Minerals Exploration

CC; Director's reading fileBudget & Finance
Mineral Resources
OME reading file
Region III
Mr. Kirkemo
130

CaCurtin/cac 9-8-71

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United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

OFFICE OF SURVEY AND REVIEW
Audit Operations, Region I
801 19th Street, N.W., Room 813
Washington, D.C. 20240

May 21, 1971

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 28 1971

INITIALS	CODE
HK	120
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Memorandum

To: Director, Geological Survey

From: Regional Director, Audit Operations, Region I

Subject: Review of Contract 2255
Docket No. OME-6632 (Copper)
Baumgartner Oil Company (Operator)
Ouray County, Colorado

As requested by the Chief, Office of Minerals Exploration, we made a cost review of Contract 2255. The results of our review are shown in the attached report.

C. D. Barr

Attachment

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U.S. GEOLOGICAL SURVEY
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OFFICE OF THE DIRECTOR

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UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

Report of Review-Contract 2255
Docket No. OME-6632 (Copper)
Baumgartner Oil Company (Operator)
Ouray County, Colorado

Washington, D.C.
May 1971

We reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to the minerals exploration Contract No. 2255 with Baumgartner Oil Company (Operator) and examined the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey. The review was made during May 1971 at Washington, D.C.

The contract was awarded on December 29, 1967, for $71,000, the total estimated cost of the project, with OME participating on a 50 percent basis or not in excess of $35,500. The purpose of this contract was to explore by geophysical survey methods and diamond core drilling for copper-bearing ore bodies occurring in brecciated pipes which had locally intruded fractured and faulted rocks of the San Juan and Silverton volcanic cauldrons of Tertiary Age. All splits of samples for assay were to be analyzed for silver and copper, and for gold, lead, and zinc.

Repayment of disbursed Federal funds plus interest at 7 3/4 percent was to be made on the basis of established royalties of all minerals and metals produced from the land during the exploratory operations and for a period of 12 years from the date of the contract should a certification of possible production be made by OME. All work under the amended contract was to be completed

within 34 months from the date of the contract or by October 29, 1970. Amendments suspended work from November 29, 1968, to July 1, 1970, because of adverse winter weather and to evaluate a report on the completed geophysical survey of the project area.

The work was to be divided into two stages. Stage I consisted of bulldozing access roads to the drill sites, leveling the sites, and drilling not more than three diamond drill holes totaling not more than 2100 feet and conducting an electrical resistivity geophysical survey on approximately 17,600 feet of surveyed lines. Stage II depended upon the results obtained in Stage I, and consisted of work similar to that described in Stage I.

Stage I of the contract was completed on November 29, 1968, and consisted of 2,236 feet of diamond core drilling and 15,750 feet of geophysical work. The results of this work were not encouraging and did not warrant further exploration. For this reason the contract was terminated effective July 1, 1970. No certification of possible production was made. Field inspections were made and three vouchers were submitted to the OME Region III office.

The first two vouchers with accepted costs of $20,249 were covered in a previous review dated September 15, 1969. This review covers the third and final voucher with accepted costs of $913. The total units of work authorized and approved under Contract 2255 are summarized in Exhibit I.

We believe that the claimed and accepted costs of $21,162 and OME participation on a 50 percent basis or $10,581 were proper under the terms of the contract.

C. D. Boon

Regional Director

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Actual Costs	Authorized Amounts Stage I	Stage II	Totals	Accepted Costs	Unexpended Balance
Category (1) Individual Contracts					
Mobilizing and Demobilizing One Bulldozer	$ 100	$	$ 100	$ 100	$
Bulldozing roads and drill sites,					
25 hours at $18/hour	450		450	450	
40 hours at $18/hour		720	720		720
Mobilizing and Demobilizing drilling rig	750		750	750	
Overburden drilling and setting of casing					
60 feet at $9/foot	540		540	270	270
140 feet at $9/foot		1,260	1,260		1,260
Diamond Core drilling					
2,100 feet at various rates	13,695		13,695	12,722	973
5,000 feet at various rates		31,955	31,955		31,955
Cementing, reaming, drilling cement and installing casing					
83 hours at $14/hour	1,162		1,162	1,162	
65 hours at $14/hour		910	910		910
Casing lost in completed holes					
124 feet at various rates	308		308	171	137
250 feet at various rates		625	625		625
Moving and setting up drill rig					
20 hours at $10/hour	200		200	200	
45 hours at $10/hour		450	450		450

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Actual Costs	Authorized Amounts Stage I	Stage II	Totals	Accepted Costs	Unexpended Balance
Category (1) Individual Contracts					
Rental of water truck 6 months at $190/month	$	$ 1,140	$ 1,140	$	$ 1,140
Hauling water 3,500 miles at $0.12/mile		420	420		420
Core boxes					
110 boxes at $1/box	110		110	110	
250 boxes at $1/box		250	250		250
Total Category (1)	$17,315	$37,730	$55,045	$15,935	$39,110
Category (2) Personal Services					
Subcategory (A) Supervision and Technical Services					
1-Supervisor-geologist-engineer					
3 months at $750/month	$ 2,250	$	$ 2,250	$ 2,250	$
6 months at $750/month		4,500	4,500		4,500
1-Outside Consultant (2 days/month)					
6 days at $75/day	450		450	450	
12 days at $75/day		900	900		900
Total Category (2)	$ 2,700	$ 5,400	$ 8,100	$ 2,700	$ 5,400

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Actual Costs	Authorized Amounts Stage I	Authorized Amounts Stage II	Authorized Amounts Totals	Accepted Costs	Unexpended Balance
Category (7) Miscellaneous					
Per diem, outside Consultant					
6 days at $16/day	$ 96	$	$ 96	$ 96	$
12 days at $16/day		192	192		192
Mileage Denver to project area and return					
4,200 miles at $0.10/mile	420		420	420	
8,400 miles at $0.10/mile		840	840		840
FICA, payroll taxes, insurance					
10.4% of $2,250	234		234	134	100
10.4% of $4,500		468	468		468
Office Expense, Accounting and Engineering					
3 months at $50/month	150		150	150	
6 months at $50/month		300	300		300
Assaying					
375 samples	1,160		1,160	152	1,008
800 samples		2,420	2,420		2,420
Copper, gold, lead, silver, and zinc $3/each determination					
Gold and silver $3.50/sample					
Total Category (7)	$2,060	$4,220	$6,280	$952	$5,328

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Fixed Unit Costs 1/	Authorized Amounts Stage I	Stage II	Totals	Accepted Costs	Unexpended Balance
Electrical resistivity survey 15,750 feet	$ 1,575	$	$ 1,575	$ 1,575	$
Total all categories	$23,650	$47,350	$71,000	$21,162	$49,838
Government Participation at 50%	$11,825	$23,675	$35,500	$10,581	$24,919

1/ The completed job is the unit of work.

I-C-DC-OME-3-70
Government's copy

UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

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Kilsgaard
Kirkemo

Report of Review-Contract 2255
Docket No. OME-6632 (Copper)
Baumgartner Oil Company (Operator)
Ouray County, Colorado

Report of Review

OFFICIAL COPY
O. M. E.
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Washington, D.C.
September 1969

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

SEP 15 1969

Memorandum

To: Director, Geological Survey

From: Regional Director, Audit Operations, Region I

Subject: Review of Contract 2255
Docket No. OME-6632 (Copper)
Baumgartner Oil Company (Operator)
Ouray County, Colorado

As requested by the Chief, Office of Minerals Exploration, we made a cost review of Contract 2255. The results of our review are shown in the attached report.

C. D. Bauer

Attachment

We reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to the minerals exploration contract No. 2255 with Baumgartner Oil Company (Operator) and examined the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey. The review was made during September 1969 at Washington, D.C.

The contract was awarded on December 29, 1967, for $71,000, the total estimated cost of the project, with OME participation on a 50 percent basis or not in excess of $35,500. The purpose of this contract was to explore by geophysical survey methods and diamond core drilling for copper-bearing ore bodies occuring in brecciated pipes which had locally intruded fractured and faulted rocks of the San Juan and Silverton volcanic cauldrons of Tertiary age. All splits of samples for assay were to be analyzed for silver and copper, and for gold, lead, and zinc.

Repayment of disbursed Federal funds plus interest at 7-3/4 percent was to be made on the basis of established royalties of all minerals and metals produced from the land during the exploratory operations and for a period of 11 years from the date of the contract should a certification of possible production be made by OME. All work under the contract was to be completed within 24 months from the date of the contract or by December 29, 1969. Amendments suspended work

from November 30, 1968, to October 1, 1969, because of adverse winter weather, also to conduct an induced-polarization geophysical survey in the immediate areas of the breccia pipes.

The work was to be divided into two stages. Stage I consisted of bulldozing access roads to the drill sites, leveling the sites, and drilling not more than three diamond drill holes totaling not more than 2,100 feet, and conducting an electrical resistivity geophysical survey on approximately 17,600 feet of surveyed lines. Stage II, dependant upon the results obtained in Stage I, consisted of similar work as provided for in Stage I of the contract.

Field inspections were made and two vouchers were submitted to the OME Region III office.

The units of work authorized and paid under contract No. 2255 are summarized on Exhibit I. We believe that the claimed and accepted costs of $20,249, and the OME participation on 50 percent basis for $10,124, were proper under the terms of the contract.

C. D. Baer
Regional Director

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Actual Costs	Authorized Amounts Stage I	Stage II	Totals	Accepted Costs	Unexpended Balance
Category (1) Individual Contracts					
Mobilizing and Demobilizing One Bulldozer	$ 100	$	$ 100	$ 100	$
Bulldozing roads and drill sites,					
25 hours at $18/hour	450		450	450	
40 hours at $18/hour		720	720		720
Mobilizing and Demobilizing drilling rig	750		750	750	
Overhurden drilling and setting of casing					
60 feet at $9/foot	540		540	270	270
140 feet at $9/foot		1,260	1,260		1,260
Diamond Core drilling					
2,100 feet at various rates	13,695		13,695	12,722 12,475	973
5,000 feet at various rates		31,955	31,955		31,955
Cementing, reaming, drilling cement and installing casing					
83 hours at $14/hour	1,162		1,162	420	742
65 hours at $14/hour		910	910		910
Casing lost in completed holes					
124 feet at various rates	308		308		308
250 feet at various rates		625	625		625

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Actual Costs	Authorized Amounts Stage I	Stage II	Totals	Accepted Costs	Unexpended Balance
Moving and setting up drill rig					
20 hours at $10/hour	200		200	200	
45 hours at $10/hour		450	450		450
Rental of water truck					
6 months at $190/month		1,140	1,140		1,140
Hauling water					
3,500 miles at $0.12/mile		420	420		420
Core boxes					
110 boxes at $1/box	110		110	110	
250 boxes at $1/box		250	250		250
Total Category (1)	17,315	37,730	55,045	15,022	40,023
Category (2) Personal Services					
Subcategory (A) Supervision and Technical Services					
1-Supervisor-geologist-engineer					
3 months at $750/month	2,250		2,250	2,250	
6 months at $750/month		4,500	4,500		4,500
1-Outside Consultant (2 days/month)					
6 days at $75/day	450		450	450	
12 days at $75/day		900	900		900
Total Category (2)	2,700	5,400	8,100	2,700	5,400

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Actual Costs	Authorized Amounts Stage I	Stage II	Totals	Accepted Costs	Unexpended Balance
Category (7) Miscellaneous					
Per diem, outside Consultant					
6 days at $16/day	96		96	96	
12 days at $16/day		192	192		192
Mileage Denver to project area and return					
4,200 miles at $0.10/mile	420		420	420	
8,400 miles at $0.10/mile		840	840		840
FICA, payroll taxes, insurance					
10.4% of $2,250	234		234	134	100
10.4% of $4,500		468	468		468
Office Expense, Accounting and Engineering					
3 months at $50/month	150		150	150	
6 months at $50/month		300	300		300
Assaying					
375 Samples	1,160		1,160	152	1,008
800 Samples		2,420	2,420		2,420
Copper, gold, lead, Silver, and zinc $3/each determination					
Gold and silver $3.50/sample					
Total Category (7)	2,060	4,220	6,280	952	5,328

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Fixed Unit Costs 1/	Authorized Amounts Stage I	Stage II	Totals	Accepted Costs	Unexpended Balance
Electrical resistivity survey 15,750 feet	1,575		1,575	1,575	
Total all categories	23,650	47,350	71,000	20,249	50,751
Government Participation at 50%	11,825	23,675	35,500	10,124 2/	25,376

1/ The completed job is the unit of work.
2/ Less $200 pending resumption of work or a final report by the Operator.

Government's copy

Received OME Denver, 1970 12/16/70 Date stamp broke. New one ordered.

EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

Termination Agreement

It is agreed this 14th day of December, 1970, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, Office of Minerals Exploration, hereinafter called the "Government," and F. W. Baumgartner, an individual, d/b/a Baumgartner Oil Company, hereinafter called the "Operator," parties to that certain Exploration Contract No. 2255 (OME-6632), dated December 29, 1967, as amended, hereinafter called the "Contract" that:

1. Effective July 1, 1970, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the allowable costs incurred prior to July 1, 1970.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the contract, including furnishing to the Government three copies of a final report (in addition to the final monthly report) which 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 related costs thereof.

4. All rights of the Government provided for in the Contract with respect to a certification of possible production, percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayments are hereby preserved.

5. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said contract except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

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

F. W. Baumgartner, d/b/a
Baumgartner Oil Company

Martin
Lindal
Emerick
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MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/23/70	Emerick	120
11/24/70	Kiebano	120
		220
		120M

November 23, 1970

Memorandum

To: The File

From: William L. Emerick
Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Justification for Termination Agreement

The purpose of the project was to explore by geophysical survey methods and by diamond core drilling for copper-bearing ore bodies in brecciated pipes intruding volcanic rocks of Tertiary age. The work was divided into two stages with Stage II work contingent upon results obtained in Stage I. Total estimated costs of the project amounted to $71,000 with Government participation at 50 percent, or $35,500.

Stage I of the contract was completed on November 2, 1968 and consisted of 2,236 feet of diamond core drilling and 15,570 feet of geophysical work. The results of this work were not encouraging.

The observations and conclusions of Burbank and Luedke with many years of geological work in the San Juan area suggested that the proposed drilling of Stage II should not be undertaken with Government assistance. In their opinion the bulk of the ore in the chimney deposits probably has been mined, and mining ended at a depth when non-economic ore was encountered. The chimney-shaped ore bodies in the upper and productive levels of mining apparently led from mineralized fissures at lower levels where ore shoots occurred at fissure intersections. The fissures are discontinuous, difficult to follow, and do not offer favorable exploration targets. The increase in pyrite-quartz with depth in place of the typical rich, silver-bearing mineral assemblage of the chimney deposits further suggests that the proposed Stage II targets do not warrant exploration.

After many months of delay the Operator finally requested a termination of the contract on September 2, 1970. The Field Officer recommended in a memorandum dated November 18, 1970 that the contract be terminated.

I concur that the contract be terminated because of the remote possibility that any significant ore discovery will be made by continuing the contract.

William L. Emerick (bsl)

William L. Emerick

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

WLEmerick/bsl 11/23/70

Government's Copy

EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

AMENDMENT NO. 5

It is agreed this 5th day of November, 1969, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and F. W. Baumgartner, d/b/a Baumgartner Oil Company, hereinafter called the "Operator," that Exploration Contract 2255 (OME-6632), dated December 29, 1967, as amended, is further amended effective September 30, 1969, as follows:

1. The time fixed by Article 1(a) of the contract, as amended by Amendment No. 2 for completion of the work is further extended from twenty-four (24) to thirty-four (34) months from the date of the contract, or until October 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 eleven (11) to twelve (12) years from the date of the contract.

3. (a) The time fixed in Amendment No. 4 for suspension of work is further extended for a period of nine months or from October 1, 1969 to July 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) During the period of suspension the Operator, at its own cost and expense and without contribution by the Government, 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

Long
App'd. Sol. Off.
Pearson
Kirkemo
Kildegaard

BAUMGARTNER OIL COMPANY

By F W Baumgartner

Title

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OFFICIAL FILE COPY

Date	Surname	Code
10/29/69	Kirkemo	120
		120
		220
		120M

October 29, 1969

Memorandum

To: The File

From: Edward C. Peterson
Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Cora Belle-Red Mountain No. 3
Contract 2255

Justification for Amendment No. 5

In a letter dated October 17 to the OME Field Officer, the Operator requested that the suspension period allowed in Amendment No. 4 be extended until July 1, 1970. The additional time is needed to complete and evaluate the report on a recently completed geophysical survey of the project area. In addition, should further exploration be warranted, such work must be delayed until next summer because of the early onset of winter conditions in the area.

It is recommended that the request be granted. The additional time will also allow the Field Officer to review the completed work, and consult with the Survey geologist who has been mapping the breccia pipes in the area in greater detail, to determine whether Stage II exploration is warranted.

Preliminary indications are that additional exploration is warranted.

Edward C Peterson

Edward C. Peterson

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

ECPeterson/bsl 10/29/69

Government's Copy

EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

AMENDMENT NO. 4

It is agreed this 18th day of June, 1969, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and F. W. Baumgartner, d/b/a Baumgartner Oil Company, hereinafter called the "Operator," that Exploration Contract 2255 (OME-6632) dated December 29, 1967, as amended, is further amended effective June 1, 1969, as follows:

1. (a) The time fixed in Amendment No. 2 for suspension of work is further extended for a period of three months or from July 1, 1969 to October 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) During the period of suspension the Operator, at its own cost and expense, and without contribution by the Government, 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

BAUMGARTNER OIL COMPANY

By F W Baumgartner

Title Owner

Long
App'd. Sol. Off.
Kirkemo
Kielsgaard
Crymes

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OFFICIAL FILE COPY

Date	Surname	Code
6/11/69		120
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		220
		120M

June 11, 1969

Memorandum

To: The File

From: Edward C. Peterson
Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Justification for Amendment No. 4

The Operator has requested that the suspension period allowed in Amendment No. 2 (November 28, 1968 to July 1, 1969) be extended for an additional three months, or until October 1, 1969, allowing him on his own account, to conduct an induced-polarization geophysical survey in the immediate areas of the breccia pipes. He also requested that the time fixed for completion of work be extended one additional year, or to December 29, 1970, to allow completion of the geophysical survey and Stage II drilling.

Although no significant ore grade material was discovered as a result of Stage I exploration, it is concluded that there is enough indication of mineralized material to warrant the survey proposed by the Operator.

I concur with the Field Officer's recommendation to approve the Operators request for the additional three months recess. However, we both agree that the request for the one year extension should not be approved at this time. Additional time can be granted if the results of the new work indicate that Stage II exploration is warranted.

Edward C. Peterson

Edward C. Peterson

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

ECPeterson/bsl 6/11/69

Government's copy

EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

AMENDMENT NO. 3

It is agreed this 24th day of February, 1969, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and F. W. Baumgartner, d/b/a Baumgartner Oil Company, hereinafter called the "Operator," that Exploration Contract 2255 (OME-6632), dated December 29, 1967, as amended, is further amended, effective the date of the contract as follows:

1. In Exhibit A:

(a) Under he heading Estimated Cost of Project, Stage I, is revised to read as follows:

Actual Costs

Category (1) Independent Contracts

Mobilizing and demobilizing one bulldozer	$ 100.00
Bulldozing roads and drill sites, 25 hours @ $18.00/hr.	450.00
Mobilizing and demobilizing drilling rig	750.00
Overburden drilling and setting of casing 60 feet @ $9.00/foot	540.00
Diamond core drilling, 2,100 feet	13,695.00

	Rates/foot		
Depth, feet	NXWL	BXWL	AXWL
0 - 500	$6.45	$5.80	$5.30
500 - 1000	$7.90	$6.70	$6.00

Cementing, reaming, drilling, cement, and installing casing, 83 hours @ $14.00/hr	1,162.00

"Non-commercial copy"

[illegible]
[illegible]
[illegible]

[illegible]

It is agreed this _____day of _____, 1969, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and [illegible], hereinafter called the "Contractor," pursuant to the authority of the Act of December 22, 1927 (U.S.C. 30), as amended, as further amended, effective the date of the contract as follows:

I. The Exhibit is:

(a) Under the heading Estimated Cost of Project, Status 1, is hereby to read as follows:

Annual Costs

Category (1) Exploratory Contracts

Mobilization and demobilization and maintenance	$ [illegible]
Drilling, tests, and drill sites, 24 hours @ $[illegible]/hr.	[illegible]
Mobilization and demobilization, [illegible]	[illegible]
Overburden drilling and casing or casing 60 feet @ $9.0[illegible]/foot	[illegible]
Diamond core drilling, 2,100 feet	[illegible]

Depth, feet	Rate/foot Water Bearing Rock	
0 - 300	[illegible]	$5.00 [illegible]
300 - [illegible]	[illegible]	$6.[illegible] [illegible]

Geologist, testing, drilling, coring, and installing casing, 23 hours @ $[illegible]/hr [illegible]

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MAR 5 1969

Casing lost in completed holes, 124 feet	$ 308.00
NX @ $3.00/foot	
BX @ $2.00/foot	
AX @ $1.25/foot	
Moving and setting up drillrig 20 hours @ $10.00/hr.	200.00
Core boxes, 110 boxes @ $1.00/box	110.00
	$17,315.00

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

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Francis E. Johnson
Chief, Office of Minerals Exploration
U. S. Geological Survey

BAUMGARTNER OIL COMPANY

By H H Baumgartner

Title

3/5/69

Long
Peterson
Johnson
2/22 Kulogoski
Keyes

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/10/69	Kitsemo	120
		120
2/10	Johnson	110
		220
		120M

February 10, 1969

Memorandum

To: The File

From: Edward C. Peterson
Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Justification for Amendment No. 3

A number of problems were encountered during Stage I drilling because of the highly fractured and faulted areas penetrated by the drill holes. As a result, funds appropriated in the contract for cementing, reaming, drilling cement, and installing casing were exceeded by several times.

In view of this, the Operator has requested that the contract be amended to allow monies allotted for water haulage, which were not used, be utilized instead to help defray these additional drilling expenses.

This was a mutual error of the Operator and Government as neither party at the time the contract was prepared anticipated the difficulties experienced during the exploration. Therefore, in order that the Operator may be reimbursed for the Government's share of the actual costs incurred, it is recommended that the request be approved.

Edward C. Peterson

Edward C. Peterson

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

ECPeterson/bsl 2/10/69

Government's copy

OME Region III
RECEIVED
FEB 3 - 1969
Denver, Colorado

EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

AMENDMENT NO. 2

It is agreed this 21st day of January, 1969, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and F. W. Baumgartner, d/b/a Baumgartner Oil Company, hereinafter called the "Operator," that Exploration Contract 2255 (OME-6632), dated December 29, 1967, as amended is further amended effective November 28, 1968, as follows:

1. The time fixed by Article 1(a) of the contract, as amended by Amendment No. 1 for completion of the work is further extended from twenty (20) to Twenty-four (24) months from the date of the contract, or until December 29, 1969.

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 November 29, 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) During the period of suspension the Operator, at its own cost and expense and without contribution by the Government, 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

BAUMGARTNER OIL COMPANY

By S. H. Baumgartner

Title Owner

Long
E. Peterson
Kirkemo
Johnson
Kilgoard
Olson

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

February 3, 1969

OME Region III
RECEIVED
FEB 3 - 1969
Denver, Colorado

Mr. J. William Hasler
Field Officer, Region III
Building 53, Room 200
Federal Center
Denver, Colorado 80225

RE: OME-6632 (copper)
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Mr. Hasler:

Please find executed copies of ammendment to contract 2255 (OME-6632).

Enjoyed seeing you at the mining convention. Hope you felt the talks were as worthwhile as I did.

Will be seeing you in the near future.

Very truly yours,

BAUMGARTNER OIL COMPANY

Robert A. Larson

Robert A. Larson
Mining Engineer
Mining Division

RAL/mkw

Enclosure: 1

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/3/68		120
	(on leave)	120
"	Johnson	110
		220
		120M

1/3/68

Memorandum

To: The File

From: Edward C. Peterson

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Justification for Amendment No. 2

The Operator had advised OME that adverse winter weather will prevent access to the project area until about July 1 and has requested a recess in project operations until that date. Accordingly, the Field Officer has recommended than an amendment be prepared to allow for a recess in the project work from November 30, 1968, to July 1, 1969, and also extend the time for completion of the contract to December 29, 1969. Stage I work was completed before work was terminated.

I concur with the Field Officer's recommendation to recess the project which will also allow him ample time to review and evaluate the work completed to date and make recommendations concerning possible additional work authorized under Stage II of the contract. The extension of time to complete any work under Stage II is necessitated because of the recess.

Edward C. Peterson

Edward C. Peterson

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

ECPeterson/bsl 1/3/68

Government's Copy

EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

AMENDMENT NO. 1

It is agreed this 24th 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 F. W. Baumgartner, d/b/a Baumgartner Oil Company, hereinafter called the "Operator," that Exploration Contract 2255 (OME-6632), dated December 29, 1967, is amended effective May 31, 1968, as follows:

1. The date fixed by Article 1 of the contract for the starting of the work is changed from June 1, 1968, to August 1, 1968.

2. The time fixed by Article 1 of the contract for completion of the work is extended from 18 to 20 months, or from June 29, 1969, to August 29, 1969.

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

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Chief, Office of Minerals Exploration

Bliss
Long
Peterson
Johnson
Kilsgaard
Kaye

BAUMGARTNER OIL COMPANY

By F. W. Baumgartner
Title Owner

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/10/68	Kirkham	120
		120
6/10	Johnson	110
		110
		220
		120M

1 0 JUN 1968

Memorandum

To: The File

From: E. C. Peterson

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Justification for Amendment No. 1

Continued severe winter weather and subsequent spring storms have prevented the Operator from beginning work under the subject contract by the June 1 starting date. Consequently, the Operator in a letter dated May 29, 1968, requested permission to start the work at a later date.

As no work on the project has been done, it is in the Government's interest to maintain the contract in force, thereby retaining the opportunity for a significant discovery.

I concur with the Field Officer's recommendation to defer the starting date two months, or until August 1, 1968.

Edward C. Peterson

Edward C. Peterson

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

ECPeterson/bsl 6/10/68

MME Form 50
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. GEOLOGICAL SURVEY

OME Region III
RECEIVED
Government's Copy
JAN 2 1968
Denver, Colorado

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME -6632	Copper	2265	Ouray	Colorado

It is agreed DEC 2 9 1967 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

F. W. Baumgartner, an individual, d/b/a

Baumgartner Oil Company,

whose mailing address is 737 Grant Street, Denver, Colorado 80203, hereinafter called the "Operator," as follows:

ARTICLE 1. 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 1 June 1968 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 18 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $ 71,000.00 . The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $ 35,500.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest at the rate of 7 - ¾ 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 right 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 7 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) Independent contracts.--To the extent that the allowable costs are estimated in Exhibit A with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed (see Article 6(a), Category (1)). Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) 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. 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 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. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(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; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

(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 related costs.

(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 the 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. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

(1) the necessary, reasonable, and direct actual costs that are estimated in Exhibit A by categories as specified in this article; and

(2) fixed costs for units of work to be performed (per foot, per hour, etc.) agreed upon in lieu of actual costs and set forth in Exhibit A.

The Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost; any excess over a fixed unit cost; and any excess over the total allowable cost of the work are not allowable. The Operator shall incur such excesses for his own account without contribution by the Government, but the Operator is not obligated to incur more than his agreed percentage of the total allowable cost of the work.

Any category or subcategory or element thereof not designated as a maximum in this article, or in Exhibit A may be exceeded, provided that the total allowable cost of the work, which is a maximum, is not exceeded.

CATEGORY (1)--INDEPENDENT CONTRACTS.--(See Article 3(b)). The total of this category and the average unit cost estimated for each type of work to be performed under an independent contract are maximums.

CATEGORY (2)--PERSONAL SERVICES.

Subcategory (a)--Supervision and Technical Services--All elements of this subcategory (number of supervisors, technicians, outside consultants, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)--Labor.

CATEGORY (3)--OPERATING MATERIALS AND SUPPLIES.--Includes such items as drill bits and steel, explosives, fuel, pipe, power, timber, rail, and small tools costing less than $50 each.

CATEGORY (4)--OPERATING EQUIPMENT.

Subcategory (a)--Rental.--The number of each rented item [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)--Purchases.--The total of this subcategory is a maximum.

Subcategory (c)--Depreciation.--All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)--INITIAL REHABILITATION AND REPAIRS.--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

Subcategory (a)--Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).--The total of this subcategory is a maximum.

Subcategory (b)--Initial rehabilitation and repairs of operating equipment.--The total of this subcategory is a maximum.

CATEGORY (6)--NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

CATEGORY (7)--MISCELLANEOUS.--Includes requirements and costs that do not fall within any of the first six categories, such as repairs other than initial and maintenance of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, and communications.

(b) Nonallowable costs.--In addition to the limitations imposed by paragraph (a) of this Article 6 the Government will not contribute to the following costs:

(1) Costs of the land, such as rental, depreciation, depletion, or other costs of acquiring, owning, or holding possession;

(2) Indirect costs, such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) Previous work performed or costs incurred before the date of this contract; and

(4) Deferred payments.--Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods, unless the purchase agreement is approved by the Government in writing.

(c) Reductions in costs.--The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original total cost. The provision does not apply to receipts from production which are subject to the Government's royalty under the provisions of Article 7.

ARTICLE 7. 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 retains 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 7(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 8. Interests in purchased property.--(a) Title and ownership.--All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions although title thereto shall be taken in the name of the Operator.

(b) Preservation of property.--Until the final disposal of any property in which the Government has an interest, the Operator shall preserve and protect same for the best interest of the Government, and any reasonable and necessary cost thereof will be treated as an allowable cost of the exploration. After the completion of the work, termination of the Government's obligation to contribute, or when such property is not being used for the work, the Operator shall not use it elsewhere without the written consent of the Government and without paying a reasonable rental to be fixed by the Government for its proportionate interest.

(c) Disposal of property.--Upon the completion of the work, termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, sale to others, purchase by the Operator, or sale or transfer to the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government, the Operator shall not sell at any price any item of property that cost more than $500, and shall not sell at less than 25 percent of the purchase price any item of property that cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or offers. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, explosives, pipe, or rail), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item, the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the exploration.

(d) Default of the Operator re disposal.--If within 90 days after the completion of the work, termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may:

(1) in writing extend the time within which the Operator must dispose of or liquidate the property;

(2) by written notice to the Operator, place upon such property what it determines to be a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; and

(3) enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 9. 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 contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to final accounting and reporting; 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 contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to final accounting and reporting; 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 9 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 13.

ARTICLE 10. 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 11. 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 12. 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 13. 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 14. 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 15. 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 16. Changes and added provision.--

FROM SOLICITOR FOR SIGNATURE

Executed in ~~duplicate~~ quadruplicate the day and year first above written.

F. W. Baumgartner, d/b/a
(Operator)

THE UNITED STATES OF AMERICA

Baumgartner Oil Company

By
Acting Director, U.S. Geological Survey

Title

Bliss
Long
Peterson
Kirkemo
Johnson
Lueb
Kupp

I, _____, certify that I am the
(Name)

_____ secretary of the corporation named as Operator herein; that

_____, who signed this contract on behalf of the Operator, was then
(Name)

_____ of said corporation; that said contract was duly signed for
(Title)

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
BAUMGARTNER OIL COMPANY
OME-6632

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract, consists of forty-six (46) patented and seven (7) unpatented lode mining claims in secs. 1, 12, 13, T. 42 N., R. 8 W and in secs. 6 and 7, T. 42 N., R. 7 W., NMPB&M, Red Mountain Mining District, Ouray County, Colorado. The outer boundaries of the claim groups are outlined in red on Figure 1 entitled, "Property Map, Baumgartner Oil Company," attached hereto and made part hereof.

Patented claims owned by the Operator are as follows:

Name	Survey No.	Name	Survey No.
Allen	2629	Lost Wonder	1907
American Girl	1925	Mountain Chief	2591
Andalusia (East half)	6856	Puzzle	2591
Belinda	7712	Red Chief	2591
Buckeye Boy	1927	Shakespere	4851
Undivided 1/2 Copper King	2474	Silver King	6525
Jackstaff	2025	White Cloud Undivided 1/3	1492

Unpatented claims owned by the Operator, are recorded in the Ouray County Court House, Ouray, Colorado as follows:

Name	Book No.	Page	Name	Book No.	Page
Crazy Horse No. 1	165	171	Robin Hood No. 1	165	169
Little John No. 1	165	170	Windjammer No. 1	165	172
Little John No. 2	165	173	Windjammer No. 2	165	174

The Operator is in possession of the following group of mining claims by virtue of a Contract dated April 5, 1967, by Halliburton Oil Producing Company, owner of the claims.

Patented Claims

Name	Survey No.	Name	Survey No.
Albia	11613	Little Annie	1491
Barilla	2386A	Lost Boy	7121
Caledonian	1534	Manchester Boy	2475
Charter Oak	2416	Massasoit	2532
Confidence	2374	Monitor	2345
Cora Belle	2342	Morning Star	2344
Elmora	1546	Mountain Quail	7127
Emma	1487	Red Mountain	2343
Enterprise 57/60	1305	Rogers	1533
Forest Queen	2672	Saxo	5349
Fourth of July	6946	Smuggler	1517
Gunboat	2509	Telluride	15315
Guston	1387	Texas	18583
Joker	17301	Veta	2373
Joker No. 2	17301	White Cloud 8/12	1492
Last Chance	2469		

Unpatented Claim

Name	Book No.	Page
Thompson	123	111

A Lien and Subordination Agreements executed August 16, 1967, by the owner of the group of claims listed above is attached hereto and made part hereof.

The Operator is in possession of the following patented mining claims by virtue of an Agreement of Purchase and Sale dated August 11, 1967, by Charles M. Shaw and J. M. McFadden, owners of the claims.

Name	Survey No.
Rough and Ready	2202
Treasure Trove	2201

A Lien and Subordination Agreements executed August 10, 1967, by the owners of the claims is attached hereto and made part hereof.

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 additional right, title, or interest in or with respect to any land including minerals therein, situate within the claim groups outlined in red on Figure 1, it is agreed that such land shall thereupon become subject to the provisions of this contract, and the parties hereto shall promptly execute amendments to this contract listing such land as land included in this contract.

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 – 2255
Contract Date DEC 3 1967

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of SAN JUAN, OURAY AND COUNTIES, State of COLORADO,

described as follows:[2] See attached Schedule

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

F. W. BAUMGARTNER[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/ [illegible] (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 16th day of August, 19 67.

HALLIBURTON OIL PRODUCING COMPANY 2915 Classen Boulevard (Street)
(City & State) Oklahoma City, Oklahoma

By: C. E. Davis (Seal)

_____ (Street)
(City & State)
_____ (Seal) _____

_____ (Street)
(City & State)
_____ (Seal) _____

_____ (Street)
(City & State)
_____ (Seal) _____

_____ (Street)
(City & State)
_____ (Seal) _____

_____ (Street)
(City & State)
_____ (Seal) _____

I, Malcolm E. Rosser (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporation named herein; that C. E. Davis (Name), who signed this agreement was then President (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.

Malcolm E. Rosser
(Corporate Seal)

SCHEDULE 1

Claims located in the Red Mountain Mining District, Ouray and San Juan Counties, Colorado:

Claim:	Survey Number:
Alabama	17307
Albia	11613
Alexandria	1930
American Boy	1938
Aster	5079
Barilla	2386A
Barilla Mill Site	2386B
Bonnie Bell	19416
Caledonian	1534
C. B.	17307
Und. 97/100 Champion	1561
Charter Oak	2416
Como	4511
Confidence	2374
Consolidated Virginia	2556
Und. 1/2 Copper King	2474
Cora Belle	2342
Cross Bar	17298
Cross Bar No. 2	17298
Crown Jewell	2473
Dakota	17307
Denver	1856
Diana	1863Am
Dunboy	19386
East Star	17307
Elmora	1546
Emma	1487
57/60 Enterprise	1305
Evening Star	17307
Excelsior	2422
Florida	6754
Forest Queen (Surface sold)	2672
Fourth of July	6946
Genessee	1472
Genetta	2032
Geneva	1836
Georgia	17307
Gould & Curry	2556
Und. 97/120 Green Timber	2546
Gunboat	2509
Guston	1387
Half Acre	19221
Hidden Treasure	2050
Highland Chief	1471
Index	17298
Und. 5/6 Irish Girl	1564
Und. 1/2 Iron Chest	2650
Jackson	2553
Joker	17301
Joker No. 2	17301
J. R. Dutton	2112
Kokomo	2049
Last Chance (Surface sold)	2469
Little Annie	1491
Little Maud	1528
Lookout	4890
Lost Boy	7121

112180 Filed for record at 2:15 o'clock P.M., April 20, 1967.
Duly recorded in Book 182, Pages 53, 54, 55, 56, 57 and 58.
Addie A. Sim, Recorder

Madcap	17350
Maine	17307
Manchester Boy	2475
Maryland	17300
Massasoit	2532
Mississippi	17300
Missouri	17307
Monitor	2345
Morning Star	2344
Morning Star	17307
Mountain Quail	7127
New Haven	2423
New York	17307
North Star	17307
N. S.	17307
Old Kentuck	2677
Oregon	17307
Orphan Boy	1385
Orphan Boy No. 2	2568
Ottawa	6446
Ouray Girl	7196
Pennsylvania	17307
Pirate	17307
Pleasant View	19386
Polo Star	17307
Puritan	17350
Ranger	4681
Red Mountain	2343
Redner	17350
Robinson	1386
Rogers	1533
Rose Bud	7196
Saxo	5349
Und. 1/2 Schultz Wonder	7265
Und. 5/6 Scotch Girl	1551
Und. 1/2 Silver King	6525
Smuggler	1517
South Star	17307
Sumner	17350
Telluride	15315
Texas	18583
Union Trust	2334
Vanderbilt	2254
Veta	2373
West 1/2 Virginia	2003
8/12 White Cloud (Surface sold)	1492
Wisconsin	2424
Yankee Girl	1384
Yellow Jacket	5540
Longfellow	5341
Whittier	5348

Unpatented claims in Ouray County:

	Recording Data
B & S	Book 83, Page 223
B & W	Book 83, Page 262
Chip	Book 79, Page 134
Demijohn	Book 83, Page 259
F. G. Duvall	Book 83, Page 261
Iron Master	Book 83, Page 260
June Bug	Book 79, Page 152
Left Bower	Book 79, Page 6

Lock	Book 79, Page 417
Maud	Book 123, Page 110
Philadelphia	Book 83, Page 263
Red Star	Book 79, Page 417
R.R.S.	Book 83, Page 244
Sarah	Book 123, Page 110
Sharon	Book 79, Page 418
Thompson	Book 123, Page 111
Wasp	Book 79, Page 418
Red	Book 123, Page 288
Rex	Book 123, Page 287
Reb	Book 123, Page 288
Linchpin	Book 150, Page 435

Unpatented claims in San Juan County:

O. A. Day (part in Ouray County)	Book 124, Page 398
Shaker (part in Ouray County)	Book 129, Page 42
Monday	Book 92A, Page 284
Thursday	Book 92A, Page 285
Saturday	Book 92A, Page 286
Second Thought	Book 172, Page 369

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– 2255
Contract Date DEC 29 1967

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of OURAY, State of COLORADO, described as follows:[2] The Treasure Trove Mining Claim 2201 as described in Mineral Certificate 298, Reception No. 28544, and the Rough and Ready Mining Claim 2202 as described in Mineral Certificate 399, Reception Number 109775 of the records of Ouray County, Colorado 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

F. W. BAUMGARTNER[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 _____ (State "None" or "See Annex No. ____".)

Dated this 10th day of August, 19 67

Charles M. Shaw	(Seal)	Route 1, Box 168	(Street)
Charles M. Shaw		Carmel, California	(City & State)
J. M. McFadden	(Seal)	271 North Monterey Road	(Street)
J. M. McFadden		Palm Springs, California	(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
BAUMGARTNER OIL COMPANY
OME-6632

EXHIBIT A

The purpose of this project is to explore by geophysical survey methods and diamond core drilling for copper-bearing ore bodies occurring in brecciated pipes which have locally intruded fractured and faulted rocks of the San Juan and Silverton volcanic cauldrons of Tertiary age.

General Provisions

A bulldozer no smaller than a Caterpillar D-6 or equivalent unit of any other make shall be used to prepare access roads and drill sites.

All drill holes shall be cased through the overburden. The holes shall be completed not less than standard AX core size or equivalent wire line size.

Drill hole intercepts of the target areas shall be no less than 100 feet from the boundaries of the claim groups outlined in Figure I referred to in Annex I.

All drill core shall be stored in boxes identified by hole number with markers in the core sections indicating the depth represented.

Facilities shall be provided for collecting diamond drill sludge, and such sludge shall be retained when drilling in significantly mineralized areas.

All drill core shall be logged and significantly mineralized core shall be split and one split assayed. Whenever core recovery is less than 60 percent, a split of the corresponding retained sludge shall be assayed separately. The remaining core shall be stored in proper sequence with the unsampled core, and the remaining sludge shall be stored in suitable containers properly identified as to hole number and depth.

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

True copies of assay certificates, copies of drill logs, and maps or sketches showing the work completed during the reporting period,

the location, width, and assay value of all samples assayed and the geological formations and structures traversed by the drill holes shall be furnished monthly to the Government.

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

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

The Government will not participate in the cost of any uncompleted item of work, whether it be a drill hole or an approved geophysical survey line.

The proposed geophysical lines shall be accurately surveyed and posted on maps, and the data obtained from the electrical resistivity survey shall be furnished to the Government with geologic interpretation.

The Government will contribute only to the costs of work performed on the areas within the boundaries shown in red on Figure 1, excluding the portions outlined in green which are not owned nor currently leased to the Operator. The location, direction, and extent of each work item shall be subject to Government approval.

The work shall be divided into two stages. The Operator shall complete all of Stage I and as much of Stage II as is authorized in advance by the Government and confirmed in writing. Approval of Stage II shall depend upon the results obtained in Stage I.

Stage I

The work shall consist of bulldozing access roads to the drill sites, leveling the sites, drilling not more than 3 diamond drill holes totalling not more than 2,100 feet, and conducting an electrical resistivity geophysical survey on approximately 17,600 feet (15,750 feet Government participation) of surveyed lines. The approximate location of the work is shown on Figure 2, entitled, "Proposed Stage I Exploration, Cora Belle and Red Mountain No. 3 Areas," attached hereto and made part hereof. The Government will not contribute to the cost of those portions of the geophysical survey shown as dashed lines.

The hole number, area location, bearing, inclination, and approximate length of the 3 diamond drill holes are as follows:

Hole No.	Area	Bearing	Inclination degrees	Length feet
RM-1	Red Mountain No. 3	N.38° E.	-45	700
CB-1	Cora Belle	N.65° E.	-45	700
CB-2	Cora Belle	S.55° E.	-45	700

The geophysical survey line numbers, area location, approximate bearing, length, and Government participation are as follows:

Line No.	Area	Bearing	Length feet	Government Participation feet
1	Red Mountain No. 3	N. 84°E.	700	700
2	Red Mountain No. 3	S. 85°E.	760	760
3	Red Mountain No. 3	N. 82°E.	900	900
4	Red Mountain No. 3	N. 12°E.	1320	1320
5	Red Mountain No. 3	N. 10°E.	1450	1450
1	Cora Belle	S. 40°E.	1750	1380
2	Cora Belle	S. 40°E.	1900	1560
3	Cora Belle	S. 45°E.	1950	1600
4	Cora Belle	S. 47°E.	1700	1700
5	Cora Belle	N. 45°E.	1670	1670
6	Cora Belle	N. 42°E.	1700	1190
7	Cora Belle	N. 42°E.	1800	1520
		Total Length	17,600	15,750

Stage II

The work shall consist of bulldozing access roads to drill sites, leveling the sites, and diamond drilling not more than 5,000 feet. The number of holes, their locations, and depths, shall be contingent upon the results obtained in Stage I.

Estimated Cost of Project

Stage I

Actual Costs

Category (1) Independent Contracts

Mobilizing and demobilizing one bulldozer	$ 100.00
Bulldozing roads and drill sites, 25 hours @ $18.00/hr.	450.00
Mobilizing and demobilizing drilling rig	750.00
Overburden drilling and setting of casing 60 feet @ $9.00/foot	540.00
Diamond core drilling, 2,100 feet	13,695.00

Depth, feet	Rates/foot		
	NXWL	BXWL	AXWL
0 - 500	$6.45	$5.80 (6.20)	$5.30
500 - 1000	$7.90	$6.70	$6.00

Cementing, reaming, drilling cement, and installing casing, ~~30~~ 83 hours @ $14.00/hr.	1,162.00 420.00
Casing lost in completed holes, ~~120~~ 124 feet	305.00 300.00
NX @ $3.00/foot BX @ $2.00/foot AX @ $1.25/foot	
Moving and setting up drill rig 20 hours @ $10.00/hr.	200.00
Rental of water truck 3 months @ $190.00/month	570.00
Hauling water, 1,500 miles @ $0.12/mile	180.00
Core boxes, 110 boxes @ $1.00/box	110.00
	$17,315.00

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 Supervisor - geologist - engineer 3 months @ $750.00/month	$ 2,250.00	
1 Outside Consultant (2 days/month) 6 days @ $75.00/day	450.00	
		$ 2,700.00

Category (7) Miscellaneous

None except:

Per diem, outside consultant, 6 days @ $16.00/day	96.00	
Mileage Denver to project area and return 4,200 miles @ $0.10/mile	420.00	
F.I.C.A., payroll taxes, insurance, 10.4% of $2,250.00	234.00	
Office expense, accounting and engineering, 3 months @ $50.00/month	150.00	
Assaying 375 assays Copper, gold, lead, silver, and zinc, $3.00/each determination	1,125.00	
Gold and silver @ $3.50/sample		
		$ 2,060.00
Total Actual Costs Stage I		$22,075.00

Fixed Unit Costs 1/

Electrical resistivity survey, 15,750 feet	$ 1,575.00
Total Estimated Costs of Stage I	$23,650.00

1/ The completed job is the unit of work.

Stage II

Actual Costs

Category (1) Independent Contracts

Bulldozing roads and drill sites, 40 hours @ $18.00/hr.	$ 720.00
Overburden drilling and setting of casing, 140 feet @ $9.00/ft.	1,260.00
Diamond core drilling, 5,000 feet	31,955.00

Depth, feet	Rates/foot		
	NXWL	BXWL	AXWL
0 - 500	$6.45	$5.80	$5.30
500 - 1000	$7.90	$6.70	$6.00

Cementing, reaming, drilling cement, and installing casing, 65 hours @ $14.00/hour	910.00	
Casing lost in completed holes, 250 feet NX @ $3.00/foot BX @ $2.00/foot AX @ $1.25/foot	625.00	
Moving and setting up, drill rig, 45 hours @ $10.00/hour	450.00	
Rental of water truck, 6 months @ $190.00/month	1,140.00	
Hauling water 3,500 miles @ $0.12/mile	420.00	
Core boxes 250 boxes @ $1.00/box	250.00	
		$37,730.00

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 Supervisor - geologist - engineer 6 months @ $750.00/month	$ 4,500.00	
1 Outside Consultant (2 days/month) 12 days @ $75.00/day	900.00	
		$ 5,400.00

Category (7) Miscellaneous

None except:

Per diem, outside consultant, 12 days @ $16.00/day	192.00	
Mileage Denver to project area and return 8,400 miles @ $0.10/mile	840.00	
F.I.C.A., Payroll taxes, insurance, 10.4% of $4.500.00	468.00	
Office expense, accounting and engineering 6 months @ $50.00/month	300.00	
Assaying 800 assays Copper, gold, lead, silver and zinc $3.00/each determination	2,420.00	
Gold and silver $3.50/sample		$ 4,220.00
Total Estimated Cost of Stage II		$47,350.00

S U M M A R Y

Total Estimated Cost of Stage I	$23,650.00
Total Estimated Cost of Stage II	47,350.00
Total Estimated Costs of the Project	$71,000.00
Government Participation @ 50%	$35,500.00

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 contractingagency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

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

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

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OME - 6632
(Copper)

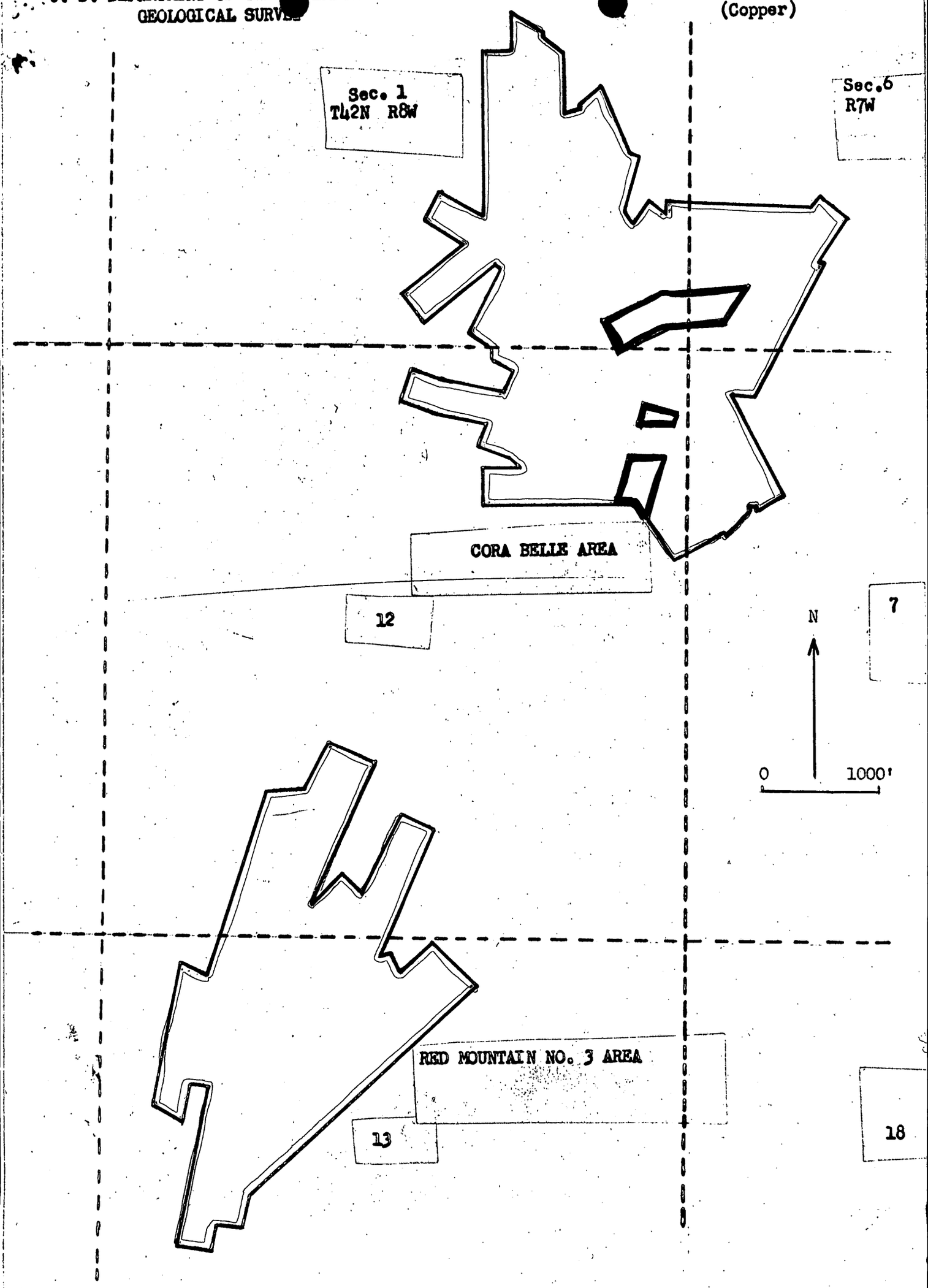

Figure 1. Property Map, Baumgartner Oil Company

IN REPLY REFER TO:

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

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M. E.
RECEIVED
MAY 22 1967
FILE CODE

May 19, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: Baumgartner Oil Company(Copper-Silver-Lead-Zinc)
Red Mountain Mining District
Ouray County, Colorado

Transmitted herewith is a copy of an application for financial assistance to explore for copper and silver in the Cora-Belle-Red Mountain No. 3 area, Ouray County, Colorado. The application was submitted by the Baumgartner Oil Company, 737 Grant Street, Denver, Colorado on May 3, 1967 by Mr. Frank Baumgartner.

The application was discussed with Mr. Robert Luedke, Geologist, U. S. Geological Survey, on Friday May 12th, 1967. It is recommended that the application be referred to Mr. Luedke for his appraisal and comments.

I am not in complete agreement in the manner in which the applicant proposes to explore the breccia pipes, in the Red Mountain No. 3 area. RM-2 proposed drill hole appears to be completely outside the breccia pipe.

The resistivity surveys, I believe, should be run prior to any drilling, if their results are as effective as the applicant believes them to be.

The geologic work has been done for the applicant by a consulting geologist by the name of Sigurd Kermit Herness, a former professor at the Colorado School of Mines.

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

MME Form 40
Jan. 65

Budget Bureau No. 42-R13
Approval expires Dec. 31, 196

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.)*

FRANKLIN W. BAUMGARTNER,
also known as F. W. Baumgartner
doing business as:
Baumgartner Oil Company
737 Grant Street
Denver, Colorado

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6632
DATE RECEIVED: 5/22/67
REGION: III
DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED: Colorado

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE: Copper-Silver-Lead-Zinc apl. ltr 5/29/67

ESTIMATED COST OF PROJECT: $139,170.00

PROPERTY NAME	LOCATION COUNTY	STATE
Cora Belle - Red Mtn. No. 3	Ouray	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., 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.

28 April 1967
DATED

F W Baumgartner
BY (Signature)

OWNER
TITLE

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

APPLICATION FOR FINANCIAL ASSISTANCE

IN

MINERALS EXPLORATION

RED MOUNTAIN MINING DISTRICT

OURAY COUNTY, COLORADO

OFFICIAL
COPY
O. M. E.
MAY 22 1957

BAUMGARTNER OIL COMPANY
737 Grant Street
Denver, Colorado

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CONTENTS

		PAGE
I	Financial Eligibility	1
II	Applicant's Rights in Land	1
III	Physical Description	2
IV	Accessibility of Property	15
V	Exploration Work	16
VI	Estimate of Costs	24

APPENDIX

Correspondence with Banking Institutions
Halliburton Contract
Assay Certificates
Contract Bids
Results of Resistivity Surveys

ILLUSTRATIONS
(Plates are in Pocket)

Plate	1	Geologic Map - Cora Belle and Red Mountain No. 3 Areas	
	2	Claim Location Map	
Figure	1	Index Map Showing Location of Cora Belle-Red Mountain Area	A-1
	2	National Belle Mine - Plan and Section	A-10
	3	Guston Mine - Plan and Section	B-10
	4	Volcanic Pipe - Hypothetical Section	C-10

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APPLICATION FOR FINANCIAL ASSISTANCE IN MINERAL EXPLORATION

I. FINANCIAL ELIGIBILITY

a. Efforts to obtain other financing.

Loan applications were made to the First National Bank and Colorado National Bank in Denver, both of which were refused. Copies of these letters are attached hereto in the appendix.

b. Affiliated companies

None

c. How share of work will be furnished

In cash

II APPLICANT'S RIGHT IN LANDS

a. Interest in the lands being explored

Baumgartner Oil Company owns seven patented mining claims and has contracted for 31 patented claims from Halliburton Oil Producing Company. (See Plate 2) a copy of the above lease is attached hereto.

b. Property Descriptions

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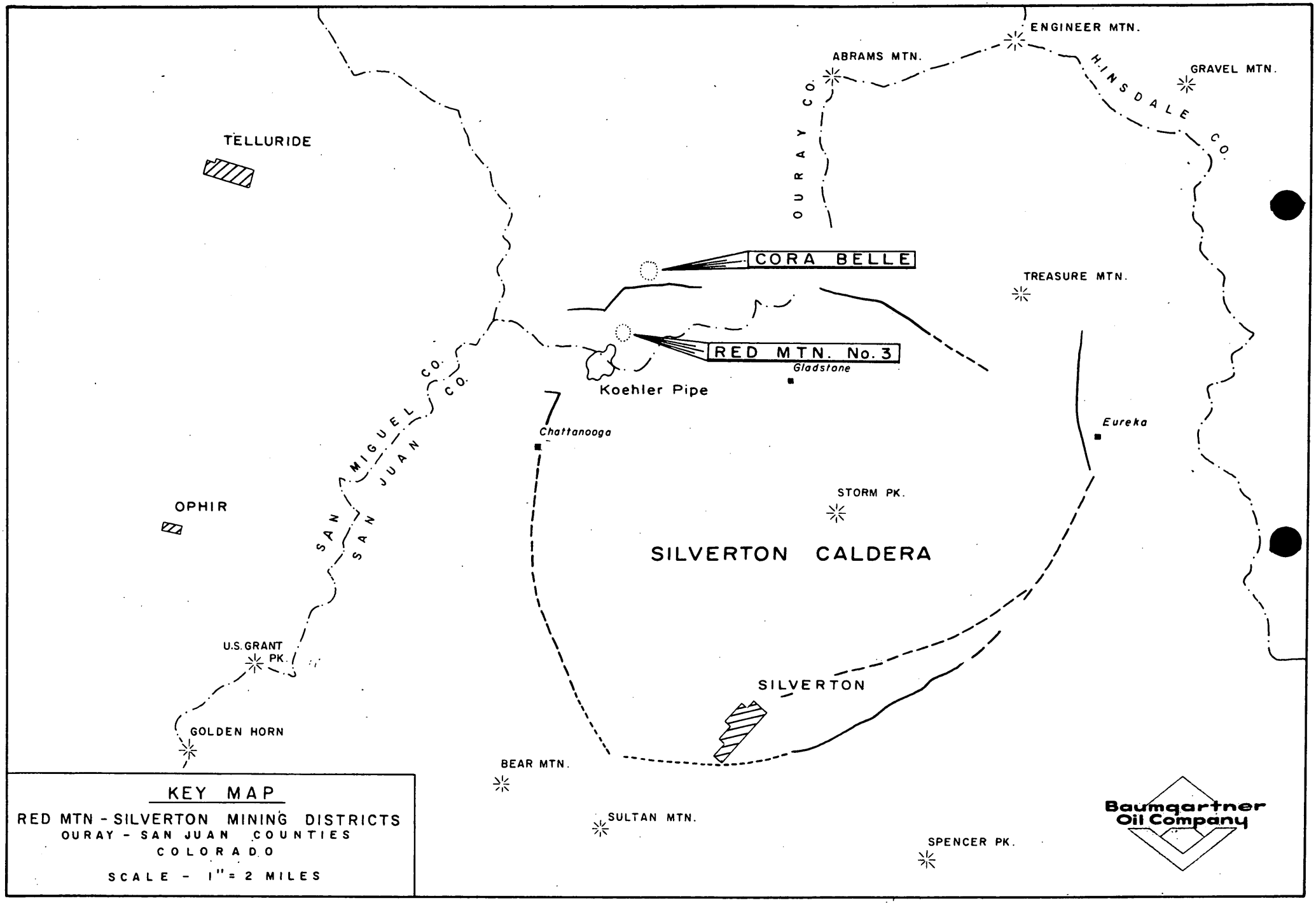

KEY MAP

RED MTN - SILVERTON MINING DISTRICTS
OURAY - SAN JUAN COUNTIES
COLORADO

SCALE - 1" = 2 MILES

FIGURE 1

Patented Claims	Halliburton Oil Company
Albia	11613 (Survey Number)
Barilla	2386A
Caledonian	1534
Charter Oak	2416
Confidence	2374
Und. 1/2 Copper King	2474
Cora Belle	2342
Elmora	1546
Emma	1487
57/60 Enterprise	1305
Forest Queen	2672
Fourth of July	6946
Gunboat	2509
Guston	1387
Joker	17301
Joker No. 2	17301
Last Chance	2469
Little Annie	1491
Lost Boy	7121
Manchester Boy	2475
Massasoit	2532
Mountain Quail	7127
Red Mountain	2343
Rogers	1533
Saxo	5349
Smuggler	1517
Telluride	15315
Texas	18583
Veta	2373
8/12 White Cloud	1492
Yellow Jacket	5540

c. Lien and Subordination agreements will be furnished when received.

III Physical Description

a. Present Mining or Exploratory Operations

The main exploratory operations carried on in recent years was that of Baumgartner Oil Company, which consisted of local evaluations

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during the summer and fall of 1966. During this time a full-time geologist, a consulting geologist, and a survey crew conducted geological mapping, magnetic and resistivity surveys, sampling, and claim staking.

In addition, a minor amount of geochemical soil sampling was attempted by private mine owners near the south end of the Red Mountain No. 3 intrusive pipe. However, they reported that their efforts were unrewarded because of the large amount of contamination in the mining area. A small amount of bulldozer work was done by unknown parties on the Charter Oak claims revealing a wide mineralized zone containing sulfides of copper, lead, zinc, and silver and gold. None of the many mine openings was accessible.

b. The exploratory operation by Baumgartner Oil Company was solely financed by F. W. Baumgartner.

c. There has been no known recent production from the properties under consideration. Judging from the extent of the workings, past production has been small as well. Several adits and shafts are found, few of which suggest any large operations.

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d. There are no known ore reserves in either the Cora Belle or Red Mountain No. 3 areas.

e. Geology

The Red Mountain No. 3 and Cora Belle areas are located in the Red Mountain mining district, which is characterized by:

(1) Numerous single and compound circular and oval-shaped volcanic pipes containing latitic, rhyolitic, and breccia intrusives.

(2) Associated silver-copper-lead-gold ore chimneys in and near the volcanic pipes. These deposits contain, in addition to the normal base and precious metal minerals of the San Juan districts, enargite as a major ore constituent and many less common minerals, such as covellite, calusite, zunyite, and so forth, characteristic of this district alone in the Silverton region.

(3) Extensive pervasive hydrothermal alteration characterized by leaching, silicification, and pryitization as well as local alterations in and near the volcanic pipes and ore body envelopes.

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(4) Ore Chimneys exhibit pronounced vertical and lateral mineralogical formations.

f. Volcanic Pipes

Within the hydrothermalized belt along the western caldera ring-fault zone are many volcanic pipes and associated silver-copper-lead chimney deposits. Much evidence clearly indicates that these pipes have a genetic relationship to the ore deposits, and since these volcanic pipes form the basis for this project, they will be described in detail.

The pipes exposed by erosion are found within a two-mile wide belt extending from Engineer Mountain southwest to Summit, a distance of at least ten miles and probably fifteen miles if the many porphyry intrusives along Mineral Creek are associated volcanic pipe exposures. The pipes are funnel-shaped and cylindrical structural features either with or without exposed intrusive breccias, latites, rhyolites, and ore deposits within or nearby, in genetic association. They vary in complexity from the simple annular, hydrothermally altered ring fractures with no exposed intrusive igneous rocks or breccias, or simple pipes consisting entirely of one intrusive

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filling, to the more complex pipes containing many intrusive igneous rocks, breccias, zoned hydrothermal alterations, and complex ore deposits. Both the Cora Belle and the Red Mountain No. 3 volcanic pipe structures are of the simple type.

In horizontal plan, the pipe envelope fractures are usually circular or slightly elliptical and vary in size from a few tens of feet to large ones such as the Koehler pipe. The fractures which form the pipe boundaries are curvilinear, annular, dip inward to form cones, and are obviously the result of a localized force acting vertically from a point at depth. The cone-fracture development is, therefore, not the result of regional forces, but rather of forces generated by trapped, volatile, magma-fluids and segregations in the high closure areas of the magma roofs.

Within the volcanic pipe are related annular fractures parallel to the border and even more common are the spiral fractures tangential to the boundary ring-faults and extending inward. Associated with, and lying between such circulinear spiral fractures are often breccia bodies, either intruded or developed in place. Superimposed fractures and faults resultant

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of regional forces transect the volcanic pipes, thus providing additional channelizations for the intrusive igneous rocks, breccias, and later hydrothermal effects. These fractures are either parallel to the Silverton Caldera ring-faults or belong to a system parallel to, and probably an extensive of, the vein fractures of the Imogene Basin district, which is immediately adjacent to the west.

Hydrothermal Alteration Associated with the Cora Belle and Red Mountain No. 3 Volcanic Pipes.

The entire southerly portion of the Red Mountain belt from Ironton to Silverton, a distance of nine miles, has been subjected to pervasive hydrothermal alteration consisting of leaching, silicification, sericitization, and heavy pyritization. In the immediate subject area, between Ironton and Red Mountain Pass, little doubt can exist that the pervasive alteration represents hydrothermalization genetically related to the volcanic pipes, since the alteration intensity fades away from the pipes and numerous others closely spaced pipes (which occupy nearly 50 percent of the area) into unaltered rocks of the Burns formation.

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Noteworthy also is the intense alteration associated with parts of the Cora Belle and Red Mountain No. 3 pipes, whose top portions are exposed by erosion. The remaining portions of the pipes contain only small or no intrusives, and the only surface expression of presumed subsurface volcanic pipes are highly altered areas of the Burns formation more or less bounded by the ring-fault envelopes. Such surface ring-fault expressions of buried pipes occur in much of the area surrounding Red Mountain and some are in ore deposit environments. For instance, at the Camp Bird mine are two large hydrothermally altered ring-fractures which are undoubtedly the upper portions of volcanic pipe structures.

The Red Mountain No. 3 pipe lies close to the National Belle workings at the southwest part of the district (see Figure 1). The central portion of the volcanic pipe stands as a series of prominent, but disconnected knobs of silicified, brecciated, and hydrothermally altered rock. In horizontal plan, the pipe envelope fractures are circular and nearly vertical but are terminated by a normal fault at their eastern edge, thus forming an outcrop that is a half-moon-shaped ledge of intrusive breccia.

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The boundary of the Cora Belle pipe is marked on the west and north by circular envelope fractures. The apparent oval-shape, however, is obscured on the south and east by a large area of landslide material (see Plate 1). In horizontal plan, a projection of the pipe indicates a north-south diameter of about 2,200 feet and a shorter east-west diameter of about 1,600 feet. Much of the pipe is obscured but at the north rim stands a large, cliffy knob of highly silicified and altered breccia. Partly to completely oxidized sulfides are locally apparent here, as well as in similar, but smaller exposures to the southwest.

For typical sectional views of volcanic pipes, please refer to Figures 2, 3, and 4.

Ore Deposits

The Red Mountain ore deposits are usually chimney-like bodies generally distributed in concentric zones within volcanic pipes, although a few are found at fissure intersections outside the main pipe envelope fractures. The major ore chimney dimension is always vertical, but they vary in plan diameter from 10 to 20 feet and where ellipitical from 10 to 30 feet wide and

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40 to 200 feet long. Many are several hundred feet long vertically. The alteration and ore deposits associated with the volcanic pipes exhibit local zonation, both quantitative and qualitative, within and adjacent to the pipes. Although the zonation varies somewhat at different localities, the relationships at the National Belle described by Burbank[1] will serve as an ideal illustration of mineralogic zonation of a volcanic pipe in the district.

a) Ore Zone: Surrounding the central core is an "annular ring zone of strongly silicified rock that forms the cliffy steep sides of the knob.... The mineral products diagnostic of this alteration include a number of kaolin minerals, of which dickite seems indicative of high local intensity. Other minerals of the more intensely altered rocks include diaspore, zunyite, beidellite, and massive fine-grained quartz of the silicified masses.... Pyrite, sericite, and stringers of sulphides cut the kaolinized and silicified (vein) envelopes." Local alteration zonation also surrounds each ore body. The highly-silicified zones forms an inner casing or envelope surrounding the ore body and this zone grades outward into kaolinitic alteration of the veidellitic types and is

---

1 Burbank, W. S., Structural Control of Ore Deposition in the Red Mountain, Sneffels and Telluride District of the San Juan Mountains, Colorado: Colo. Sci. Soc. Proc., Bull 14, No. 5, P. 185-187

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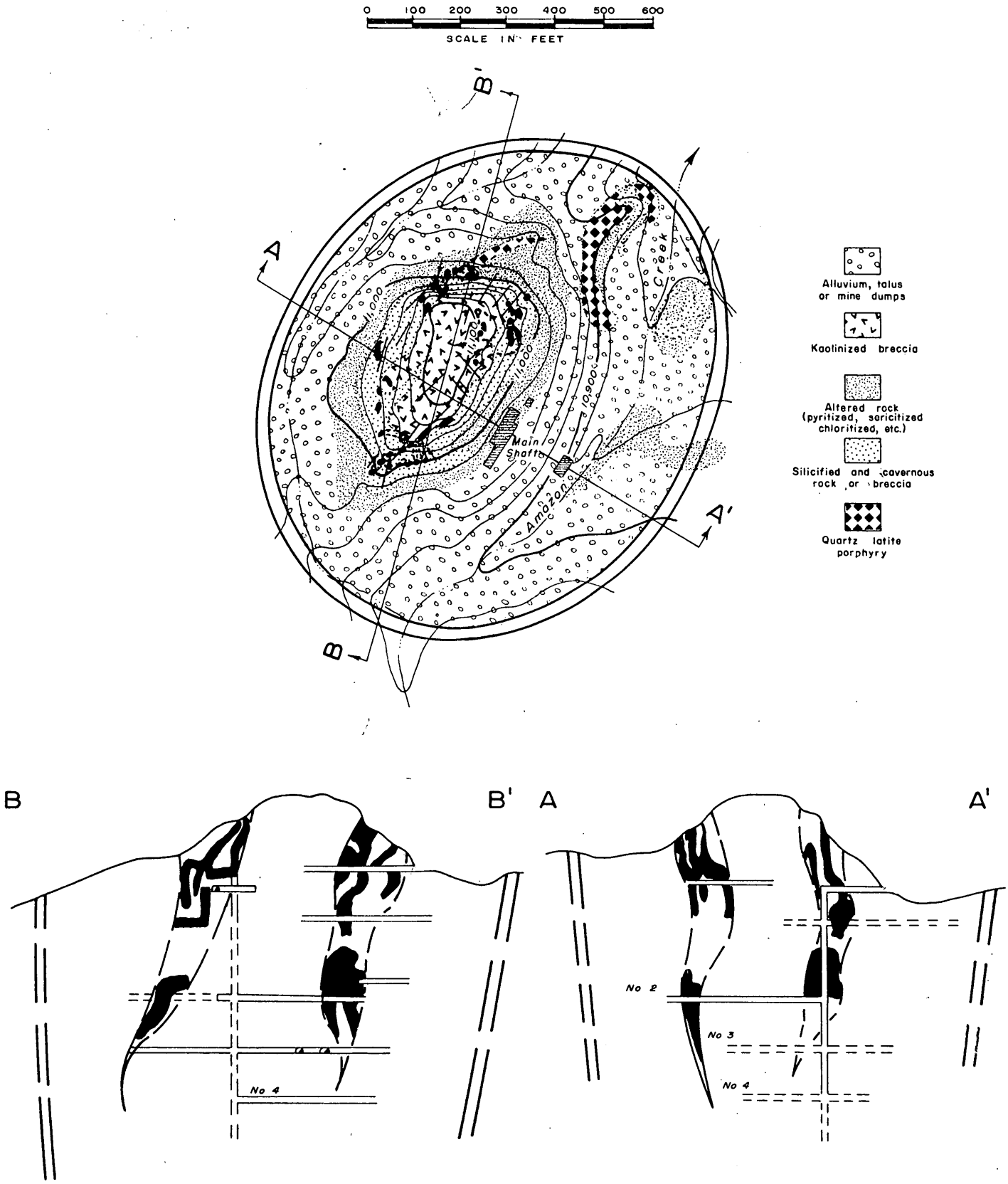
NATIONAL BELLE MINE

PLAN AND SECTION

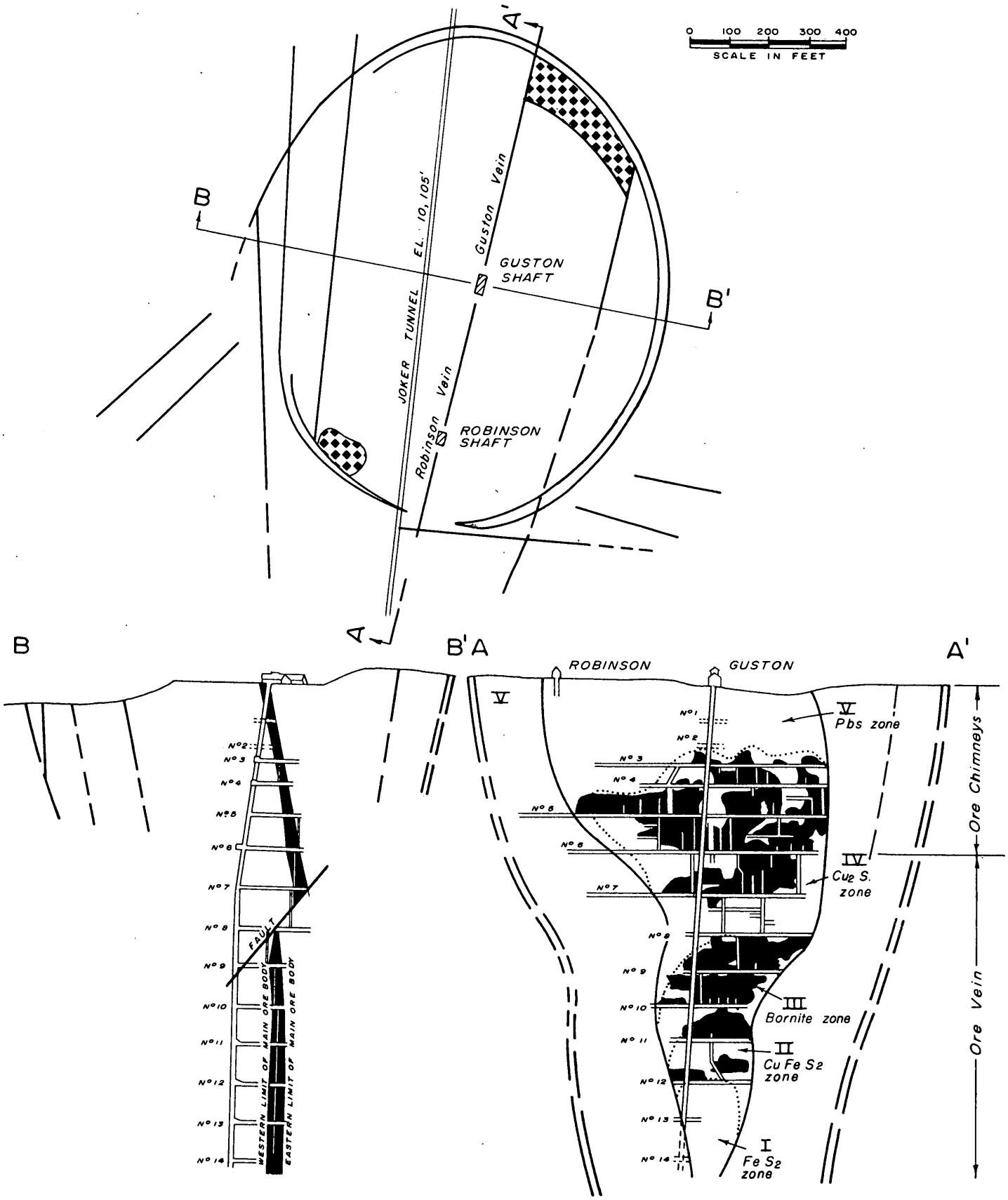


Baumgartner Oil Company

FIGURE 2

GUSTON MINE

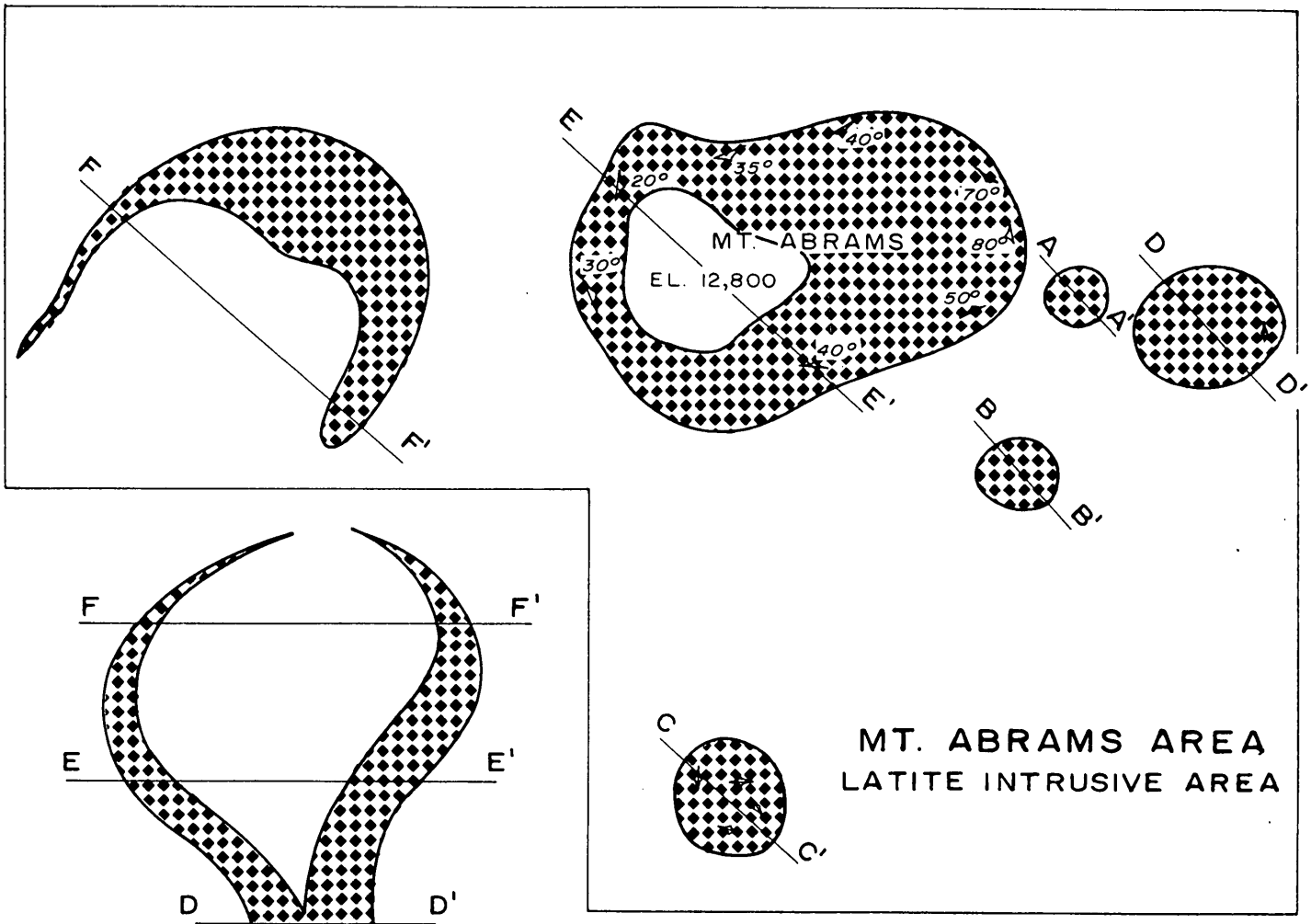
PLAN AND SECTON

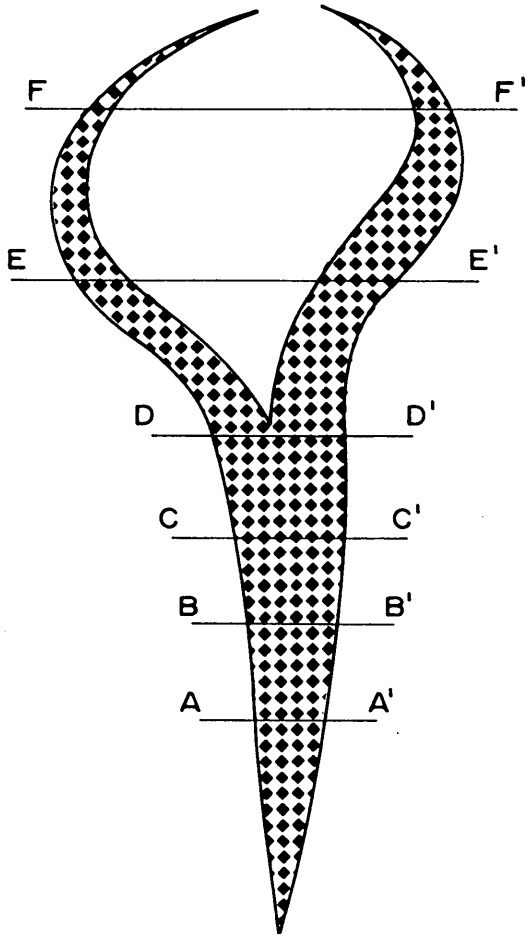


Baumgartner Oil Company

FIGURE 3

VOLCANIC PIPE
HYPOTHETICAL SECTION





VERTICAL SECTION AT LEFT SHOWS IDEALIZED COMPOSITE PIPE BASED ON PLAN SECTIONS SHOWN ABOVE

Baumgartner Oil Company

FIGURE 4

also characterized by chlorite carbonates, clay minerals, and sericite.

b) Peripheral Zone: Surrounding the ore zone and up to and beyond the volcanic pipe envelope fractures are strongly sheeted rocks, highly pyritized, sericitized, and kaolinized. This unbleached zone contrasts with the inner two, both of which are almost completely leached of their disseminated sulfides."

In addition to the above, the following generalities may be cited:

1) Primary Localization in Pipes: All major chimney-deposits in the Red Mountain district are localized within volcanic pipes.

2) Vertical Localization: The chimney deposits show maximum localization within the simple ring-fault pipes with small or no exposed intrusives or in association with intrusive breccias, for example, the upper vertical pipe sections rather than with the completely latitic igneous lower-root-sections, exposed at many places in the district.

3) Hydrothermal Alteration Environments:

The chimney deposits are localized in highly altered areas, presumably because the ore deposits and hydrothermal alteration both have a common

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genetic relationship to the volcanic pipe development and intrusion.

The Red Mountain deposits contain many common and accessory minerals typical of the San Juan mineralizations:

a) Galena
b) Sphalerite
c) Chalcopyrite
d) Pyrite
e) Tetrahedrite - tennantite
f) Argentite
g) Proustite
h) Gold

Although chalcopyrite is a common constituent in the San Juan region, it is not commonly one of the chief ore minerals as it is at Red Mountain. It is also an important ore mineral in the same belt to the northeast at the Guadaloupe Mine on Mt. Abrams. Noteworthy too, perhaps, is the fact that the sphalerite in the Red Mountain deposits is usually a characteristic red "rosin Jack" dissimilar to the dark marmatitic sphalerite common in other San Juan deposits. In addition, the following minerals are characteristic specifically of the Red Mountain chimney deposits as major ore constituents:

a) Enargite
b) Chalrocite - stromeyerite
c) Bornite

Although the galena in the district contains substantial

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silver, presumably as argentite, the highest silver content is found with copper, especially with chalcocite and bornite, as stromeyerite, and to lesser extent with chalcopyrite. Gold, a less important, but by no means insignificant constituent, also shows similar association with cupriferous ores. Quartz, barite, kaolin-group minerals, and sericite occur as gangue material both in the chimney and vein deposits. Production from the Red Mountain chimney deposits is recorded as follows: Yankee Girl and Guston chimneys about $7 million. Between 1881 and 1896, the Genessee-Vanderbilt mined 12,622 tons of ore which yielded some 2,886 ounces gold, 436,765 ounces silver, 702,183 pounds lead, and 3,052 pounds copper, having a gross value of approximately $400,000. Under current prices, this figure would be greatly increased. Incomplete records indicate that the National Bell produced some $300,000.

Structural Environment

The Red Mountain area is on the north flank of the Silverton caldera. The axis of the area strikes northeast and is parallel to the relaxational annular caldera rim faults. Within the district are a series of caldera-like centers in miniature. These volcanic bodies are conical-shaped intrusives, breccia pipes, and chimneys.

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In general, the chimneys, whose walls dip inward at 50 to 60 degrees, are the larger structures, whereas the pipes showing brecciation throughout are steep-walled and are probably erosional root remnants. Rock of these bodies or structures undoubtedly overlies a cupola solution source and much of the composite blanket alteration is the result of comingling or overlap of the various mineralizations as in the Butte district.

Reasons for Expecting to Find Ore

A summarization of the criteria suggesting ore localization is as follows:

1) The area is situated on a southwest metallogenic, intrusive, and structural trend on which are found many major ore localizations. This particular trend has been demonstrated to be of first magnitude by past production at the National Belle, Guston, and American Girl mines.

2) Several pronounced resistivity anomalies present statistical criteria of ore localization. Resistivity "highs", rather than lows, are attributed to the fact that sulfide mineralization is associated with highly resistant quartz or siliceous zones.

3) Local mapping shows a wide variety of magmatic and hydrothermal effects, all of which indicate an extended period during which differentiation was

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active.

4) High intensity hydrothermal alteration is a favorable criteria.

5) No drilling of the type proposed has ever been done on these properties. This appears to be the next logical exploration method for the district.

All samples taken are shown on the accompanying geologic map (Plate 1). This is not intended as a thorough sampling job of every locality but as one to indicate the nature of the mineralization.

g) Enclosed in the pocket of this application are two copies of all maps and other technologic information relating to the subject area.

At a future time, when these items are no longer needed by the Office of Mineral Exploration, please return them to the Baumgartner Oil Company, 737 Grant Street, Denver, Colorado.

IV Accessibility of Property

To aid the Office of Minerals Exploration representative, please contact:

Franklin W. Baumgartner, President
Baumgartner Oil Company
737 Grant Street
Denver, Colorado
Telephone: 222-1719

XERO COPY XERO COPY XERO COPY XERO COPY

or

Ralph J. Anctil
Address and Telephone as above
Home Telephone: 443-2885

The properties are located in the San Juan Mountains of southwestern Colorado in Ouray County and may be reached by traveling south on U. S. Highway from Ouray, Colorado, nine miles to the Idarado mine area, thence one mile east over unimproved roads to the subject area (see Figure 1, Plate 1, and enclosed road map for details of accessibility).

The nearest railroad shipping point is Ridgeway, Colorado, 22 miles to the north on U. S. Highway 550. Ouray, Colorado, ten miles north is the nearest supply point.

V. Exploration Work

a) Description of Proposed Work

Although additional geological and geophysical work will be completed during 1967, sufficient work was completed by Baumgartner Oil Company during the fall of 1966 to adequately plan the proposed exploration program. In general, the drill holes are planned as shown on Plate 1. Although many specific hole locations are requested, a portion of the footage is left open as to location contingent upon progressive results and geological data obtained in the first holes and upon

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subsequent field studies during the summer of 1967. The drill holes will be collared NX and continued as far as ground conditions permit and then completed BX or AX. Core boxes will be provided for all the footage, as it is expected that the holes will be entirely cored. In regard to casing, reaming, and cementing, a total of 350 hours (about 50 hours per hole) is requested. Baumgartner Oil Company will provide supervision in the form of a resident geologist. In Line with previous OME practices, this is included at a per-foot of drilling cost. All work is proposed at least 200 feet within company owned or leased-land boundaries. This work is herewith listed and discussed by area:

RED MOUNTAIN NO. 3 AREA

Surface Drilling	6,300 feet
Electrical Resistivity Surveys	6,000 feet

Two specific holes are proposed to test, at depth, resistivity anomolies at the south half of the ring structure. In addition, four drill holes of varying lengths and depths are proposed to be located in the vicinity based on the results of the first three holes and subsequent geophysical work.

The first hole will be collared at an elevation of 11,180 feet near the south boundary of the Charter Oak patented mining claim. The purpose of this hole is two-fold.

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First, the down-faulted eastern half of the breccia pipe, heretofore unexplored, will be tested to a depth of about 850 feet and along a horizontally-projected length of about 200 feet. Second, the large mineralized zone and resistivity anomaly at the south end of the breccia pipe will be explored at a depth of approximately 850 feet below the surface. A channel sample across the exposed mineralized zone assayed 0.005 Oz. Au, 0.40 Oz. Ag, 0.53% Cu, 0.55% Pb, and 0.28% Zn. Hole No. 2 was planned so as to cut this same structure at a higher elevation but some 500 feet further west along the strike. This drill hole will be collared at about 10,940 feet and will bottom near 10,080 feet above sea level, a depth of 860 feet. A north-west trending fault zone will also be explored by this drill hole.

DRILL HOLE NO.	ANGLE	APPROX. LENGTH
RM-1	45°	1,200 ft.
RM-2	45°	1,000 ft.
RM-3	Loc. to be determined	1,100 ft.
RM-4	Loc. to be determined	1,000 ft.
RM-5	Loc. to be determined	1,000 ft.
RM-6	Loc. to be determined	1,000 ft.
	Total	6,300 ft.

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In order to further test this volcanic pipe and to also aid in determining subsequent drill hole sites, approximately 6,000 feet of electrical resistivity surveys is requested. Two north-trending lines are proposed, one of which will test about 1,200 feet of the down-faulted block east of the main structure. The second line will parallel the existing line some 200 feet to the west. It will be confined, essentially, to the area within the ring fracture system on the north but will extend several hundred feet beyond the pipe on the south (see Plate 1).

Four east-west lines will complete the surveys, each of which will test the pipe itself and the down-faulted block.

CORA BELLE AREA

Surface Drilling	7,520 feet
Electrical Resistivity Surveys	15,000 feet

The mineralized and intensely altered portions of the breccia pipe as well as the resistivity anomalies are again the targets of major interest in the Cora Belle Area. Four drill holes are proposed with four additional holes anticipated to explore the southeastern part of the ring structure largely obscured by alluvial cover. These sites will be chosen on the results of the first four holes and on resistivity surveys to be conducted during the 1967

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summer season.

Drill holes CB-1 and CB-2 were designed to test, at different depths, the large exposure of highly altered breccia at the northeast edge of the Cora Belle Area. Both will cut the general area of a very pronounced resistivity "high" ranging from over 4,000 Ohm-feet to over 88,000 Ohm-feet. CB-1 will penetrate the anomaly some 700 feet below the surface, a depth substantially below existing mine workings. CB-2 will cut the zone at over 1,000 feet below the surface.

An assay of selected material from the Paymaster dump, which is northeast of the anomaly, gave the following results: 0.06 Oz. Au, 15.44 Oz. Ag, 16.68% Cu, 1.04% Pb, and 9.50% Zn.

The third drill hole (CB-3) will be collared at an elevation of about 10,360 feet in land slide material. Throughout its 920 foot length, it will penetrate rocks comprising the volcanic pipe and will cut the pronounced resistivity anomaly and highly altered and mineralized zone at an elevation of some 9,170 feet (830 feet vertically below the surface). The last drill hole (CB-4) planned for the Cora Belle Area is at the southwest edge of the volcanic pipe near the old Cora Belle mine. This 800 foot core-hole will test several hundred feet of pipe material before

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it cuts a portion of the surface resistivity anomaly, some 680 feet below the surface.

At this depth, the area below the old working becomes the target of interest.

DRILL HOLE NO.	ANGLE	APPROX. LENGTH
CB-1	45°	1,100 ft.
CB-2	45°	700 ft.
CB-3	45°	920 ft.
CB-4	45°	800 ft.
CB-5	Loc. to be determined	1,000 ft.
CB-6	Loc. to be determined	1,000 ft.
CB-7	Loc to be determined	1,000 ft.
CB-8	Loc to be determined	1,000 ft.
	Total	7,520 ft.

In order to complete the exploration of the Cora Belle Area prior to drilling operations, it is proposed that about 15,000 feet of electrical resistivity survey will be required to test much of this area, which is obscured by land slide debris. (see Plate 1).

Three lines essentially parallel to the existing one are indicated, two of which will cover the area east and one to the west of the existing line. These lines will range from 1,400 to 1,800 feet in length. Completing the surveys will be five lines ranging from 1,200 to 1,500 feet in length, in positions normal to the northeast trending lines.

a. On the basis of the results obtained from these surveys,

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four drill hole sites will be selected.

b. No access roads will be required.

c. Should an OME contract be executed, surface drilling and resistivity surveys will start in May or early June, 1967. The exact starting date depends on the extent of the winter snows.

It is anticipated that surface drilling will proceed at the rate of 60 feet per shift (2 drill rigs each completing 30 feet per shift) or 1,500 feet per month (25 work days per month). At this rate, the drilling phase of the program should require about 10 months to complete. Seven of these months would be during the coming field season (June-December, 1967) with the remaining work being completed during the May-July, 1968 field season.

The two weeks assigned to the electrical resistivity program will start in early June, 1967, and will be completed during the same month. This will include field work, calculations, and interpretation.

VI. Experience

Baumgartner Oil Company has actively participated in many successful oil exploration ventures under the direction of its President, F. W. Baumgartner. Mr. Baumgartner also has some mining experience as well as a great deal of business experience since leaving the Colorado School of Mines.

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The work will be directly supervised by the company's Manager of Mineral Exploration, who is a graduate mining geologist of wide professional experience. A geologist - engineer will be at the property on a full-time basis.

Who?

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VII Estimate of Costs

a. Independent Contracts

RED MOUNTAIN NO. 3 AREA

Surface Drilling - 6,300 feet @ $7.50 Ave.	$ 47,250.00
Mobilization - 2 drills	500.00
Casing, reaming & cementing, 150 hrs @ $14	2,100.00
Moving & setting up, 50 hrs @ $10	500.00
Bulldozer -drill sites, 60 hrs @ $18	1,080.00
Total	$ 51,430.00

CORA BELLE AREA

Surface Drilling - 7,520 feet @ $7.50 Ave.	$ 56,400.00
Mobilization - 2 drills	500.00
Casing, reaming & cementing, 200 hrs @ $14	2,800.00
Moving & setting up, 50 hrs @ $10	500.00
Bulldozer - drillsites & access roads: 120 hrs @ $18	2,160.00
Total	$ 62,360.00

Grand Total: Independent Contracts $ 113,790.00

b. Personal Services

Supervision- 12,000' @ $1 per ft. plus expenses Resident Geologist - Engineer and Field Assistant	13,820.00
Electrical Resistivity Survey	
Cora Belle - 15,000 ft @(10 days @$140/day)	1,400.00
Red Mtn. No. 3 - 6,000 ft @(4 days @$140/day)	560.00
Total-Personal Services	$ 15,780.00

c.	Operating Materials and Supplies	None
d.	Operating Equipment	None
e.	Initial Rehabilitation and Repairs	None
f.	New Buildings, Fixtures & Installations	None

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g. Miscellaneous

Assays: Cu, Pb, Zn, Ag, 1,800 @ $4	$ 7,200.00
Accounting 12 months @ $200	2,400.00
Total - Miscellaneous	$ 9,600.00

SUMMARY

Red Mountain No. 3 Area	$ 51,430.00
Cora Belle Area	62,360.00
Personal Services	15,780.00
Miscellaneous	9,600.00
Grand Total	$ 139,170.00

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APPENDIX

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March 13, 1967

The First National Bank of Denver
17th and Welton Street
Denver, Colorado

ATTENTION: Mr. Davis Moore

Gentlemen:

We are presently engaged in a major base metal exploration program in the Red Mountain mining district, Ouray County, Colorado.

Since we will need funds during 1967 for surface drilling, we are herewith requesting a loan for about $195,000.00 to carry out this program. As We do not as yet have ore reserves on this property, and since my available collateral is tied up on other commitments, this would have to be an unsecured loan. ?

Your favorable consideration of this loan request would be very much appreciated.

Very truly yours,

BAUMGARTNER OIL COMPANY

Franklin W. Baumgartner
President

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March 13, 1967

Colorado National Bank
17th and Champa Street
Denver, Colorado

ATTENTION: Mr. Robert Galloway

We are presently engaged in a major base metal exploration program in the Red Mountain mining district, Ouray County, Colorado.

Since we will need funds during 1967 for surface drilling, we are herewith requesting a loan for about $195,000.00 to carry out this program. As we do not as yet have ore reserves on this property, and since my available collateral is tied up on other commitments, this would have to be an unsecured loan.

Your favorable consideration of this loan request would be very much appreciated.

Very truly yours,

BAUMGARTNER OIL COMPANY

Franklin W. Baumgartner
President

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THE
COLORADO NATIONAL BANK OF DENVER
SEVENTEENTH STREET AT CHAMPA • DENVER, COLORADO 80202 • PHONE 222-9311

March 14, 1967

Mr. F. W. Baumgartner
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Dear Mr. Baumgartner:

We are sorry but we can not grant you a $195,000 unsecured loan to carry out a major base metal exploration program in the Red Mountain mining district, Ouray County, Colorado.

We feel that any loan for such a project would have to be on a secured basis.

Very truly yours,

Robert L. Galloway

Robert L. Galloway
Vice President

RLG:j

RECEIVED
MAR 15 1967

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THE FIRST NATIONAL BANK OF DENVER
P. O. BOX 5808 TELEPHONE 266-2211
DENVER, COLORADO 80217

DAVIS W. MOORE
SENIOR VICE PRESIDENT

March 17, 1967

Mr. Franklin W. Baumgartner
President
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Dear Frank:

I wish to acknowledge receipt of your letter dated March 13, 1967, in which you make application for a loan of $195,000.00 to carry out a major base metal exploration program in the Red Mountain mining district, Ouray County, Colorado.

You have further advised us that there are no exploitable mineral reserves on this property and that all available collateral is committed to other obligations. We also understand that working capital is tight and that there are no cash funds currently available to you to repay this loan in the foreseeable future.

In considering the matter from all angles, it appears to us that additional equity capital is indicated and alternate means of financing, other than a commercial bank, should be sought. Our Loan Committee, therefore, has felt it necessary to decline your application at this time.

We regret that we cannot be of service to you, but you have our best wishes for successfully carrying out your exploration program.

With kindest personal regards, I am

Cordially yours,

Davis W. Moore

Senior Vice President

DWM/mc

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Red Mtn. No. 5 - Cova Belle Cova

2114 CURTIS STREET

TELEPHONE 623-1852

CHARLES O. PARKER & CO.

CHEMISTS • ASSAYERS • ENGINEERS

DENVER, COLORADO 80205

Folio 8676

Date Oct. 3, 1966.

Baumgartner Oil Co.,
737 Grant St.,
Denver, 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
Select RM Dump @ N4	0.14	12.56	13.45	3.18	0.25			
Select Sulfide Sta. 40	TRACE	0.10	TRACE	0.30	0.53			
Select Shaft N. of Sta 0	0.06	15.44	16.68	1.04	0.50			
Select Grab RM Pipe	0.005	0.40	0.53	0.55	0.28			
Select RM Dump at A2 ?	0.07	4.73	5.77	0.52	0.25			

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OCT 11 1966

Gold at _____ per ounce Copper at _____ per unit

Silver at _____ per ounce Zinc at _____ per unit

Lead at _____ per unit _____

Charge $ 35.00

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

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

Boyles Bros. DRILLING COMPANY

CONTRACTORS - ENGINEERS - GEOLOGISTS

~~2900 W. 7th Avenue~~ 15865 W. 5th. Ave.
~~Denver, Colorado~~ Golden, Colorado 80401

Phones: ALpine 5-9244
ALpine 5-0855

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

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
ST. LOUIS

March 15, 1967

Baumgartner Oil Company
737 Grant Street
Denver, Colorado

Attention: Mr. Ralph Anctil - Manager of Exploration

Gentlemen:

We submit, as our estimate for core drilling on your property near Ouray, Colorado:

Mobilization of men and equipment $ 500.00

		NX	BX	AX
1.	Overburden - per linear foot			7.90
2.	Bedrock to 500 feet - per linear foot	$ 7.80	$ 6.90	$ 6.40
	500 to 1000 feet - per linear foot	8.30	7.80	6.90
	1000 to 1250 feet - per linear foot		8.30	7.80
	1250 to 1500 feet - per linear foot		8.95	8.30

3. Reaming, if required - all sizes
   - 0 to 500 feet - per linear foot $ 3.80
   - 500 to 1000 feet - per linear foot 4.50
   - 1000 to 1500 feet - per linear foot 5.40

4. Cementing, plus cost of cement or mud - per hour 12.60

5. Casing time, plus cost of casing at job site - per hour 11.00

6. Cardboard core boxes to hold 10 feet of core - each 1.00

7. Water haul, if required, would be charged at our truck rental rate of $ 190.00 per month and .12¢ per mile, plus drivers wages and payroll taxes, if driver is required.

This price schedule is subject to a physical inspection of the property.

Thank you for calling on our Company.

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Very truly yours,

BOYLES BROS. DRILLING COMPANY

George E. Lensch

George E. Lensch, District Manager

GEL/bf

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April 17, 1967

Baumgartner Oil Co.
737 Grant
Denver, Colorado

Attention: Ralph Anctil

Dear Mr. Anctil,

Rogers & Sons Drilling Company wishes to submit a bit on the drilling to be done at Red Mountain, Ouray, Colorado. These prices are approximate and do not include casing or casing bits.

4,000' AX	@	$7.10/ft.	$28,400.00
4,000' BX	@	$7.50/ft.	30,000.00
4,000' NX	@	$8.00/ft.	32,000.00
Total			$90,400.00

Basing the bid on the above footage for each size listed, the average would be $7.53 per foot.

Respectfully submitted,

Harold E. Rogers Jr.

Harold E. Rogers, Jr.
Owner

HER/lu

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RESULTS OF RESISTIVITY SURVEYS

CORA BELLE AREA

Station No.	OHM/FT.
21-22	1,124.1
22-23	4,270.4
23-24	659.1
24-25	2,823.0
25-26	3,625.0
26-27	2,267.1
27-28	2,512.0
28-29	2,713.0
29-30	50,607.5
30-31	19,059.5
31-32	47,084.8
32-33	6,857.8
33-34	939.0
34-35	2,220.1
35-36	4,012.9
36-37	3,768.0
37-38	2,455.5
38-39	640.6
39-40	2,386.4
40-41	6,122.7
41-42	6.122.7
42-43	1,663.9
43-44	816.4
44-45	59.6
45-46	470.7
46-47	188.4
47-48	144.4
48-49	4,364.3
49-50	1,444.4
50-51	12,877.3
51-52	20,060.1
52-53	88,548.0
53-54	19,273.3
54-55	634.3
55-56	533.5

RESULTS OF RESISTIVITY SURVEYS

RED MOUNTAIN NO. 3 AREA

Station No.	OHM/FT.
8S-7S	251.0
7S-6S	515.0
6S-5S	157.0
5S-4S	138.0
4S-3S	176.0
3S-2S	188.0
2S-1S	1,238.0
1S-0S	998.0
0S-1N	2,580.0
1N-2N	704.0
2N-3N	897.0
3N-4N	1,005.0
4N-5N	1,157.0
5N-6N	1,400.0
6N-7N	1,507.0
7N-8N	1,319.0
8N-9N	1,319.0

Consideration Schedule
Surface core drilling
Red Mountain Mining district
Ouray County, Colorado

To: Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

From: MacPherson Drilling Company
601 N. 2nd, Street
P. O. Box 1167
Montrose, Colorado 81401

Gentlemen:

I hereby submit my proposal to core drilling from surface drill sites in the red mountain area near Ouray, Colorado.

Estimated amount of core drilling 12000 feet.

MacPherson Drilling Company undertakes to perform such drilling under the terms and for the fees setforth herein. And, Baumgartner Oil Company agrees to accept such terms and fees for the services of MacPherson Drilling Company which follaw for the purpose indicated.

Core Drilling Rates

Surface:

Footage		Rate per ft. NXWL	BXWL	AXWL
From surface to bedrock, overburden	@	$9.00	per ft.	cased
From bedrock to 500 ft. in depth	@	6.45	5.80	5.30
From 500 ft. 1000 ft. in depth	@	7.90	6.70	6.00
From 1000 ft. 1200 ft. in depth	@	8.60	7.80	7.20

Mobilization of surface drilling equipment @ Lump sum $750.00

Contractor's equipment and drill personnel furnished for cementing, drilling out cement, reaming for and installing casing, recovery of casings from drill holes, surveying of drill holes with tro-pari surveying instrument or other work Company may request Contractor to perform with his equipment and labor shall be charged to Company by contractor at an hourly rate of $14.00 per crew hr. Moving and installing drilling equipment on each drill site shall be charged to Company by contractor at an hourly rate of $10.00 per crew hr.

Supplies used to complete holes to the required depth. Such as drilling mud, cement or cement substitutes or additives shall be charged to Company at Contractor's cost F.O.B. job site. Casing or pipe left in holes and not recoverable shall be Charged to Company at Contarctor's replacment cost. Core boxes for the storing of cores may be supplied by Contactor at cost to Company.

Contractor agrees to furnish all drillng equipment, labor, diamonds, tools, fuel, supervision, Insurances required by the State of Colorado and the Contractor's code. Also the necessary auxiliary equipment required to complete the job.

Company agrees to furnish suitable roads and drill sites for the moving of drilling equipment, furnish water for drilling within a reasonable distance from drill locations free of charge to Contractor. However, it shall be the Contactor's obligation to pump or haul water to drill sites. Provide engineering services when required in connection with drilling operations.

This schedule is subject to a physical inspection of the drilling area prior to execution of a drilling contract.

April 15, 1967

Respectfully submitted,

By M. MacPherson
Malcolm MacPherson, Owner

No. 112180

CONTRACT

FROM

HALLIBURTON OIL PRODUCING COMPANY

TO

FRANKLIN W. BAUMGARTNER

STATE OF COLORADO, }
County of Ouray } ss.

Filed for record at 2:15 o'clock P. M., April 20, 1967

and duly recorded in Book 182

Pages 53, 54, 55, 56, 57, and 58.

Addie A. Sim
Recorder

By _____
Deputy

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Filed for record the 13th day of April, A.D. 1967 at 4:0[illegible] o'clock P.M.
Reception No. 105569
Book No. 188
Page No. 449

Sylvia L. Gaylord
Recorder of San Juan County, Colorado

INDEXED COMPARED

No. 112180 Filed for record at 2:15 o'clock P.M. April 20, 1967.
Duly recorded in Book 182, Pages 53, 54, 55, 56, 57, 58.
Addie A. Sim, Recorder
Ouray County

CONTRACT

THIS CONTRACT entered into on this 5th day of APRIL, 1967, by and between HALLIBURTON OIL PRODUCING COMPANY of Cameron Building, 2915 Classen Boulevard, Oklahoma City 6, Oklahoma (hereinafter referred to as Halliburton), and FRANKLIN W. BAUMGARTNER of 737 Grant Street, Denver, Colorado (hereinafter referred to as Baumgartner).

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

I

Recitals

1.1 Halliburton is the owner of the patented and unpatented mining claims located in the Red Mountain area, Ouray and San Juan Counties, Colorado, which are described in Schedule 1 which is attached hereto and made a part hereof (referred to as the mining claims).

1.2 Halliburton and Baumgartner desire to enter into the agreement hereinafter expressed by which through the making of certain payments and the performance of work on the mining claims, Baumgartner shall acquire interests in the mining claims.

1.3 The consideration for this contract shall be the premises and agreements hereof and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged.

II

Acquisition of Interest by Baumgartner

2.1 Subject to the termination provisions hereinafter made, Baumgartner shall expend in mining work on the mining claims the sum of $50,000.00 prior

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to December 1, 1968, with not less than $25,000.00 thereof being expended prior to December 1, 1967. If less than $25,000.00 is spent prior to December 1, 1967, the difference between $25,000.00 and the sum actually spent shall be paid to Halliburton prior to January 1, 1968. The nature of said mining work shall be at the sole discretion of Baumgartner and shall include, but not be limited to, the performance of geological, geochemical and geophysical work; drilling, trenching, sampling, technical studies; construction of improvements and facilities on the property; and work of a similar nature. This work shall be performed in such manner as to evaluate the entirety of the mining claims rather than to explore or develop any specific portion thereof to the exclusion of the remainder. Any ore mined in the performance of said work shall remain the property of Halliburton.

2.2. Subject to the termination provisions hereinafter made, Baumgartner shall make the following payments to Halliburton:

On or before January 1, 1968: $33,750.00

On or before January 1, 1969: $33,750.00

2.3 On or before January 5, 1969, Baumgartner shall notify Halliburton in writing whether he elects to purchase (a) all of Halliburton's interest in the mining claims, or (b) one-half of its interest in the mining claims.

(2) If Baumgartner elects to purchase all of Halliburton's interest in the mining claims, then Baumgartner shall pay to Halliburton an additional sum of $67,500.00 in five equal

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No. 112180 Filed for record at 2:15 o'clock P.M., April 20, 1967.
Duly recorded in Book 182, Pages 53, 54, 55, 56, 57 and 58.
Addie A. Sim, Recorder

annual installments with the first installment being due on January 1, 1970, and the succeeding annual installments on January 1, of each year thereafter. In this event, Baumgartner shall acquire all of Halliburton's interest in the mining claims.

(b) If Baumgartner elects to purchase an undivided one-half interest in the claims, he may do so in consideration of the mining work performed and the payments made pursuant to Paragraphs 2.1 and 2.2 hereof and not be required to make any further payments.

2.4. In addition to the alternatives expressed in Paragraph 2.3 hereof, if Baumgartner expends in mining work on the mining claims the sum of $50,000.00 as provided herein and makes the payment of $33,700.00 which is due on or before January 1, 1968, then he may elect, at any time after January 1, 1968 during the effectiveness of this contract, to do no further work on the mining claims nor make any further payments and in such event he shall be entitled to receive an undivided one-fourth interest in the mining claims.

2.5 Conveyances of the mining claims to Baumgartner, in the amount of interest hereinabove provided for, as the case may be, shall be made not later than fifteen days after occurrence of the election by which the amount of Baumgartner's interest may be determined.

III

Termination of this Contract

3.1 Baumgartner may terminate this contract by notice in writing to Halliburton at any time after he has expended in mining work on the mining claims $25,000.00 or more. If such termination is made neither of the parties shall have any further obligations or responsibilities hereunder and Baumgartner shall not be required to make any of the further expenditures for mining work or payments which are provided in Paragraphs 2.1 and 2.2.

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3.2 Subject to Baumgartner's acquisition of an undivided one-fourth interest in the mining claims as provided in Paragraph 2.4 hereof, this contract shall automatically terminate if Baumgartner fails to make either of the payments of $33,750.00 on the dates hereinabove provided in Paragraph 2.2 above or if Baumgartner has failed to make the expenditures on mining work which are provided in Paragraph 2.1 above.

IV

Joint Operation

4.1 Unless mutually agreed by the parties, the mining claims shall not be mined until the elections are made which are referred to in Paragraph 2.3 hereof. If after such time the mining claims shall be owned partly by Halliburton and partly by Baumgartner, then the parties shall enter into an agreement for the future operation of the mining claims which, among other provisions, shall provide as follows:

(a) The operator of the mining claims shall be Halliburton if the ownership of the claims is three-fourths by Halliburton and one-fourth by Baumgartner. Otherwise, the operator shall be Baumgartner. The operator shall be responsible for the management and operation of the mining claims, without liability however except for acts or omissions resulting from his or its bad faith.

(b) Each of the parties shall pay its or his proportionate share of the taxes, ordinary maintenance and up-keep of the mining claims, and cost of annual assessment work relating

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to unpatented claims, unless one of the parties wishes to abandon his interest. In the latter event the other party shall have the right to acquire at no cost the interest proposed to be abandoned and the abandoning party shall execute conveyances of his or its interest accordingly.

(c) Expenditure of other than the nominal amounts referred to in the preceding paragraph shall require the consent of both parties, it being provided, however, that if either of the parties desires to undertake exploratory or development operations on the property and the other party does not consent thereto, then the party so undertaking may perform such work at its or his own expense and shall be reimbursed from any ore produced directly or indirectly resulting from such exploration or development in the amount of 250% of the cost thereof.

(d) The operator shall have a lien on the interest of the non-operating party for any sums which it or he is required to pay with reference to taxes, ordinary maintenance and up-keep, and performance of annual assessment work and for which the non-operating party has not made reimbursement within the period provided in the operating agreement.

(e) Each of the parties shall have complete access to the premises.

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V

General Matters

5.1 Halliburton shall furnish to Baumgartner all title opinions, abstracts, title data and copies of location certificates covering unpatented mining claims which are in its possession. Baumgartner may examine the same at his own cost and if in the opinion of his attorney, Halliburton does not possess merchantable title to the patented claims, except as provided in Paragraph 5.2 hereof, Baumgartner may terminate this contract without further obligation. Halliburton represents that to the best of its knowledge, it owns merchantable and possessory title as above stated to the mining claims; however, it does not warrant title thereof.

5.2 Halliburton's ownership of the mining claims is subject to the contractual rights of E. F. KRAUS and J. K. VERSER (and their heirs and personal representatives) as expressed in that certain Agreement dated September 14, 1967, between Halliburton and E. F. Kraus and J. K. Verser. Halliburton has performed assessement work on the unpatented mining claims subject hereto in the manner provided by law for the year 1966, and to the best of its knowledge no other persons are now in possession of or have made claims to said unpatented mining claims. Baumgartner shall perform sufficient work on or about the mining claims to qualify said unpatented mining claims for assessment work for the year 1967, and shall either record or furnish to Halliburton for recording Affidavits of Annual Labor relating thereto on or before August 1, 1967.

5.3 None of the mining claims are subject to outstanding leases or contracts with the exception of a certain agreement for lease by and between Halliburton and Mr. Carl I. Dismant relating to the Longfellow and Red Star Claims.

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Halliburton has the right to cancel said agreement for lease by notice of ninety days plus one year and Halliburton agrees to give notice of cancellation immediately after the execution of this contract.

5.4 Each of the parties shall have a preferential right to purchase the other party's interest in the mining claims if one of the parties receives a bona fide offer which it or he wishes to accept from one ready, willing and able to purchase such interest. Such preferential right may be exercised as follows. If either of the parties receives such an offer (the selling party), such party shall furnish a copy of said offer to the other party together with its or his written notice that it or he desires to accept. The other party shall have thirty days from receipt thereof within which to notify the selling party in writing whether it or he desires to purchase said interest on the same terms. If election is made to purchase, such other party shall have the right to purchase such interest on the same terms as those contained in the offer, such purchase to be completed within a reasonable time after election is so made. If such other party does not reply to said notice within the time above-specified or if election is made not to purchase, the selling party may accept said offer without further obligation to the other party. If the purchase is not closed by the selling party within ninety days from the date notice is given to the other party, the preferential right hereunder shall again apply to any sale of either party's interest. This preferential right shall not apply to transfers by either party to subsidiaries, parent companies, or family trusts, gifts, or conveyances of either of the parties hereto. If the proposed purchase is a part of a transaction involving

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other properties also, it shall be the responsibility of the selling party to separate from the transaction the purchase price applicable to the mining claims subject hereto.

5.5 Notwithstanding any provisions herein that the rights and liabilities of the parties hereunder are several and not joint or collective, or that this agreement and the operations hereunder shall not constitute a partnership, if for federal income tax purposes this agreement and the operations hereunder are regarded as a partnership, then each of the parties hereto hereby elects that it be excluded from the application of all of the provisions of Sub-Chapter K, Chapter 1, Subtitle A., of the Internal Revenue Code of 1954, as permitted and authorized by Section 761 of said Code and the regulations promulgated thereunder. Baumgartner is hereby authorized and directed to execute such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service.

5.6 All notices provided for herein shall be deemed properly given when mailed by certified mail or personally delivered to the addresses contained in the heading hereof.

5.7 This contract shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

EXECUTED as of the date first above stated.

HALLIBURTON OIL PRODUCING COMPANY

ATTEST:

Secretary

By _____
President

_____
Franklin W. Baumgartner

STATE OF OKLAHOMA)
) SS.
County of OKLAHOMA)

The foregoing instrument was acknowledged before me

No. 112180 Filed for record at 2:15 o'clock P.M., April 20, 1967.
Duly recorded in Book 182, Pages 53, 54, 55, 56, 57, and 58.
Addie A. Sim, Recorder

this 5th day of April 1967, by C. E. DAVIS,
President of HALLIBURTON OIL PRODUCING COMPANY.

Witness my hand and official seal.

Marjorie Lankesday
Notary Public

My commission expires:
April 15, 1970

STATE OF COLORADO)
) SS.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 17TH day of APRIL, 1967, by FRANKLIN W. BAUMGARTNER.

Witness my hand and official seal.

Shirley M. Wendel
Notary Public

My commission expires:
FEBRUARY 11, 1969

SCHEDULE 1

Claims located in the Red Mountain Mining District, Ouray and San Juan Counties, Colorado:

Claim:	Survey Number:
Alabama	17307
Albia	11613
Alexandria	1930
American Boy	1938
Aster	5079
Barilla	2386A
Barilla Mill Site	2386B
Bonnie Bell	19416
Caledonian	1534
C. B.	17307
Und. 97/100 Champion	1561
Charter Oak	2416
Como	4511
Confidence	2374
Consolidated Virginia	2556
Und. 1/2 Copper King	2474
Cora Belle	2342
Cross Bar	17298
Cross Bar No. 2	17298
Crown Jewell	2473
Dakota	17307
Denver	1856
Diana	1863Am
Dunboy	19386
East Star	17307
Elmora	1546
Emma	1487
57/60 Enterprise	1305
Evening Star	17307
Excelsior	2422
Florida	6754
Forest Queen (Surface sold)	2672
Fourth of July	6946
Genessee	1472
Genetta	2032
Geneva	1836
Georgia	17307
Gould & Curry	2556
Und. 97/120 Green Timber	2546
Gunboat	2509
Guston	1387
Half Acre	19221
Hidden Treasure	2050
Highland Chief	1471
Index	17298
Und. 5/6 Irish Girl	1564
Und. 1/2 Iron Chest	2650
Jackson	2553
Joker	17301
Joker No. 2	17301
J. R. Dutton	2112
Kokomo	2049
Last Chance (Surface sold)	2469
Little Annie	1491
Little Maud	1528
Lookout	4890
Lost Boy	7121

No. 112180 Filed for record at 2:15 o'clock P.M., April 20, 1967.
Duly recorded in Book 182, Pages 53, 54, 55, 56, 57 and 58.
Addie A. Sim, Recorder

Madcap	17350
Maine	17307
Manchester Boy	2475
Maryland	17300
Massasoit	2532
Mississippi	17300
Missouri	17307
Monitor	2345
Morning Star	2344
Morning Star	17307
Mountain Quail	7127
New Haven	2423
New York	17307
North Star	17307
N. S.	17307
Old Kentuck	2677
Oregon	17307
Orphan Boy	1385
Orphan Boy No. 2	2568
Ottawa	6446
Ouray Girl	7196
Pennsylvania	17307
Pirate	17307
Pleasant View	19386
Polo Star	17307
Puritan	17350
Ranger	4681
Red Mountain	2343
Redner	17350
Robinson	1386
Rogers	1533
Rose Bud	7196
Saxo	5349
Und. 1/2 Schultz Wonder	7265
Und. 5/6 Scotch Girl	1551
Und. 1/2 Silver King	6525
Smuggler	1517
South Star	17307
Sumner	17350
Telluride	15315
Texas	18583
Union Trust	2334
Vanderbilt	2254
Veta	2373
West 1/2 Virginia	2003
8/12 White Cloud (Surface sold)	1492
Wisconsin	2424
Yankee Girl	1384
Yellow Jacket	5540
Longfellow	5341
Whittier	5348

Unpatented claims in Ouray County:

	Recording Data
B & S	Book 83, Page 223
B & W	Book 83, Page 262
Chip	Book 79, Page 134
Demijohn	Book 83, Page 259
F. G. Duvall	Book 83, Page 261
Iron Master	Book 83, Page 260
June Bug	Book 79, Page 152
Left Bower	Book 79, Page 6

Lock	Book 79, Page 417
Maud	Book 123, Page 110
Philadelphia	Book 83, Page 263
Red Star	Book 79, Page 417
R.R.S.	Book 83, Page 244
Sarah	Book 123, Page 110
Sharon	Book 79, Page 418
Thompson	Book 123, Page 111
Wasp	Book 79, Page 418
Red	Book 123, Page 288
Rex	Book 123, Page 287
Reb	Book 123, Page 288
Linchpin	Book 150, Page 435

Unpatented claims in San Juan County:

O. A. Day (part in Ouray County)	Book 124, Page 398
Shaker (part in Ouray County)	Book 129, Page 42
Monday	Book 92A, Page 284
Thursday	Book 92A, Page 285
Saturday	Book 92A, Page 286
Second Thought	Book 172, Page 369

OFFICIAL
COPY
MAY 30 1977
ENTERED

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code

SEP 8 1971

Halliburton Oil Producing Company
2915 Classen Boulevard
Oklahoma City, Oklahoma 73106

Re: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Gentlemen:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contract.

This correspondence relates to the Lien and Subordination Agreements dated August 16, 1967, signed by C. E. Davis, president of your company, under the Office of Minerals Exploration program.

Sincerely yours,

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's reading file
Mineral Resources
OME reading file
Region III
Mr. Kirkemo
130

CaCurtin/cac 9-8-71

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code

SEP 8 1971

Mr. Charles M. Shaw
Route 1, Box 168
Carmel, California 93921

Mr. J. M. McFadden
271 North Monterey Road
Palm Springs, California 92262

OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Mr. Shaw and Mr. McFadden:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contract.

This correspondence relates to the Lien and Subordination Agreements, signed by both of you on August 10, 1967, under the Office of Minerals Exploration program.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

Copy to Mr. J. M. McFadden

cc: Director's reading file
Mineral Resources
OME reading file
Region III
Mr. Kirkemo
130

CaCurtin/cac 9-8-71

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

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August 30, 1971

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

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

William L. Emerick

William L. Emerick,
Assistant Chief
Office of Minerals Exploration

Enclosure

FINAL FIELD REPORT - OME EXPLORATION PROJECT

By W. L. Emerick

August 30, 1971

1. OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Operator: F. W. Baumgartner, President
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Property: Consisted of forty-seven (47) patented and seven (7) unpatented lode mining claims, including all rights pertaining thereto, in secs. 1, 12, and 13, T. 42 N., R. 8 W., and secs. 6 and 7, T. 42 N., R. 7 W., NMPB and M, Red Mountain mining district, Ouray County, Colorado. A map showing the area of these two claims was attached to the contract.

Ownership: The Operator was in possession of thirty one (31) patented claims and one (1) unpatented claim under the terms of a Contract, dated April 5, 1967, from Halliburton Oil Producing Company, the owner; two (2) patented claims under the terms of an Agreement of Purchase and Sale, dated August 11, 1967, from Charles M. Shaw and J. M. McFadden, the owners; and of fourteen (14) patented and six (6) unpatented claims by right of ownership.

2. Purpose of Project: The purpose of the project was to explore by geophysical survey methods and diamond core drilling for copper-bearing ore bodies occurring in brecciated pipes that locally intruded fractured and faulted rocks of the San Juan and Silverton volcanic cauldrons of Tertiary age.

3. Contract: Dated December 29, 1967, for a term of 18 months, later extended by amendments to 34 months.
Original contract amount - $71,000.00.
Government participation - 50 percent, $35,500.00.

Amendments - No. 1 - June 24, 1968, to change the date fixed by Article I of the contract for starting work and to extend the time for completion of the work from 18 to 20 months.

No. 2 - January 21, 1969, to extend the time for completion of the work from 20 to 24 months, to extend the maximum period for royalty payments from 10 to 11 years, and to suspend work under the contract for a period of 7 months.

FINAL FIELD REPORT

No. 3 - February 24, 1969, to revise in Exhibit A the section under the heading Estimated Cost of Project, Stage I.

No. 4 - June 18, 1969, to extend for an additional 3 months the time fixed in Amendment No. 2 for suspension of the work.

No. 5 - November 5, 1969, to extend the time for completion of the work from 24 to 34 months, to extend the maximum period for royalty payments from 11 to 12 years, and to extend for an additional 9 months the time fixed in Amendment No. 4 for suspension of work.

4. Project Work: Started June 10, 1968. Terminated December 14, 1970.

Cost Items	Stage I				
Actual Costs	Authorized			Completed	
	Units	Rate	Amount	Units	Amount
Mobilization and demobilization bulldozer	-----	-----	$100.00	-----	$100.00
Bulldozing roads and drill sites	25 hours	$18.00/hour	$450.00	25 hours	$450.00
Mobilization and demobilization drill rig	-----	-----	$750.00	-----	$750.00
Overburden drilling and setting casing	60 feet	$9.00/foot	$540.00	30 feet	$270.00
Diamond core drilling	2,100 feet	Various	$13,695.00	2,082 feet	$12,722.00
Cementing, reaming, drilling cement, and installing casing	83 hours	$14.00/hour	$1,162.00	83 hours	$1,162.00
Casing lost in completed holes	124 feet	Various	$308.00	77 feet	$171.00
Moving and setting up drill rig	20 hours	$10.00/hour	$200.00	20 hours	$200.00
Core boxes	110 boxes	$1.00/box	$110.00	110 boxes	$110.00

Cost Items

Stage I - (Continued)

Actual Costs	Authorized Units	Authorized Rate	Authorized Amount	Completed Units	Completed Amount
Supervisor-geologist-engineer	3 months	$750.00/month	$2,250.00	3 months	$2,250.00
Outside Consultant	6 days	$75.00/day	$450.00	6 days	$450.00
Per diem outside consultant	6 days	$16.00/day	$96.00	6 days	$96.00
Mileage outside consultant	4,200 miles	$0.10/mile	$420.00	4,200 miles	$420.00
F.I.C.A., payroll taxes, insurance	-----	-----	$234.00	-----	$134.00
Office expense, accounting, engineering	3 months	$50.00/month	$150.00	3 months	$150.00
Assaying for copper, gold, lead, silver and zinc	375 assays	Various	$1,160.00	38 assays	$152.00
Fixed Unit Costs					
Electrical resistivity survey	Job	-----	$1,575.00	Job	$1,575.00
Total Cost Stage I			$23,650.00		$21,162.00

Stage II

Actual Costs	Authorized Units	Authorized Rate	Authorized Amount	Completed Units	Completed Amount
Bulldozing roads and drill sites	40 hours	$18.00/hour	$720.00	-----	-----
Overburden drilling and setting casing	140 feet	$9.00/foot	$1,260.00	-----	-----

Stage II - (Continued)

Actual Costs	Authorized Units	Authorized Rate	Authorized Amount	Completed Units	Completed Amount
Diamond core drilling	5,000 feet	Various	$31,955.00	-----	-----
Cementing, reaming, drilling cement, and installing casing	65 hours	$14.00/hour	$910.00	-----	-----
Casing lost in completed holes	250 feet	Various	$625.00	-----	-----
Moving and setting up drill rig	45 hours	$10.00/hour	$450.00	-----	-----
Rental of water truck	6 months	$190.00/month	$1,140.00	-----	-----
Hauling water	3,500 miles	$0.12/mile	$420.00	-----	-----
Core boxes	250 boxes	$1.00/box	$250.00	-----	-----
Supervisor-geologist-engineer	6 months	$750.00/month	$4,500.00	-----	-----
Outside Consultant	12 days	$75.00/day	$900.00	-----	-----
Per diem, outside consultant	12 days	$16.00/day	$192.00	-----	-----
Mileage, outside consultant	8,400 miles	$0.10/mile	$840.00	-----	-----
F.I.C.A., payroll taxes, insurance	-----	-----	$468.00	-----	-----
Office expense, accounting, and engineering	6 months	$50.00/month	$300.00	-----	-----
Assaying for copper, gold, lead, silver, and zinc	800 assays	Various	$2,420.00		
Total Cost Stage II			$47,350.00		-----
Total Cost of Project			$71,000.00		$21,162.00

Stage II (Continued)

Government Participation at 50%	$35,500.00	$10,581.00
Paid to the Operator		$10,581.00

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

Effectiveness of the Work - Target areas of the project were adequately explored under Stage I of the contract.

Efficiency of Operation - The operation was competently supervised and progressed efficiently. Periods of work suspension were requested for evaluation purposes or because winter weather prevented further operations.

5. Reports:

Operator's Final Report - An acceptable Final Report was transmitted to Washington on April 7, 1971 by the Field Officer, Region III.

Cost Review - A Report of Review was issued by the Office of Survey and Review in May 1971.

Final Audit - A final audit was not requested inasmuch as no additional vouchers were submitted or paid after the Report of Review. The final voucher was paid on April 20, 1971.

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 did not result in the discovery of a copper-bearing ore body.

Certification - No certification of possible production was issued.

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

Royalties - No royalties were paid or due the Government.

7. Geologic Summary

- The ore deposits of the district occur as isolated pockets or discontinuous pods occupying fissures in the upper few hundred feet of chimney-like breccia pipes that intrude faulted and fractured volcanic rocks of a subsidence structure of Tertiary age. Ore minerals are pyrite, galena, sphalerite, chalcopyrite, tetrahedrite-tennantite, chalcocite, bornite, stromeyerite, two bismuth-bearing minerals, cosalite and alaskaite, and the tin-bearing copper mineral colusite. Gangue minerals are quartz and barite. Records during the period 1881-1896 indicate a total production amounting to 69,127tons of ore valued at approximately $2,603,875.00 from the volcanic pipe explored with OME participation. Production for the same period from the whole district was valued at approximately $7,700,000.00.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/4/71		120
		220
		120M

August 4, 1971

Memorandum

To: Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Enclosed is a copy of the Field Officer's letter of July 19, 1971, forwarding a copy of the Report of Review issued in May 1971 to the subject Operator. Also enclosed is a copy of the report for your files.

Harold Kirkemo
for
Harold Kirkemo

Enclosures

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

GLAult/a 8-4-71

Office of Minerals Exploration
Building 53 Room 200

July 19, 1971

CO
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RE
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Mr. F. W. Baumgartner, President
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Re: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Mr. Baumgartner:

Enclosed is an Operator's copy of a Report of Review issued in May, 1971 on the subject contract. The copy is for your retention.

Please note in the second complete paragraph on page 2 that the reference is to 2,236 feet of diamond core drilling. The Government participated only in drilling 2,082 feet, and the balance of 154 feet was drilled solely on the Operator's account.

I have read the Report of Review and concur in the facts stated therein. If for any reason you do not concur, the Operator's copy of the Report of Review should be returned to this office with appropriate comments.

It has been a pleasure to be of assistance to you even though the results of the exploration program were not as encouraging as we had hoped.

Sincerely yours,

J. William Hasler

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

Enclosure

cc: Chief, OME (2) OME-6632 OME chron Mr. Hasler Mr. Emerick

JWHasler/mc/7/19/71

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
		120N

JUN 1 1971

AIRMAIL

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Ouray County, Colorado
Contract 2255

Enclosed are the Field Office's and Operator's copies of a Report of Review issued in May 1971 on the subject contract.

Please note in the second complete paragraph on page 2 that the reference is to 2,236 feet of diamond core drilling. The Government participated only in drilling 2,082 feet, and the balance of 154 feet was drilled solely on the Operator's account.

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 reading file
Mr. Kirkemo
130

HKirkemo/cac 6-1-71

9-1648
H 1968

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

OPERATOR'S MONTHLY VOUCHER For Month of Final Report

Docket No. OME- 6632
Contract 14-08-0001 7755
Contract Amount $ 71,000
Gov't. Participation % 50 $ 35,500

Operator's Name F. W. Baumgartner
Address 737 Grant St., Denver, Colorado 80203

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
		$		$		$		$
Mileage-Denver to project 7 return			4200 mi	420.00			4200	420.00
FICA, payroll taxes, insurance				133.65				133.65
Office expense, accounting and engineering			3 mo.	150.00			3	150.00
Assaying			38	152.00			38	152.00
Electrical Resistivity Survey			1	1575.00			1	1,575.00
TOTAL		913.00						
2 Govt. Part		456.50						
Plus		200.00						
		656.50						
TOTALS		$		$ 21,161.65		$ 913.00		$ 21,161.65

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

Date Mar. 11, 1971 *Payee F. W. Baumgartner

Per Robert A. Larson Title Mining Engineer

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature J. William Hasb OME Field Officer Date 4/7/71

456.50 (63)14 X 0804
200.00 14 X 6875(08)

Approved for: $ 656.50
(SUBJECT TO AUDIT)

Signature

Date APR 20 1971 Vou. No. 16247

(SEE OTHER SIDE)

FOR OPERATOR'S USE	FOR GOVERNMENT USE
REMARKS	REMARKS
1. Items disallowed on statement dated Oct. and Nov., 1968. 2. Withheld pending final report on statement dated Oct. and Nov., 1968.	Allow $200.00 for final report. JHA

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

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

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

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

9-1648
H 1968

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

OK-WK
4/13/71

OPERATOR'S MONTHLY VOUCHER For Month of Final Report

Docket No. OME- 6632
Contract 14-08-0001 7755
Contract Amount $ 71,000
Gov't. Participation % 50 $ 35,500

Operator's Name F. W. Baumgartner
Address 737 Grant St., Denver, Colorado 80203

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Mobilizing & demobilizing one bulldozer		$	1	$ 100.00		$	1	$ 100.00
Bulldozing roads & drill sites			25 hrs	450.00			25	450.00
Mobilizing & demobilizing drilling rig			1	750.00			1	750.00
Overburden drilling & setting of casing			30 ft.	270.00			30	270.00
Diamond core drilling			2082ft	12722.00			2,082	12,722.00
Cementing, reaming, drilling cement, installing casing	53 hr	742.00	83 hr	1162.00	53	742.00	83	1,162.00
Casing test in completed holes:								
NX	17 ft	51.00	17 ft	51.00	17	51.00	17	51.00
BX	60ft	120.00	60 ft	120.00	60	120.00	60	120.00
Moving & setting up drill rig			20 hr	200.00			20	200.00
Core boxes			110	110.00			110	110.00
Supervisor-Geologist-Engineer			3 mos	2250.00			3	2,250.00
Outside Consultant			6 days	450.00			6	450.00
Per diem(outside Consultant)			6 days	96.00			6	96.00
TOTALS		$		$		$		$

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

Date _____ *Payee _____

Per _____ Title _____

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature _____ OME Field Officer _____ Date

Approved for: $ _____
(SUBJECT TO AUDIT)

Signature _____

Date _____ Vou. No. 16247

(SEE OTHER SIDE)

FOR OPERATOR'S USE	FOR GOVERNMENT USE
REMARKS	REMARKS Allow $200.00 for final report.

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

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

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

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

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: F. W. Baumgartner
737 Grant St.
Denber, Colorado 80203

Amount Claimed:	Differences (Explained Below)	Amount Approved:
11,595.42	2,393.35	9,202.07 4,601.04 Gov. Part. Less 200.00 * 4,401.04
Bu. Voucher No.	Payee's Invoice No.	Period
	Contract # 2255 Docket 6632	Oct. & Nov. 1968

EXPLANATION

Claimed	Allowed	Disallowed
$ 540.00 for 60 ft. of overburden	$ 270.00 for 30 ft. shown on billing	$ 270.00
9,171.40 for Diamond Drill.	8,198.40 Disallowed 18ft. in DDH CB-1 billing for 682 ft.	973.00
750.00 Reaming	-0- Disallowed pending agreement to Amend.	750.00
300.00 Casing Lost.	-0- No funds allotted in contract for lost shoe bits.	300.00
100.35 FICA	-0- Funds for salaries allotted to Stage 1 of Contract expended in first three months. This FICA is not from Contract funding.	100.35
		2,393.35

RECEIVED
FEB 20 1969

* Withholding $200.00 pending resumption of work or final report.

Any credit for items deducted must be included as a separate item on subsequent vouchers and supported by the original statement.

ms

Branch of Budget and Finance

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

OME Region III
RECEIVED
MAR 18 1971
Denver, Colorado

March 11, 1971

Mr. J. William Hasler
Field Officer, Region III
Building 53, Room 200
Federal Center
Denver, Colorado 80225

Re: OME-6632 (Copper)
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Sir:

The following is a final project report for OME Contract 2255, terminated in an agreement dated December 14, 1970.

Stage I of aforementioned contract, completed November 29, 1968, consisted of 2236 feet of diamond drilling (2082 feet. government participation) and 15,750 feet of electrical resistivity surveying.

The diamond drilling was intended to transect electrical resistivity anomalies within the brecciated, highly altered Cora Belle and Copper King pipes. Recovered core showed highly bleached andesite containing significant pyritization, but no ore-grade material was encountered. The resistivity survey outlined three areas of interest, interpreted as siliceous envelopes associated with the breccia pipes. Following this, an induced polorization survey was made (no government participation).

An application was presented for a Stage II program consisting of diamond drilling in the Guston-Robinson area. This proposal was not accepted. The contract was then terminated.

Enclosed is the final voucher requesting payment for two items which had previously been disallowed and for money withheld pending receipt of the final report.

If any questions arise concerning the above matters, please contact us.

Very truly yours,

BAUMGARTNER OIL COMPANY

Robert A. Larson

ROBERT. A. LARSON
Mining Division

RAL/jd

encl.

CORE DRILLING FOUNDATION TESTING SOIL SAMPLING, ETC.

MacPherson Drilling Company, INC.

MONTROSE, COLORADO 81401

TELEPHONE 249-3801 P. O. BOX 1167

FOR CUSTOMER'S USE ONLY	
Register No.	Voucher No.
Terms Approved	Rate Approved
Calculations Checked	DL. 8/23/68
Footage Checked	DL. 8/23/68
Adjustments	
Accounting Distributions	
Audited	Final Approval

INVOICE DATE: August 9, 1968. July Drilling
INVOICE NUMBER: 1,
CONTRACT: Baumgartner Oil Company,
TERMS: Contract
LOCATION: Surface, Ouray County, Colo. Red Mountain Project

HOLE NO.	FROM	TO	FOOTAGE	RATE	TOTAL
CB-2	0	56	56 NX WL Core	6.80	380.80
	56	326	270 BX WL "	6.20	1,674.00
	Setting -up time, 12 - hrs. @ $11.00 per crew hr.				132.00
	Reaming for & installing casing, cementing & drilling out cement, 106½ - hrs. @ $15.00 per rig hr.				1,597.50
	One-half mobilization				375.00
					4,159.30
SUPPLIES:	BX-Core boxes, 210 - @ $1.00 ea.				210.00
	Portland Cement, 10 - sacks				21.84
	Quik Mud Gel, 30 - sacks @ $3.20 per sack				96.00
	Cal Seal Cement, 11 - sacks @ $9.16 per sack				100.76
			To Balance.....		$ 4,587.90

DRILLING FOUNDATION TESTING SOIL SAMPLING, ETC.

MacPherson Drilling Company

MONTROSE, COLORADO 81401

TELEPHONE 249-3501 P. O. BOX 1167

FOR CUSTOMER'S USE ONLY	
Register No.	Voucher No.
Terms Approved	Rate Approved
Calculations Checked	
Footage Checked	
Adjustments	
Accounting Distributions	
Audited	Final Approval

INVOICE DATE: November 22, 1968 October Drilling
INVOICE NUMBER: 4
CONTRACT: Baumgartner Oil Company
TERMS: Contract
LOCATION: Surface, Ouray County, Colo. Red Mountain Project

HOLE NO.	FROM	TO	FOOTAGE	RATE	TOTAL
RM-2	456	500	44 BX WL Core	6.20	272.80
	500	854	354 BX WL Core	6.95	2,460.30
RM-3	0	13	13 ORBDN	9.50	123.50
	13	30	17 NX WL Core	6.80	115.60
	30	179	149 BX WL Core	6.20	923.80
Cementing & Reaming of Casing, 12½ Hrs. @ $15.00 per rig hour					187.50
Moving, setting up, preparing roads & Drill Station, 56 Hrs. @ $11.00 per crew hour					616.00
14 hours delay time @ $8.00 per hour					112.00
					4,811.50
Supplies: 50-BX WL Core boxes @ $1.00					50.00
Equipment left in hole by request: RM-2 17 Ft. NX Casing @ $3.86 per ft.			65.62		
60 Ft. BX Casing @ $3.08 per ft.			184.80		
1 NX Diamond set Shoe bit			235.13		485.55
				To Balance	$5,347.05

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Date	Surname	Code
4/16/71	Emerick	120E
		120
4/16	Cees	220
		120M

APR 16 1971

Memorandum

To: Assistant Director, Audit Operations
Contract and Grant Audit
Office of Survey and Review, Room 5228

From: Chief, Office of Minerals Exploration

Subject: Reports of Review

Please prepare a Report of Cost Review on the following OME contract:

Docket No.	Operator	Contract No.
OME-6632	Baumgartner Oil Company	2255

Harold Kirkemo
gu

Harold Kirkemo

cc: C. D. Bare, Rm. 812, 801 - 19th Street, N. W.

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

GLAult/a 4-16-71

7

OFFICIAL FILE COPY

Date	Surname	Code
4/13/71	Emerick	120
		100
		130
4/14	Coe	220
		120M

APR 14 1971

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

As the Operator under the subject contract has submitted an acceptable final report, the $200.00 withheld from the October-November 1968 voucher may now be paid to the Operator.

Harold Kirkemo
for

Harold Kirkemo

Enclosures

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

WLEmerick/bsl 4/13/71

IN REPLY REFER TO:

United States Department of the Interior

GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225
Office of Minerals Exploration
Building 53 Room 200

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O. M. E.
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APR 8 1971
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1206

April 7, 1971

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Transmitted herewith is an original and two copies of a single page final report submitted by the Operator, with an accompanying final voucher, a substantiating statement for 53 hours of cementing, reaming, drilling cement, installing casing, and for 77 feet of casing lost in completed holes, (Amendment No. 3, Stage 1 revised) along with their copy of an Administrative Suspension Statement #94732, for October and November, 1968.

The short final report outlines the work completed during Stage I of the subject contract, with accompanying costs, is considered adequate as the prior vouchers for the periods June, July, August and September, 1968, and for October and November, 1968, included detailed descriptions, drill logs, maps and the electrical resistivity report by Walter W. Tyler. The exploration work was reviewed in a request for the continuance of Stage II dated April 6, 1970, which was denied by Washington because of the results of Stage I work which were not particularly encouraging. The project was reviewed by me in a memorandum dated November 18, 1970, recommending possible continuance of Stage II.

The contract work was mutually terminated by an agreement dated December 14, 1970. It is recommended that the contract now be closed out, and that no certification be made as the results of Stage I drilling,

and accompanying geophysical work in the Red Mountain and Cora Belle areas did not result in the discovery of any deposits of copper of commercial size and grade. I have recommended that the $200.00 presently being withheld be refunded as a result of the submittal of the accompanying report.

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

Enclosure

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

OME Region III
RECEIVED
MAR 18 1971
Denver, Colorado

March 11, 1971

Mr. J. William Hasler
Field Officer, Region III
Building 53, Room 200
Federal Center
Denver, Colorado 80225

Re: OME-6632 (Copper)
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Sir:

The following is a final project report for OME Contract 2255, terminated in an agreement dated December 14, 1970.

Stage I of aforementioned contract, completed November 29, 1968, consisted of 2236 feet of diamond drilling (2082 feet. government participation) and 15,750 feet of electrical resistivity surveying.

The diamond drilling was intended to transect electrical resistivity anomalies within the brecciated, highly altered Cora Belle and Copper King pipes. Recovered core showed highly bleached andesite containing significant pyritization, but no ore-grade material was encountered. The resistivity survey outlined three areas of interest, interpreted as siliceous envelopes associated with the breccia pipes. Following this, an induced polorization survey was made (no government participation).

An application was presented for a Stage II program consisting of diamond drilling in the Guston-Robinson area. This proposal was not accepted. The contract was then terminated.

Enclosed is the final voucher requesting payment for two items which had previously been disallowed and for money withheld pending receipt of the final report.

If any questions arise concerning the above matters, please contact us.

Very truly yours,

BAUMGARTNER OIL COMPANY

Robert A. Larson

ROBERT. A. LARSON
Mining Division

RAL/jd

encl.

OPERATOR'S FINAL REPORT

IN REPLY REFER TO:

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

Office of Minerals Exploration
Building 53 Room 200

January 13, 1971

JAN 15 1971
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WE 1/20

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Enclosed is the "Government's Copy" and"Budget and Finance's Copy" of a Termination Agreement (one page) signed by the Operator, thus completing the execution of the Termination Agreement.

The Operator states that his final report will be submitted shortly so that the winding-up process may begin on the subject contract.

J. William Hasler

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

Enclosures

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Office of Minerals Exploration
Building 53 Room 200

December 23, 1970

Mr. F. W. Baumgartner, President
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Mr. Baumgartner:

Enclosed are the original and three copies of a proposed Termination Agreement (one page) for the subject contract, signed for the Government. An extra copy of the agreement is also enclosed for field use.

If the proposed agreement is satisfactory to you, the Operator, all four copies should be signed by you or an authorized official of your company, and returned to this office. After the receipt of the signed copies, the "Operator's Copy" will be sent to you.

If any part of the proposed agreement 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
OME-6632
OME chron
Mr. Hasler

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

January 11, 1971

OME Region III
RECEIVED
JAN 12 1971
Denver, Colorado

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Building 53, Room 200
Federal Center, Denver, Colorado 80225

Re: OME-6632 (Copper)
Baumgartner oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Mr. Hasler:

Enclosed are the executed copies of the termination agreement concerning our OME contract. In the very near future I will forward to you our final report.

Very truly yours,

BAUMGARTNER OIL COMPANY

Robert A. Larson

ROBERT A. LARSON
Mining Division

RAL/jd

encls.

ME Form 7
/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/7/70	Kirkemo	120
		220
		120
		220
		120M

AIRMAIL

DEC 14 1970

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Enclosed are the original and three copies of a proposed Termination Agreement (one page) for the subject contract, signed for the Government. An extra copy of the agreement is also enclosed for field use.

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

If any part of the proposed agreement 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

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading file
Mr. Kirkemo
130

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EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

Termination Agreement

It is agreed this _____ day of _____, 1970, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, Office of Minerals Exploration, hereinafter called the "Government," and Baumgartner Oil Company, hereinafter called the "Operator," parties to that certain Exploration Contract No. 2255 (OME-6632), dated December 29, 1967, as amended, hereinafter called the "Contract" that:

1. Effective July 1, 1970, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the allowable costs incurred prior to July 1, 1970.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the contact, including furnishing to the Government three copies of a final report (in addition to the final monthly report) which 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 related costs thereof.

4. All rights of the Government provided for in the Contract with respect to a certification of possible production, percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayments are hereby preserved.

5. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said contract except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

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

BAUMGARTNER OIL COMPANY

By_____

Title_____

IN REPLY REFER TO:

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

Office of Minerals Exploration
Building 53 Room 200

November 18, 1970

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 20 1970

INITIALS	CODE
gla	130
Osf	120
	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

An OME contract was awarded on December 29, 1967 for $71,000.00, the total estimated cost of the project, with Government participation on a 50-percent basis or not in excess of $35,000.00.

The purpose of the project was to explore by geophysical methods and diamond core drilling for copper-bearing ore bodies occurring in brecciated pipes which had locally intruded fractured and faulted rocks of the San Juan and Silverton volcanic cauldrons of Tertiary age. The contract was amended five (5) times to allow for recesses in the project during the winter months of 1968, and 1969, as well as to extend the date for starting the project work and to transfer funds from one portion of the contract to another.

Stage I consisted of bulldozing access roads to the drill sites, leveling the sites and drilling not more than three diamond drill holes totaling not more than 2,100 feet, and conducting an electrical resistivity geophysical survey on approximately 17,600 feet of surveyed lines. Stage II, dependant upon the results obtained in Stage I, consisted of similar work as provided for in Stage I of the contract. Field inspections were made and two vouchers were submitted to the OME Region III office. The following units of work were completed, authorized and paid under the subject contract. See exhibit 1 attached.

Stage I of the subject contract was completed November 29, 1968, and consisted of 2,236 feet of diamond drilling and 15,570 feet of electrical geophysical work, in the Cora Belle, and Red Mountain No. 3 areas.

Results of the electrical resistivity indicated three areas of interest, as resistivity "highs" may be interpreted as siliceous envelopes around the periphery of the breccia pipe.

The diamond drilling completed in the Red Mountain No. 3 area (RM-1), penetrated abundantly silicified andesite some of which is highly faulted, brecciated and contains abundant pyrite. Whether or not the rocks penetrated by Drill Hole RM-1 is representative of the rock making up the breccia pipe, or whether or not the mineralized areas penetrated actually introduced ore minerals is not known. Additional drilling or other underground work should be done by the Operator, to further explore the nature of the mineralized material within the breccia pipes.

Diamond drilling completed in the Cora Belle area consisted of two holes, CB-1 and CB-2. Drill hole CB-1 penetrated abundantly silicified and highly pyritized andesite. Some bornite was penetrated in a fractured zone at a depth of 468 feet. The drill hole penetrated altered andesite between 525 feet and the bottom of the hole at 677 feet. Drill Hole CB-2 penetrated essentially barren material and was drilled to a depth of 700 feet.

During 1969 the Operator, on his own account, instigated and completed additional detailed geologic work as well as an induced polarization geophysical study to further study the silicification and sulfide mineralization in an attempt to ascertain the areas that have been subjected to ore-bearing solutions, and submitted to this office, a proposed Stage II program.

The results of Stage I work did not prove to be very encouraging, but it was the opinion of the Field Officer, Region II that additional exploration work was warranted to further explore the Guston-Robinson volcanic pipe from a primarily geological point of view, however appraisals by Robert Luedke and Washington OME geologists think the possibilities of a discovery of significant new ore reserves at the present time are not good, and requested a reappraisal of the various objectives by the Operator.

The Operator felt that to further investigate some of the other objectives would be too costly and that it would be advantageous to terminate the contract insofar as other company commitments were concerned, as well as the Government's interest. The Operator was then asked by the Region III Field Officer to submit a letter requesting mutual termination of the contract. Several verbal requests were made during June, July and August, 1970. The Operator finally requested termination in a letter dated September 2, 1970.

The delay in preparation of this memorandum recommending mutual termination is due to a heavy work load in the Region III field office.

It is herein recommended that the subject contract be terminated, and that the steps required to terminate the subject contract be instigated.

J. William Hasler

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

Enclosure

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Actual Costs	Authorized Amounts Stage I	Authorized Amounts Stage II	Authorized Amounts Totals	Accepted Costs	Unexpended Balance
Category (1) Individual Contracts					
Mobilizing and Demobilizing One Bulldozer	$ 100	$	$ 100	$ 100	$
Bulldozing roads and drill sites,					
25 hours at $18/hour	450		450	450	
40 hours at $18/hour		720	720		720
Mobilizing and Demobilizing drilling rig	750		750	750	
Overburden drilling and setting of casing					
60 feet at $9/foot	540		540	270	270
140 feet at $9/foot		1,260	1,260		1,260
Diamond Core drilling					
2,100 feet at various rates	13,695		13,695	12,722	973
5,000 feet at various rates		31,955	31,955		31,955
Cementing, reaming, drilling cement and installing casing					
83 hours at $14/hour	1,162		1,162	420	742
65 hours at $14/hour		910	910		910
Casing lost in completed holes					
124 feet at various rates	308 (Exhibit No. 3)		308		308
250 feet at various rates		625	625		625

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Actual Costs	Authorized Amounts Stage I	Stage II	Totals	Accepted Costs	Unexpended Balance
Moving and setting up drill rig					
20 hours at $10/hour	200		200	200	
45 hours at $10/hour		450	450		450
Rental of water truck					
6 months at $190/month		1,140	1,140		1,140
Hauling water					
3,500 miles at $0.12/mile		420	420		420
Core boxes					
110 boxes at $1/box	110		110	110	
250 boxes at $1/box		250	250		250
Total Category (1)	17,315	37,730	55,045	15,022	40,023
Category (2) Personal Services					
Subcategory (A) Supervision and Technical Services					
1-Supervisor-geologist-engineer					
3 months at $750/month	2,250		2,250	2,250	
6 months at $750/month		4,500	4,500		4,500
1-Outside Consultant (2 days/month)					
6 days at $75/day	450		450	450	
12 days at $75/day		900	900		900
Total Category (2)	2,700	5,400	8,100	2,700	5,400

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Actual Costs	Authorized Amounts Stage I	Stage II	Totals	Accepted Costs	Unexpended Balance
Category (7) Miscellaneous					
Per diem, outside Consultant					
6 days at $16/day	96		96	96	
12 days at $16/day		192	192		192
Mileage Denver to project area and return					
4,200 miles at $0.10/mile	420		420	420	
8,400 miles at $0.10/mile		840	840		840
FICA, payroll taxes, insurance					
10.4% of $2,250	234		234	134	100
10.4% of $4,500		468	468		468
Office Expense, Accounting and Engineering					
3 months at $50/month	150		150	150	
6 months at $50/month		300	300		300
Assaying					
375 Samples	1,160		1,160	152	1,008
800 Samples		2,420	2,420		2,420
Copper, gold, lead, Silver, and zinc $3/each determination					
Gold and silver $3.50/sample					
Total Category (7)	2,060	4,220	6,280	952	5,328

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Fixed Unit Costs 1/	Authorized Amounts Stage I	Stage II	Totals	Accepted Costs	Unexpended Balance
Electrical resistivity survey 15,750 feet	1,575		1,575	1,575	
Total all categories	23,650	47,350	71,000	20,249	50,751
Government Participation at 50%	11,825	23,675	35,500	10,124 2/	25,376

1/ The completed job is the unit of work.
2/ Less $200 pending resumption of work or a final report by the Operator.

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

September 2, 1970

U.S. Region III
RECEIVED
SEP 15 1970
Denver, Colorado

J. William Hasler
Field Officer
Region 3
Office of Minerals Exploration
Building 53, Room 200
Federal Center
Denver, Colorado 80225

RE: OME Docket No. 6632
Contract No. 2255
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado

Gentlemen:

Please accept this as our request for the termination of the above referenced contract. We request the termination of the contract because results of the past exploratory coring program were not conclusive. The area will require more extensive geologic study before additional exploratory core drilling is undertaken.

Please advise if you require additional information.

Yours very truly,

BAUMGARTNER OIL COMPANY

F. W. Baumgartner

F. W. Baumgartner

FWB:bhb

FORM 9-1648
MARCH 1968

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

OPERATOR'S MONTHLY VOUCHER For Month of Final Report

Docket No. OME- 6632
Contract 14-08-0001 (2755)
Contract Amount $ 71,000
Gov't. Participation % 50 $ 35,500

Operator's Name F. W. Baumgartner
Address 737 Grant St., Denver, Colorado 80203

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
		$		$		$		$
Mileage-Denver to project 7 return			4200mi	420.00			4200	420.00
FICA, payroll taxes, insurance				133.65				133.65
Office expense, accounting and engineering			3 mo.	150.00			3	150.00
Assaying			38	152.00			38	152.00
Electrical Resistivity Survey			1	1575.00			1	1,575.00
TOTAL		913.00						
Govt. Part		456.50						
Plus		200.00						
		$656.50						
TOTALS		$ 913.00		$ 21,161.65		$ 913.00		$ 21,161.65

POSTED
4/26/71 BE

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

Date Mar. 11, 1971 *Payee F. W. Baumgartner

Per Robert A. Larson Title Mining Engineer

Robert A. Larson

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature [illegible] OME Field Officer Date 4/7/71

456.50 (63) 14X0200
200.00 14X6875(02)

Approved for: $656.50
(SUBJECT TO AUDIT)

Signature [illegible]

Date APR 20 1971 Vou. No. 16247

FOR OPERATOR'S USE	FOR GOVERNMENT USE
REMARKS	REMARKS
1. Items disallowed on statement dated Oct. and Nov., 1968. 2. Withheld pending final report on statement dated Oct. and Nov., 1968.	allow $200.00 for [illegible] of final report. [illegible]

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

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

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

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

FORM 9-1648
MARCH 1968

OK-WRE
4/13/71

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

OPERATOR'S MONTHLY VOUCHER For Month of Final Report

Docket No. OME- 6632
Contract 14-08-0001
Contract Amount $ 71,000
Gov't. Participation % 50 $ 35,500

Operator's Name F. W. Baumgartner
Address 737 Grant St., Denver, Colorado 80203

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Mobilizing & demobilizing one bulldozer		$	1	$ 100.00		$	1	$ 100.00
Bulldozing roads & drill sites			25 hrs	450.00			25	450.00
Mobilizing & demobilizing drilling rig			1	750.00			1	750.00
Overburden drilling & setting of casing			30 ft.	270.00			30	270.00
Diamond core drilling			2082ft	12722.00			2,082	12,722.00
Cementing, reaming, drilling cement, installing casing	53 hr	742.00	83 hr	1162.00	53	742.00	83	1,162.00
Casing test in completed holes:								
NX	17 ft	51.00	17 ft	51.00	17	51.00	17	51.00
BX	60ft	120.00	60 ft	120.00	60	120.00	60	120.00
Moving & setting up drill rig			20 hr	200.00			20	200.00
Core boxes			110	110.00			110	110.00
Supervisor-Geologist-Engineer			3 mos	2250.00			3	2,250.00
Outside Consultant			6 days	450.00			6	450.00
Per diem(outside Consultant)			6 days	96.00			6	96.00
TOTALS		$		$		$		$

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

Date _____ *Payee _____

Per _____ Title _____

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature _____
OME Field Officer Date

Approved for: $ _____
(SUBJECT TO AUDIT)

Signature _____

Date APR 20 1971 Vou. No. 6247

FOR OPERATOR'S USE	FOR GOVERNMENT USE
REMARKS	REMARKS Return copy for final signature. [illegible]

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

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

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

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

Name and Address of Payee: F. W. Baumgartner
737 Grant St.
Denber, Colorado 80203

Amount Claimed	Differences (Explained below)	
11,595.42	2,393.35	9,202.07 4,601.04 Gov. Part. Less 200.00 * 4,401.04
Voucher No.	Payee's Invoice No.	
	Contract # 2255 Docket 6632	Oct. & Nov. 1968

EXPLANATION

Claimed	Allowed	Disallowed
$ 540.00 for 60 ft. of overburden	$ 270.00 for 30 ft. shown on billing	$ 270.00
9,171.40 for Diamond Drill.	8,198.40 Disallowed 18ft. in DDH CB-1 billing for 682 ft.	973.00
750.00 Reaming	-0- Disallowed pending agreement to Amend.	750.00
300.00 Casing Lost.	-0- No funds allotted in contract for lost shoe bits.	300.00
100.35 FICA	-0- Funds for salaries allotted to Stage 1 of Contract expended in first three months. This FICA is not from Contract funding.	100.35
		2,393.35

RECEIVED FEB 20 1969

* Withholding $200.00 pending resumption of work or final report.

ms

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1718

Cable Address
BAUMGAROIL

March 11, 1971

Mr. J. William Hasler
Field Officer, Region III
Building 53, Room 200
Federal Center
Denver, Colorado 80225

Re: OME-6632 (Copper)
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Sir:

The following is a final project report for OME Contract 2255, terminated in an agreement dated December 14, 1970.

Stage I of aforementioned contract, completed November 29, 1968, consisted of 2236 feet of diamond drilling (2082 feet. government participation) and 15,750 feet of electrical resistivity surveying.

The diamond drilling was intended to transect electrical resistivity anomalies within the brecciated, highly altered Cora Belle and Copper King pipes. Recovered core showed highly bleached andesite containing significant pyritization, but no ore-grade material was encountered. The resistivity survey outlined three areas of interest, interpreted as siliceous envelopes associated with the breccia pipes. Following this, an induced polorization survey was made (no government participation).

An application was presented for a Stage II program consisting of diamond drilling in the Guston-Robinson area. This proposal was not accepted. The contract was then terminated.

Enclosed is the final voucher requesting payment for two items which had previously been disallowed and for money withheld pending receipt of the final report.

If any questions arise concerning the above matters, please contact us.

Very truly yours,

BAUMGARTNER OIL COMPANY

Robert A. Larson

ROBERT. A. LARSON
Mining Division

RAL/jd

DRILLING FOUNDATION TESTING SOIL SAMPLING, ETC.

MacPherson Drilling Company

MONTROSE, COLORADO 81401

TELEPHONE 249-3501 P. O. BOX 1167

FOR CUSTOMER'S USE ONLY	
Register No.	Voucher No.
Terms Approved	Rate Approved
Calculations Checked	
Footage Checked	
Adjustments	
Accounting Distributions	
Audited	Final Approval

INVOICE DATE: November 22, 1968 October Drilling
INVOICE NUMBER: 4
CONTRACT: Baumgartner Oil Company
TERMS: Contract
LOCATION: Surface, Ouray County, Colo. Red Mountain Project

HOLE NO.	FROM	TO	FOOTAGE	RATE	TOTAL
RM-2	456	500	44 BX WL Core	6.20	272.80
	500	854	354 BX WL Core	6.95	2,460.30
RM-3	0	13	13 ORBDN	9.50	123.50
	13	30	17 NX WL Core	6.80	115.60
	30	179	149 BX WL Core	6.20	923.80
Cementing & Reaming of Casing, 12½ Hrs. @ $15.00 per rig hour					187.50
Moving, setting up, preparing roads & Drill Station, 56 Hrs. @ $11.00 per crew hour					616.00
14 hours delay time @ $8.00 per hour					112.00
					4,811.50
Supplies: 50-BX WL Core boxes @ $1.00					50.00
Equipment left in hole by request: RM-2 17 Ft. NX Casing @ $3.86 per ft.			65.62		
60 Ft. BX Casing @ $3.08 per ft.			184.80		
1 NX Diamond set Shoe bit			235.13		485.55
				To Balance	$5,347.05

CORE DRILLING FOUNDATION TESTING SOIL SAMPLING, ETC.

MacPherson Drilling Company, INC.

MONTROSE, COLORADO 81401

TPHONE 249-3701 P. O. BOX 1167

FOR CUSTOMER'S USE ONLY	
Register No.	Voucher No.
Terms Approved	Rate Approved
Calculations Checked	8/23/68
Footage Checked	8/23/68
Adjustments	
Accounting Distributions	
Audited	Final Approval

INVOICE DATE: August 9, 1968. July Drilling
INVOICE NUMBER: 1,
CONTRACT: Baumgartner Oil Company,
TERMS: Contract
LOCATION: Surface, Ouray County, Colo. Red Mountain Project

HOLE NO.	FROM	TO	FOOTAGE	RATE	TOTAL
CB-2	0	56	56 NX WL Core	6.80	380.80
	56	326	270 BX WL "	6.20	1,674.00
	Setting -up time, 12 - hrs. @ $11.00 per crew hr.				132.00
	Reaming for & installing casing, cementing & drilling out cement, 106½ - hrs. @ $15.00 per rig hr.				1,597.50
	One-half mobilization				375.00
					4,159.30
SUPPLIES:	BX-Core boxes, 210 - @ $1.00 ea.				210.00
	Portland Cement, 10 - sacks				21.84
	Quik Mud Gel, 30 - sacks @ $3.20 per sack				96.00
	Cal Seal Cement, 11 - sacks @ $9.16 per sack				100.76
			To Balance.....		$ 4,587.90

Okay to allow 53 Hrs @ 14.00/Hr = 742.00 JWH

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

APR 14 1971

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

As the Operator under the subject contract has submitted an acceptable final report, the $200.00 withheld from the October-November 1968 voucher may now be paid to the Operator.

Harold Kirkemo

Harold Kirkemo

Enclosures

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

APR 14 1971

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

As the Operator under the subject contract has submitted an acceptable final report, the $200.00 withheld from the October-November 1968 voucher may now be paid to the Operator.

Harold Kirkemo

Harold Kirkemo

Enclosures

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OFFICIAL FILE COPY

Date	Surname	Code
5/15/70		120
	Peterson	120P
		220
5/5	cae	120M

AIRMAIL

Memorandum

MAY 15 1970

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Enclosed is a copy of an evaluation by Robert G. Luedke, U. S. Geological Survey, of the Operator's proposal to explore the Guston-Robinson volcanic pipe with seven diamond drill holes under proposed Stage II of the subject contract. The contract provides for a second stage program contingent upon the results obtained from work in Stage I.

The observations and conclusions offered by Luedke and substantiated by W. S. Burbank suggest that the proposed drilling should not be undertaken with Government assistance. The more convincing supporting arguments are that the bulk of the ore in the chimney deposit probably has been mined, and mining ended at depth where non-economic mineral assemblages were encountered.

The chimney-shaped ore body in the upper and productive levels of the mine apparently led from mineralized fissures at lower levels where ore shoots occurred at fissure intersections. The fissures are discontinuous, difficult to follow, and do not offer favorable exploration targets. An increasing content of pyrite-quartz, or pyrite-enargite-quartz in place of the rich, silver-bearing mineral assemblage typical of the chimney deposit further suggests that the proposed targets do not warrant exploration.

Luedke's and Burbank's views are based on many years of geological work in the San Juan region. Burbank examined the Joker Tunnel level of the Guston-Robinson mine, an opportunity which later investigations have not had. From this inspection and from careful examination of dump material obtained from the last operations in the mine, presumably on the bottom level, their conclusions seem to warrant non-participation by the Government in the [redacted] exploration.

The results obtained from Stage I of the contract likewise do not support the proposal.

Please review the enclosed memorandum and our comments, and submit to us your recommendation on whether or not to terminate the contract.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosure

cc: Robert G. Luedke, Building 10, USGS
Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo
130

HKirkemo/gla 5-15-70

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 1, 1970

OFFICIAL COPY
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MAY 4 1970
INITIAL COPY
ga 7/30
Bal 7/20
HK 120
120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

The Operator in a letter dated March 30, 1970 requested that Stage II drilling as outlined in the accompanying report be approved.

I reviewed the proposed Stage II project in detail with the Operator February 25, 1970 and recommended that they propose the work as essentially outlined in the April 6, 1970 report herein enclosed. The proposed work will necessitate the inclusion of the Robinson mining claim (Sur. No. 1386) as a part of the claim presently included in the subject contract.

The exploration work performed under Stage I of the subject contract did not prove to be very encouraging; however, I believe the proposed work should be completed to adequately explore the Guston-Robinson volcanic pipe. The Operator has made a most adequate study of the area, and I believe the Guston-Robinson volcanic pipe area presents interesting possibilities as the Operator indicates.

J. William Hasler

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 13 1970
INITIALS CODE
HK 120

May 12, 1970

Memorandum

To: Harold Kirkemo, Chief, Office of Minerals Exploration

From: Robert G. Luedke, Geologist, Rocky Mts. Environ. Geol. Br. RGL

Subject: Review of Docket OME-6632 (Stage II)

Reference should be made to my memorandum of May 24, 1967, before considering the following remarks on the proposed exploration program. The geologic setting is stated therein.

The enumerated criteria given for ore localization, applicable to the Red Mts. area in general, are factors to consider for each deposit. Ransome (U.S.G.S. Bull. 182) intimated, however, the bulk of the known ore was mined. Recognition, also, of his description of how or in what the so-called chimney deposit "bottomed", plus the problems of mining technology, suggested downward termination of paying ore. Dump materials fairly well confirm that the mining operations terminated when a dense granular pyrite-quartz or pyrite-enargite-quartz assemblage was encountered.

The downward-tapering shape of the deposits, as portrayed, is believed doubtful, but the shape at depth is really unknown. Most likely silicification and alteration grade downward and outward into pyritized and locally weakly mineralized country rock; thus the wall or rim of the chimney at depth is indistinguishable. The solfataric altered zone in which these deposits occur is a near-surface phenomenon.

Therefore, little ore is expected at depth owing to the "bottoming" of the deposit and the gradation of deposit into country rock. Also, the costs and technical difficulties of rehabilitation should be extreme, the acid waters being just one factor.

The chimney configuration, near-circular in plan, apparently passes downward into mineralized fissures with development of ore shoots at the many intersections and cross breaks. But as suggested from the reports and where examined in one of the deposits, the fissures are very discontinuous and almost impossible to follow. Presumably they would become more so as they continue outward into the country rock.

The drilling program proposed for the Guston-Robinson mines seems to be aimed at a presumed mostly mined out property. The targets for the number of drill holes planned appear extremely nebulous. There is some low grade granular galena-sphalerite in the walls above the Joker Tunnel level according to W. S. Burbank (oral commun., May 8, 1970), but much of the rest of the mine consists of mined out caverns. Undoubtedly rich pockets may exist spottily within the mine, but to ever find them with the number of drill holes proposed or even to open the property and explore underground would be economically prohibitive.

Information provided by the proposed drill holes would be scientifically interesting but probably not justified. Of the holes outlined, only two appear at all realistic - DDH Nos. 1 and 2. Numbers 3 and 4 are going too deep into the Guston and numbers 5-7 in the Robinson are in already explored ground or too deep.

Exploration in the Red Mts. area should not be designed to explore most of the older mines but to hunt for possible deposits without the usual or characteristic surface criteria. I suspect geochemical exploration techniques are probably the best, ~~so that~~ perhaps to be followed by a directed and limited drilling program.

BAUMGARTNER OIL COMPANY (CANADA)
1600 ELVEDEN HOUSE
CALGARY, ALBERTA, CANADA

Mailing Address:
737 GRANT STREET
DENVER, COLORADO 80203

March 30, 1970

OME Region III
APR 3 X 1970
Denver, Colorado

Mr. J. William Hasler
Field Officer, Region III
Building 53, Room 200
Federal Center
Denver, Colorado 80225

Re: OME - 6632 (Copper)
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Sir:

This is to request acceptance of Stage II drilling, as outlined in the enclosed report. Work on this program would begin no later than July 1, 1970 as required in Amendment No. 5.

This is also to request an additional Amendment which would allow the Robinson lode mining claim, Sur. No. 1386, to be included in the aforementioned contract. The accompanying copy of Figure I from the contract has been adjusted to include the Robinson claim.

If there are any questions concerning these matters, please contact us.

Very truly yours,

BAUMGARTNER OIL COMPANY

Robert A. Larson

Robert A. Larson
Mining Division

RAL:pw

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OME - 6632
(Copper)

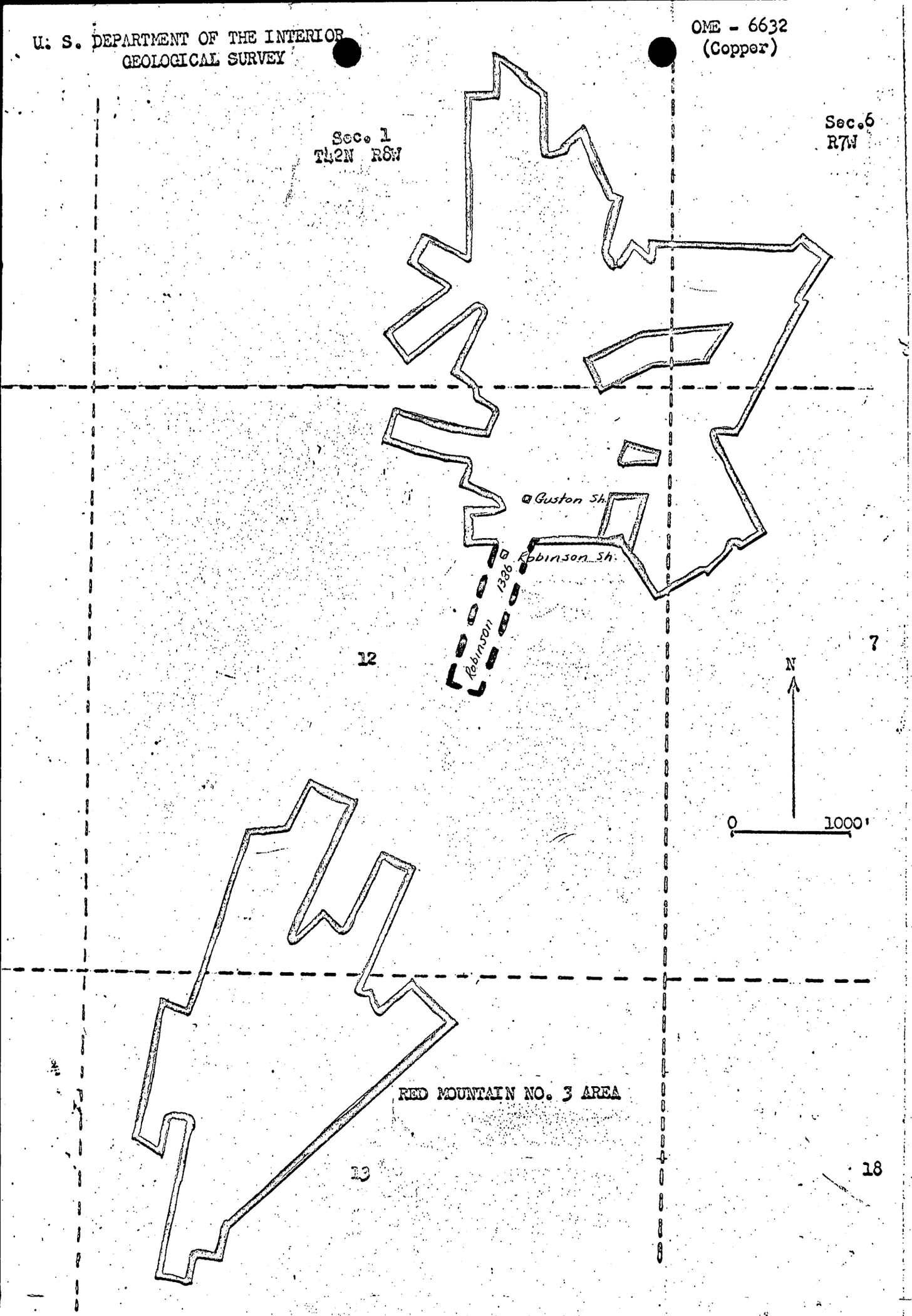


Figure 1. Property Map, Baumgartner Oil Company

PROPOSED
MINERALS EXPLORATION PROGRAM

STAGE II
OME CONTRACT NO. 2255
Docket No. OME-6632

APRIL 6, 1970

PROPOSED MINERALS EXPLORATION PROGRAM

STAGE II

OME CONTRACT NO. 2255

Docket No. OME-6632

RED MOUNTAIN MINING DISTRICT

OURAY COUNTY, COLORADO

BAUMGARTNER OIL COMPANY

737 Grant Street

Denver, Colorado 80203

COMPLETED STAGE I EXPLORATION

Completed Stage I OME contract exploration included the following:

1. Access road bulldozing and drill site preparation.
2. Diamond drilling, 2236 feet (2100 feet government participation).
3. Electrical resistivity surveying, 15,750 line feet.

Diamond drilling was intended to transect electrical resistivity anomalies indicating possible mineralization within the brecciated, highly altered Cora Belle and Copper King pipes, as recommended by resistivity surveyor-contractor, C. E. Melby and Associates. A reappraisal utilizing recently conducted color photogeological investigations and other data indicates that these holes may have been outside or transected the extreme peripheral pipe areas. However, recovered core showed highly bleached andesite containing significant pyritization, indicating that future exploration within these pipes could lead to ore discoveries.

Upon completion of the above Stage I, an extension period was granted in order to undertake further geological-geophysical investigations preliminary to Stage II.

An induced polarization, resistivity survey was completed by McPhar Geophysics of Toronto, during 1969, and a geological, geophysical, geochemical integration program has been in progress during 1969-70. These data were the bases for the Stage II exploration plan.

PROPOSED STAGE II EXPLORATION

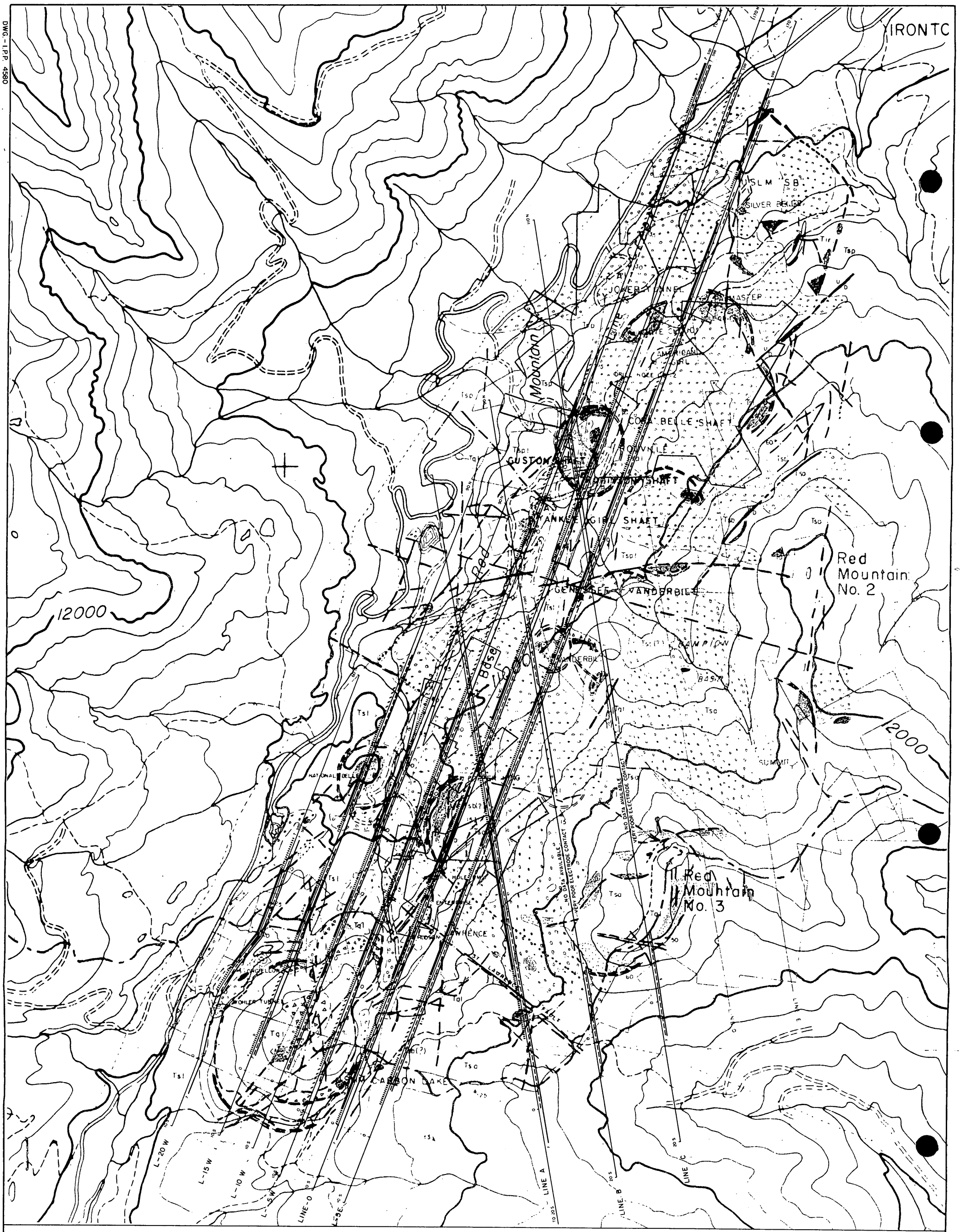
RED MT. DISTRICT ORE LOCALIZATION CRITERIA

Analysis of integrated geological and geophysical data indicates that the following are silver-gold-copper-lead-zinc ore localization environments:

1. Volcanic Pipes, circular in plan and carrot-shaped in section, contain all the known important deposits. Pipe diameters vary from 10 to 4000 feet. Five hundred to 1000-foot diameter pipes have yielded nearly the entire Red Mountain production.

2. Annular Intermediate Zones, within the pipes, have produced mostly copper-silver ores. The central pipe cores are often barren. Peripheral areas may also be barren or yield lead-zinc-silver ore.

3. Latite- or Rhyolite-Free Volcanic Pipes, or those containing only minor intrusive masses, have been the most productive; the latite or rhyolite intrusive-filled pipes have yielded very little production.



McPHAR GEOPHYSICS

INDUCED POLARIZATION AND RESISTIVITY SURVEY

PLAN MAP

FOR

BAUMGARTNER OIL COMPANY

RED MOUNTAIN PROPERTY, OURAY AND SAN JUAN COUNTIES, COLORADO

SURFACE PROJECTION OF METAL FACTOR ANOMALOUS ZONES

DEFINITE

PROBABLE

POSSIBLE

NOTE Number at the end of anomaly indicates spread used

APPARENT DEPTH (S=shallow, M=moderate, D=deep)

C = CONTACT, F = FAULT

SURFACE PROJECTION OF PERCENT FREQUENCY EFFECT ANOMALOUS ZONES

0.1-1.25 ~		0.3-2.5 ~
> 10	VERY STRONG	> 7.5
7.5-10	STRONG	5 - 7.5
5 - 7.5	MODERATE	3 - 5
3 - 5	WEAK	2 - 3
2 - 3	VERY WEAK	1.5 - 2

EXPLANATION

RING STRUCTURE AROUND VOLCANIC PIPE

PROMINENT STRUCTURAL FEATURES

AREAS OF INTENSE ALTERATION AND SILICIFICATION

COVERED AREAS

NOTE: GEOLOGY AFTER BURBANK

SCALE

FEET 500 0 500 1000 1500 2000 2500 FEET

N

DRAWN JK

DATE: NOV. 1969

APPROVED

DATE Jan 5

McPHAR GEOPHYSICS INCORPORATED

DWG.- I.P.P. 4580

4. Volcanic Pipe Breccias are favorable host-rock environments for ore deposition.

5. Planar Pipe-Transecting Fissures or fissure zones are often mineralized to form vein ore bodies within the volcanic pipe.

6. Planar Fissure Intersections are often ore chimney loci in the Red Mountain District.

7. Highly Altered Areas, especially silicified areas, are favorable ore environments. Recognition criteria are topographic knobs or high electrical resistivity anomalies circumscribed by ring structures.

8. Andesitic Rocks are one of the most favorable host-rock environments in the San Juan Mountains. However, in the highly altered Red Mountain area all rocks have been rendered similar and stratigraphy is an incidental rather than critical ore localization factor.

9. Mineralization Zonation and Paragenetic Sequence coincide in the Red Mountain pipe deposits, and if mineral paragenesis is known, zonation sequence is predictable. For example, if early lead-silver mineralization is encountered near the surface, deeper copper-silver mineralization should be anticipated.

10. Induced Polarization and Resistivity Surveys, recently completed, indicate that percentage frequency effect and metal factor anomalies are criteria indicating potential ore areas.

THE GUSTON-ROBINSON VOLCANIC PIPE

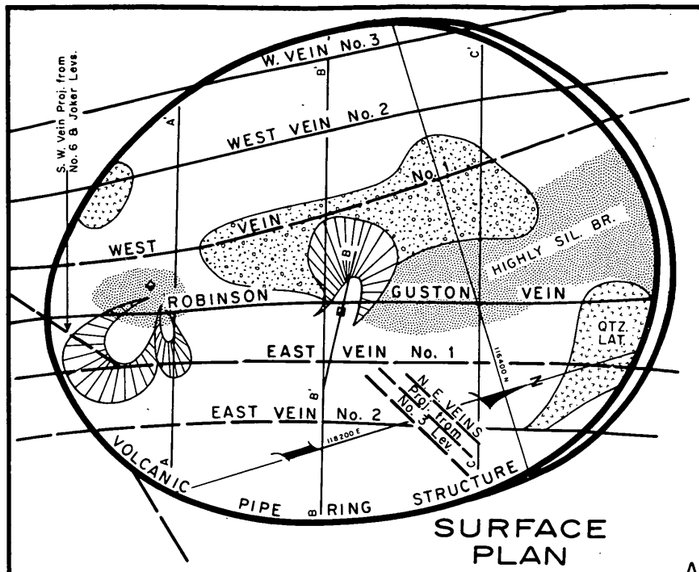
On the basis of the enumerated criteria, the Guston-Robinson, formerly productive volcanic pipe, has been selected for diamond drill exploration.

Data Availability is limited. The Robinson and Guston mine underground workings are totally inaccessible and accompanying maps, sections, and data summations have been compiled and integrated from U.S.G.S. Bull. 182 by F. L. Ransome, unpublished reports by W. C. Prosser, Colorado Scientific Proc., Vol. 14, No. 5 by W. S. Burbank and a report on an induced polarization and resistivity survey by A. M. Hauck, III of McPhar Geophysics, Inc.

These data included longitudinal ore shoot projections, a cross section, mine level maps (without geology), surface geology, data on history, production, minerals distribution, etc. and the McPhar geophysical map.

History. The Robinson and Guston ore bodies discovered in 1881, are on the same fissure zone, and independent mining operations were engaged in by two British companies during the 14-year period 1882 to 1896. The Robinson and Guston mines were developed by shafts and exploited respectively to 550 and 1,300 foot depths. Mining operations reportedly were suspended due to decreased metal prices.

ROBINSON-GUSTON MINE
RED MOUNTAIN DISTRICT
SAN JUAN MTS., COLO.



SURFACE PLAN

MINERALIZATION

The following observations from U.S.G.S. Bulletin 1114, Minerals of Colorado by Edwin C. Eckel pertain to the Yankee Girl, Robinson-Guston type mineralization:

GALENA (PbS), SPHALERITE (ZnS): One specimen of ore from the Yankee Girl Mine shows definite replacement of sphalerite by stromeyerite and probable replacement of galena and tennantite by the same minerals. (Bastin, 1923) P. 313.

COSALITE ($Pb_2Bi_2S_5$): Yankee Girl Mine. Argentiferous cosalite occurs in ore.. associated with barite and chalcopyrite. At Poughkeepsie Gulch, small particles of bismuthinite occupy the centers of masses of cosalite, which is surrounded by a fringe of Galena. (Pierce, 1884) P. 117.

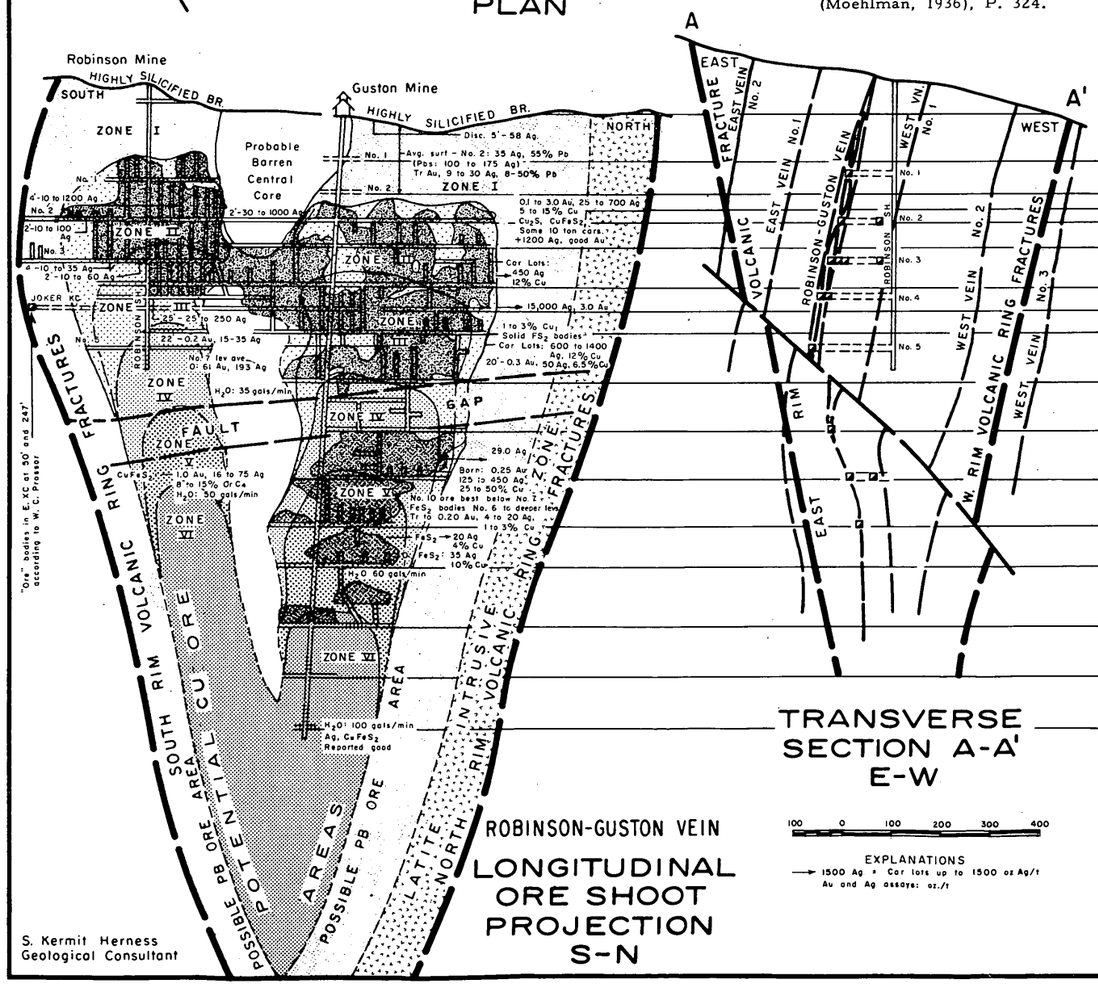
TETRAHEDRITE-TENNANTITE ($(Cu, Fe)_{12}Sb_4S_{18}$ - $(Cu, Fe)_{12}As_4S_{18}$), ENARGITE (Cu_2AsS_4): Tetrahedrite occurs in quantity at Red Mountain. Associated minerals are galena, chalcopyrite, sphalerite, pyrite, quartz, and barite. P. 329 (Ransome, 1901). In ore from the Yankee Girl Mine, enargite and tennantite are intimately inter-grown and probably largely contemporaneous. (Moehlman, 1936), P. 324.

ALASKAITE (Pb (Ag, Cu)$_2Bi_4S_8$): Associated minerals (at Poughkeepsie Gulch) were tetrahedrite and chalcopyrite in a quartz-barite gangue. Pyrite, sphalerite and tetrahedrite were corroded by the alaskaite, which was in turn cut by veinlets of covellite (at Sultan Mine) (W. H. Brown, 1924), P. 35.

BOURNONITE ($PbCuSbS_3$): The mineral is...associated with galena... One polished section of ore from the Yankee Girl Mine showed many microscopic residual areas of probable bournonite; it was largely replaced by stromeyerite and chalcocite. (Bastin, 1925), P. 81.

STROMEYERITE (CuAgS) and CHALCOCITE (Cu_2S): A specimen shows contemporaneous intergrowth of chalcocite and stromeyerite, but there is evidence that the latter mineral is a pseudomorphic replacement of bournonite. (Bastin, 1923), P. 313.

BORNITE (Cu_5FeS_4): Bornite, some of it rich in silver, was abundant in the ores mined during the early days of the Red Mountain area. Commonly associated with chalcocite and chalcopyrite, some of the bornite contained embedded crystals of barite. (Ransome, 1901), P. 80.



TRANSVERSE SECTION A-A' E-W

LEV. Suri.	MINERALIZATION: VERTICAL ZONATION, PARAGENESIS MIN. ASSOC.	YEAR	Realized Value $	1970 Value $	TONS	1970 $/T	Oz Au	Oz Ag	% Cu	% Pb	% Zn
1	EARLY — ZONE I: Galena, Tetrahedrite, Chalcopyrite, Sphalerite, Pyrite	1881	Opened					58	?	?	?
2		1883	57,500	270,250	e200	1351	0.3	35	?	55	
3	ZONE II: Stromeyerite	1887		No. 3 Lev. Av.:			0.2	25	5-15	?	
4	ZONE III: Chalcocite, Chalcopyrite, Galena, Sphalerite	1888	114,424	537,792	315	1707	0.3	89	?		
5		1889	378,983	1,781,220	2,882	618	0.4	88	?		
Joker		1890	490,696	*2,306,271	4,469	516	0.6	171	?		
6		1891	828,230	3,892,681	11,723	332	0.6	125	?		
7	ZONE IV: Bornite, Chalcopyrite, Pyrite, Galena	1892	248,663	1,168,716	14,291	82	0.3	20	6.5		
				No. 7 Lev. Av.:			0.6	195	?		
8	ZONE V: Chalcocite, Bornite, Pyrite, Chalcopyrite, Enargite, Barite, Gold										
9											
10	ZONE VI: Bornite, Chalcopyrite, Pyrite, Chalcocite, Barite, Enargite, Gold	1893	133,952	629,574	7,280	86	0.1	25	20		
11		1894	170,675	802,173	13,334	60	?				
12											
13	LATE — ZONE VI: Pyrite, Chalcopyrite, Bornite, Barite	1895	158,713	745,951	14,833	50	0.1	13	2		
14			2,581,836	12,134,629+	69,327+	175					

PRODUCTION

The ores probably contain from 1 to 10% Zn.

*Mint Report lists 864,768 oz. Ag and $57,500 (2675 oz.) Au as 1890 total production. Estimated Cu and Pb content was 10 and 5% respectively. No Zn data are available. Computed 1970 product value (assuming Au @ $35.00/oz., Ag @ $1.85/oz., Cu @ $0.55/lb. and Pb @ $0.16) is $2,319,832. The 1970/1890 equivalent value conversion factor is, therefore, $2,319,832/$491,336 = 4.7.

eEstimated tons.

Production. Complete data are unavailable and the following is therefore the recorded production from the Robinson-Guston volcanic pipe during six years of the 1881-1896 mine-active period.

MINE	PRODUCTION	REALIZED VALUE		APPROXIMATE 1970 VALUE	
	Tons	Total	Av. Grade	Total	Av. Grade
Guston	69,127	$2,603,875	$37.66	$12,238,212+	$177

No Robinson production data available.

Structure. The Robinson-Guston carrot-shaped, volcanic pipe structure is 1,200 feet in diameter at the surface. The pipe, containing irregular breccia zones and small peripheral quartz latite intrusive masses, is transected by several northerly and northeasterly striking fissures zones.

Mine level maps indicate that the developed Robinson-Guston ore shoots lie within parallel and sub-parallel connecting fissures, and it is concluded that the ore localizing fractures are, in fact, complex, braided fissure zones.

Ore Bodies. The mineralization is contained within nearly vertical, lenticular, ore chimneys. The accompanying longitudinal stope projection is a composite showing stopes on various fissures projected to a common reference plane. Many footwall and hanging wall fissure segments within the vein zone are apparently unexplored.

Mineralization and Zonation. The steep, ellipsoidal, nearly pure sulphide, copper-silver ore shoots were from 5 to 35 feet wide, 15 to 200 feet long and several hundred feet high.

Mineralization. The mined ore shoots were remarkably pure sulphide masses, nearly quartz-free, surrounded by highly bleached and altered pyrite-impregnated country rock. Common ore shoot sulphide minerals were pyrite, galena, sphalerite, chalcopyrite, tetrahedrite-tennantite, chalcocite, bornite and stromeyerite, with accessory cosalite ($Pb_2Bi_2S_5$), Alaskaite ($Pb(AgCu)_2Bi_4S$), bournonite ($PbCuSbS_3$) and colusite ($Cu_3(As, Sn, V, FeTe)S_4$). Gangue minerals were quartz and barite. Incomplete data indicate that average paid-for metal content varied from 0.1 to 0.6 oz. Au, 13 to 195 oz. Ag, 2 to 20% Cu. The surface to No. 2 level high-grade lead ore averaged 58 oz. Ag per ton. This upper level ore and other high lead-zinc footwall, hanging wall, and peripheral ore bodies were reportedly not exploited, since the operators only received shipment payment for gold, silver, and copper. Computed at 1970 metal prices and excluding lead and zinc, past average annual production grades varied from $50 to $940 and averaged $177 per ton. Over one-half the production value was silver.

Mineral Zonation. The mineralization exhibits remarkable vertical zonation conforming to the paragenetic sequence, the early lead sulphides predominating

near the surface and the later copper minerals increasing with depth as shown on the accompanying Plate I.

In terms of exploitation economics, the zonation relationships indicate:

1. Gold content increased with depth from 0.3 oz. per ton in the upper levels to a 0.6 oz. maximum in the intermediate levels, and exhibited a decrease to 0.1 oz. on the No. 13 level 1,000 feet below the surface.

2. Silver content increased from a near surface 58 oz. per ton, to a No. 6-level maximum, and then decreased to 13 oz. on the No. 13 level.

3. Copper content (as chalcopyrite and tetrahedrite) in the surface to No. 2-level lead ore probably averaged 1 to 3%. Average ore grade between the No. 3 and No. 12 levels averaged 5 to 20% and from the No. 12 to No. 14, probably 2%.

4. Lead ores of very high quality were encountered from the surface to No. 2 level. Below this elevation composition changed rather abruptly to high-grade copper-silver ore. However, lead persisted in decreasing accessory amounts to the No. 14 level as a minor ore constituent in the copper-silver ores. Lead ores frequently encountered in the copper ore body hanging and footwalls and on the peripheral vein extensions were apparently not mined.

5. Zinc probably occurs as a major and minor accessory respectively in lead and copper ores. Zinc-bearing ore is found on the mine dumps, but no sample averages are available from the 1881-1895 ore production. On the basis of sample data from similar Red Mountain District deposits, it is estimated that the zinc content varied from 1 to 10%. A pronounced zinc content decrease is anticipated in the copper ores and in depth.

PROPOSED DIAMOND DRILLING

Two parallel N72°W diamond drill profiles 600 feet apart, AA' at the north and C-C' at the near south of the exploited area, are proposed.

The drilling objectives are to determine, test, or confirm:

1. The probable north and south ore extensions along the previously exploited Robinson-Guston shear zone.

2. That the Robinson-Guston ore "break" is actually a multiple fissure zone. If confirmed, substantial ore may be developed on footwall and hanging wall vein branches.

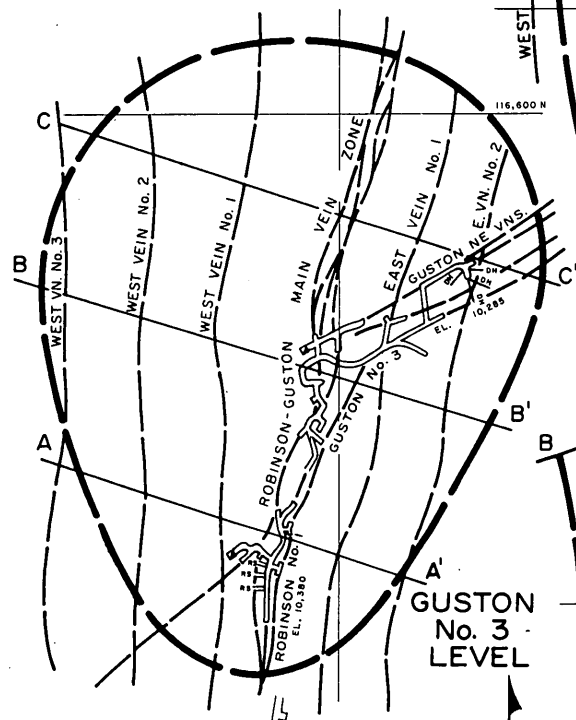
3. The probability that considerable unmined lead-zinc ore remains in the old mine footwalls and hanging walls.

4. The probable downward ore zone extensions in the Robinson mine area.

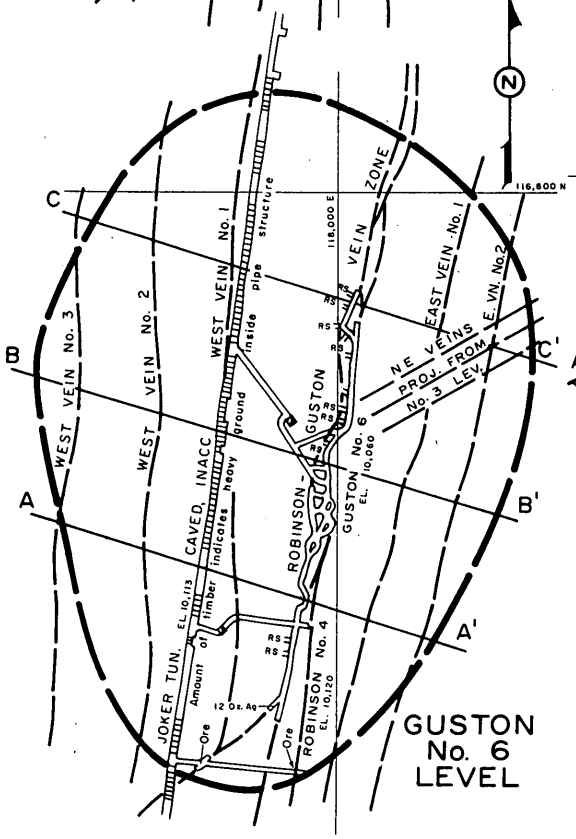
ROBINSON-GUSTON PIPE
RED MT. DISTRICT
SAN JUAN MTS., COLO.

100 0 100 200 300 400

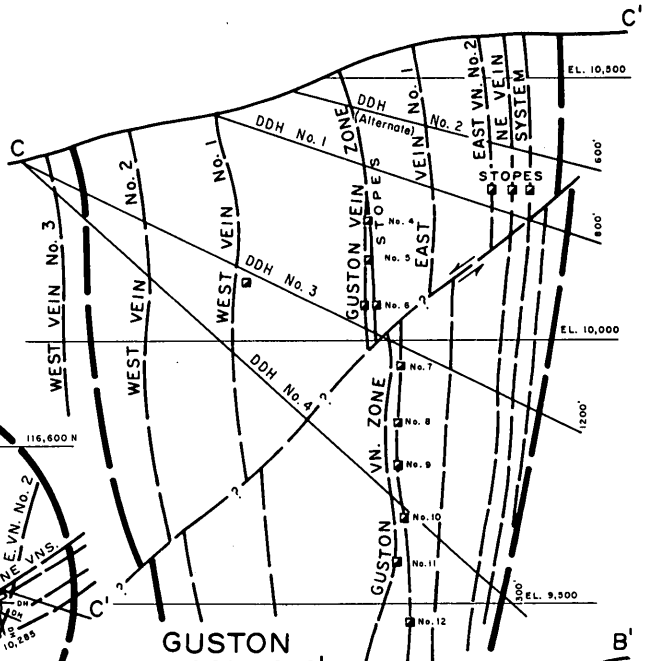
PROPOSED DIAMOND DRILL HOLES
March 10, 1970



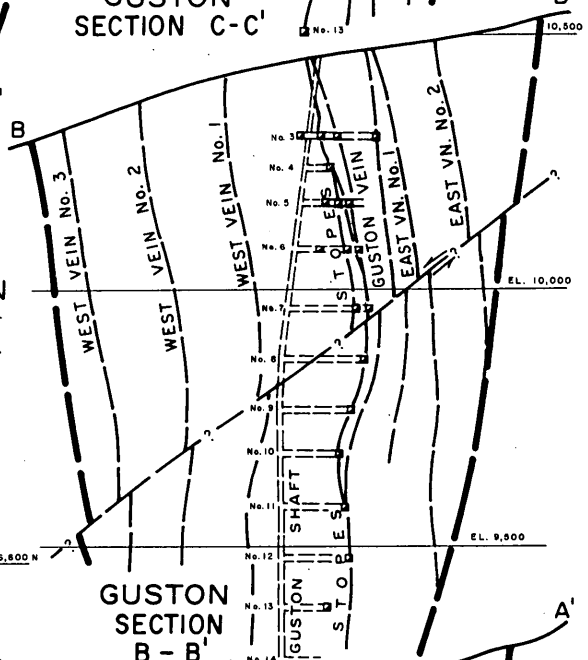
GUSTON No. 3 LEVEL



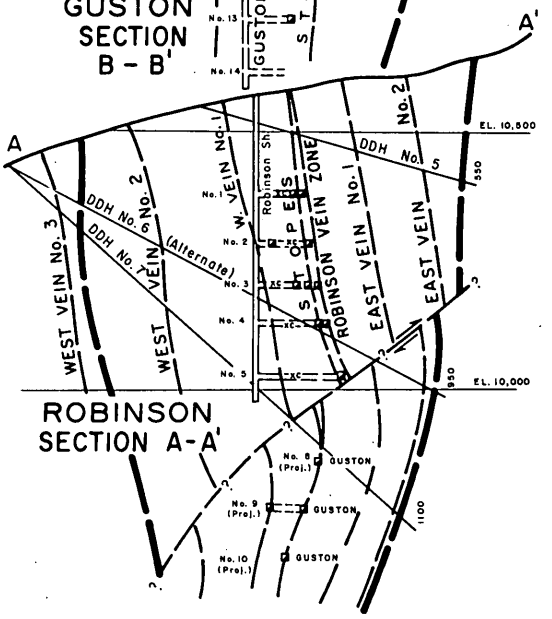
GUSTON No. 6 LEVEL



GUSTON SECTION C-C'



GUSTON SECTION B-B'



ROBINSON SECTION A-A'

5. The other probable parallel and non-parallel fissures within the Robinson-Guston volcanic pipe. An induced polarization-metal factor anomaly on the west side suggests possibilities that the west veins Nos. 1, 2 and 3 may yield ore discoveries.

Examination of the U.S.G.S. Bull. 182 Guston mine level map discloses that the main Guston shear zone was unexploited north of the Guston shaft and that the No. 3 drifts, and presumably the stopes, were on three northeasterly striking veins. No map evidence indicates that this northeast fissure was exploited above or below the No. 3 level.

All diamond drill holes will be S72°E down holes.

DDH No. 1, -17°, 800 feet, in intended to transect the reportedly unexploited upper level high-grade lead-silver ore shoots, and the parallel East vein Nos. 1, 2 and the northeast vein system above the No. 3 level stopes.

DDH No. 2, -15°, 600 feet is an alternate to No. 1 and would transect the same veins approximately 100 feet higher than DDH No. 1.

DDH No. 3, -25°, 1200 feet is intended to transect all veins within the volcanic cone including the main Guston fissure zone at approximately 550 feet below the surface.

DDH No. 4, -42°, 1300 feet, transects the entire pipe structure and will permit sampling the Guston vein zone at an 850 foot depth.

DDH No. 5, -15°, 550 feet, in the south or Robinson profile is intended to explore the upper level, previously unexploited, Robinson and East veins Nos. 1 and 2.

DDH No. 6, -28°, 950 feet is an alternate to No. 7, and will transect the entire pipe structure and the Robinson vein 470 feet below the surface.

DDH No. 7, -42°, 1150 feet, drilled from the DDH No. 6 location will cut the Robinson vein at a 700 foot depth.

Total drilling depths and totals are summaried below:

PROPOSED DRILL HOLES

DDH No.	Inclination	Depth
1	-17°	800
3	-25°	1200
4	-42°	1300
5	-15°	550
7	-42°	1150
	TOTAL	5000

ALTERNATE DRILL HOLES

DDH No.	Inclination		Depth
2	-15°		600
6	-28°		950
		TOTAL	1550

S. Kermit Herness
GEOLOGICAL CONSULTANT

BAUMGARTNER OIL COMPANY

Robert A. Larson
Mining 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 200

November 14, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 17 1969

INITIALS	CODE
bal	120
HK	120
EJ	120P

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Cora Belle - Red Mountain No. 3
Ouray County, Colorado
Contract 2255

Transmitted herewith are the Government's copy and Budget and Finance's copy of Amendment No. 5 on the above-stated subject signed for the Government and by the Operator.

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

Enclosures

See left side

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

November 11, 1969

J. William Hasler
Field Officer
Region 3
Office of Minerals Exploration
Building 53, Room 200
Federal Center
Denver, Colorado 80225

Re: OME-6632 (Copper)
Baumgartner Oil Co.
Red Mountain Mining District,
Ouray County, Colorado
Contract 2255

Dear Mr. Hasler:

Enclosed are the executed copies of Amendment No. 5 signed by Mr. Baumgartner. We are presently working on locating drill holes for next summer on the basis of our geophysics and sampling.

I will be getting in touch with you soon concerning these matters.

Very truly yours,

BAUMGARTNER OIL COMPANY

Robert A. Larson

Robert A. Larson
Mining Division

RAL:ks

w/Enc: 3

Office of Minerals Exploration
Building 53 Room 200

November 7, 1969

OFFICIAL COPY
O. M. E.
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NOV 10 1969
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3 HK 1/20
1/20

Mr. F. W. Baumgartner, President
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Cora Belle - Red Mountain No. 3
Ouray County, Colorado
Contract 2255

Dear Mr. Baumgartner:

Enclosed are the original and three copies of proposed Amendment No. 5 (two pages), to the subject contract, signed for the Government.

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

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

cc: Chief, OME
OME-6632
OME chron
Mr. Hasler

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/4/69	Peterson	120
11/5/69	Kirkemo	120
11/5	cae	220
		120M

AIRMAIL NOV 5 1969

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Enclosed are the original and three copies of proposed Amendment No. 5 (two pages), to the subject contract, signed for the Government. An extra copy of the amendment is also enclosed for field use.

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

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

Harold Kirkemo (gfs)

Harold Kirkemo

Enclosures

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

BSLong/1 10/4/69

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/4/69	Peterson	120
		120
11/5	cc	220
		120M

NOV 5 1969

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Ouray County, Colorado
Contract 2255

Enclosed is a copy of the Field Officer's letter of October 24, 1969, forwarding a copy of the Report of Review issued in September 1969 to the subject Operator. Also enclosed is a copy of the report for your files.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

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

BSLong/1 10/4/69

Office of Minerals Exploration
Building 53 Room 200

October 24, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 30 1969

INITIALS	CODE
gla	150
fwl	120M
HX	~~120~~
	130

Mr. Frank W. Baumgartner, President
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Re: OME-6632 (Copper)
Baumgartner Oil Company
Ouray County, Colorado
Contract 2255

Dear Mr. Baumgartner:

Enclosed is the Operator's copy of a Report of Review issued in September 1969 on the subject contract.

I have reviewed the Report of Review and concur in the facts as stated in the report. The report is for your file. If, for any reason, you do not concur in the facts as stated in the Report of Review, your copy should be returned to this office with appropriate comments.

Sincerely yours,

J. William Hasler

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

Enclosures
cc: Chief, OME (2)
cc: OME-6632
OME chron
Mr. Hasler

RM 6 REFERENCE SLIP

2-59 OFFICE OF MINERALS EXPLORATION

		DATE	INITIALS
	Assoc. Sol. MR, Room 6[illegible] (Through Rm. 6042)		
2.	Mr. Peterson, Rm. 4457, Interior		
3.	SOLICITOR	3/23	
4.	OCT 30 1969	2/28	
5.			
FROM:	Chief, [illegible] INTERIOR DEPT.		

FOR: Check items for action desired

X	Action	___	Reply for signature of ___		
X	Approval	___	Investigate	___	Surname
___	Comment	___	Recommendations	___	Signature
___	Conference	X	Rewrite	___	File
___	Instructions		Your information		

REMARKS:

Proposed Amendment No. 5 for typing.

OME-6632 Baumgartner Oil Company

RECEIVED

OCT 31 1969

Division of Mineral Resources
and General Legal Services

M50943

INT.-DUP. SEC., WASH., D.C.

Cp 120
HR 120
120M

To Legal
10/29

DRAFT 10/28/69
ECPeterson/bsl

EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

AMENDMENT NO. 5

It is agreed this _____ day of _____, 1969, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and F. W. Baumgartner, d/b/a Baumgartner Oil Company, hereinafter called the "Operator," that Exploration Contract 2255 (OME-6632), dated December 29, 1967, as amended, is further amended effective September 30, 1969, as follows:

1. The time fixed by Article 1(a) of the contract, as amended by Amendment No. 2 for completion of the work is further extended from twenty-four (24) to thirty-four (34) months from the date of the contract, or until October 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 eleven (11) to twelve (12) years from the date of the contract.

3(a) The time fixed in Amendment No. 4 for suspension of work is further extended for a period of nine months or from October 1, 1969 to July 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) During the period of suspension the Operator, at its own cost and expense and without contribution by the Government, 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

BAUMGARTNER OIL COMPANY

By_____

Title_____

IN REPLY REFER TO:

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

Office of Minerals Exploration
Building 53 Room 200

October 24, 1969

ORIGINAL COPY
C. H. E.
RECEIVED
OCT 27 1969
INITIALS | CODE
120
120
HK 120
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Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Transmitted herewith is a letter from the Operator dated October 17, 1969 requesting an extension of the present recess period until July 1, 1970 for the reasons stated.

The report on the geophysical work completed by McPhar Geophysics, Inc., this past summer has not yet been submitted to the Operator as he has stated. Upon a review of that report, as it pertains to the subject contract, suitable recommendations will be made concerning Stage II of the contract. Mr. Fred Fisher, Geologist, U. S. Geological Survey, who is mapping the breccia pipes in the area in greater detail will be consulted prior to any decision which may be made.

Even though the end of the recess period is past (October 1, 1969) I recommend holding the request for a continued recess in abeyance until all the data can be studied. This could be done within the next two months. No work can be done during the next few winter months at any rate.

10/27
F.O. concurs with the recommendation to accept the Operator's request ok
Oct. 17.
aP

J. William Hasler

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

Enclosure

OME Region III
RECEIVED
OCT 20 1969
Denver, Colorado

October 17, 1969

Mr. J. William Hasler
Field Officer, Region III
Building 53, Room 200
Federal Center
Denver, Colorado 80225

Re: OME-6632 (Copper)
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Sir:

This is a request to further amend the subject contract to extend the suspension period to July 1, 1970.

The interpretation of the geophysical work which was conducted this summer has not been completed so we are presently awaiting a report from McPhar Geophysics, Inc. When we receive this report, we can then correlate this information with our other data and propose the drilling program for Stage II of the contract.

Also, the working season has abruptly come to an end because of snow, making it virtually impossible to begin a program before the spring of next year. For these reasons we feel warranted in requesting another extension to the suspension granted in Amendment No. 4 dated June 18, 1969.

Thank you for your cooperation in these matters.

Very truly yours,

BAUMGARTNER OIL COMPANY

Robert A. Larson

Robert A. Larson
Mining Division

RAL:ks

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 1, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 3 1969
INITIALS | CODE
gla 120
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HK ~~120~~
120 p

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Cu)
Baumgartner Oil Company
Red Mountain Mining District
Cora Belle-Red Mountain No. 3
Contract 2255

An interim inspection of the subject property was made on August 29 and 30 in company with Mr. Robert Larson, Mining Engineer, and Supervisor. The project to date was reviewed in detail including the geophysical work presently being completed by Mr. McPhor, Geophysics, Inc.

The geophysical work should be completed near the first part of October 1969, and the continuance of the OME exploration work will be considered upon the submittal and evaluation results of the geophysics as well as additional geologic work and the drilling completed by OME to date.

J. William Hasler
mc

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

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/30/69	Hamm	120
		120
9/30	Cal	220
		120M

AIRMAIL

SEP 30 1969

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Enclosed are the Field Office's and Operator's copies of a Report of Review issued in September 1969 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/gh

Harold Kirkemo

Enclosures

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

BSLong/1 9/30/69

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

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 3 1969

INITIALS	CODE
Jla	130
Bal	120 m
HK	~~120~~
[illegible]	120 P

July 1, 1969

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Cora Belle-Red Mountain No. 3
Ouray County, Colorado
Contract 2255

Transmitted herewith are the Government's Copy and the Fiscal Sections Copy of Amendment No. 4 signed for the Government and by the Operator. The Operator retained the Operator's Copy and the Field Office Copy and Extra Copy for Field Use have been kept in the OME Region III files.

J. William Hasler
mc

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

See left

Office of Minerals Exploration
Building 53 Room 200

June 23, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 25 1969
INITIALS | CODE
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gla 120 m
JHK ~~120~~
120 P

Mr. Frank Baumgartner
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Re: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Mr. Baumgartner:

Enclosed are the original and three copies of proposed Amendment No. 4 (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 you or an authorized agent representing your company. Retain the Operator's copy and return the other signed copies to this office for proper 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-6632
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

June 11, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 13 1969
INITIALS CODE
~~420~~
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HR ~~420~~
EDL 120 P

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Cora Belle - Red Mountain No. 3
Ouray County, Colorado
Contract 2255

Transmitted herewith is one copy each of two maps pertaining to the above-stated subject.

One copy each of the two maps has been retained for the Region III field office files.

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

Enclosure: 2 maps

OFFICIAL FILE COPY

Date	Surname	Code
6/17/69	(on leave)	120
"	Kirkemo	120
6/18	Kulsgaard	
6/18	[illegible]	
6/18	[illegible]	220
		120M

AIRMAIL

Memorandum

JUN 18 1969

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Enclosed are the original and three copies of proposed Amendment No. 4 (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 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.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Mr. Peterson
130

BSLong/1 6/17/69

MME FO... REFERENCE SLIP

REV. 2-59 ...CE OF MINERALS EX... RATIO...

TO: Assoc... ol., MR, Rm. 6654, Interior
(Through Room 6042)

1.

2. Mr. Peterson, Rm. 4457, Interior

3.

4.

5.

FROM: Chief, OME, Room 4459

FOR: Check items for action desired

x	Action		Reply for signature of		Surname
x	Approval		Investigate		Signature
	Comment		Recommendations		File
	Conference	x	Rewrite		
	Instructions		Your information		

REMARKS:

SOLICITOR

FROM SOLICITOR

JUN JUN 12 1969

FOR SIGNATURE

INTERIOR DEPT.

16790
3122

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INT.-DUP. SEC., WASH., D.C.

To Legal
6/11

~~2/120~~
HR 120

120M

ECPETERSON/bsl
DRAFT 6/11/69

EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

AMENDMENT NO. 4

It is agreed this _____ day of _____, 1969, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and F. W. Baumgartner, d/b/a Baumgartner Oil Company, hereinafter called the "Operator," that Exploration Contract 2255 (OME-6632) dated December 29, 1967, as amended, is further amended effective November 28, 1968, as follows:

1.(a) The time fixed in Amendment No. 2 for suspension of work is further extended from July 1, 1969, for a period ending not later than October 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) During the period of suspension the Operator, at its own cost and expense, and without contribution by the Government, 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

BAUMGARTNER OIL COMPANY
By_____
Title_____

IN REPLY REFER TO:

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

Office of Minerals Exploration
Building 53 Room 200

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 9 1969

INITIALS	CODE
	~~130~~
Jla	120
HK	~~170~~
	120

June 6, 1969

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

The Operator, in a letter dated May 16, 1969, requested an extension of the recess period, now established by Amendment No. 2, Item 3, as July 1, 1969 to October 1, 1969, or for an additional three months.

Stage I of the subject contract was completed November 29, 1968, and consisted of 2,236 feet of diamond drilling, and 15,750 feet of electrical resistivity geophysical work, in the Cora Belle, and Red Mountain No. 3 areas. Results of the electrical resistivity indicated three areas of interest, as resistivity "highs" and may be interpreted as siliceous envelopes around the periphery of the breccia pipes.

The diamond drilling completed to date in the Red Mountain No. 3 area, (RM-1, penetrated abundantly silicified andesite some of which is highly faulted, brecciated and contains abundant pyrite. Whether or not the rocks penetrated by the drill hole is representative of the rock making up the breccia pipe, or whether or not the mineralized areas penetrated represent actually introduced ore minerals is not now known. Additional drilling or other underground work should be done to further explore the nature of the mineralization, within the breccia pipe.

Diamond drilling completed to date in the Cora Belle area consisted of two holes CB-1 and CB-2. Hole CB-2 penetrated essentially barren material, and was drilled to a total depth of 700 feet. Hole CB-1 penetrated abundantly silicified and highly pyritized andesite.

Some bornite was penetrated in a fractured zone at a depth of 468 feet. The drill hole penetrated altered andesite between 525 feet and the bottom of the hole at 677 feet.

Although no significant ore grade material was discovered as a result of the exploration it is my opinion that there has been enough indication of mineralized material, to warrant an extension of time for the Operator to conduct an induced-polarization geophysical survey, on his own account, to further explore the Red Mountain No. 3 area, and the Cora Belle breccia pipes. Should Stage II appear warranted, drilling on that stage would proceed largely on a hole to hole basis with prior government approval, in order to closely supervise the exploration program. I recommend that an amendment be prepared to extend the recess period to begin on or before October 1st, 1969. ?

Sincerely yours,

J. William Hasler

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

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

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

INITIALS	CODE
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bal	120
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	120

OME Region III
RECEIVED
MAY 20 1969
Denver, Colorado

May 16, 1969

Mr. J. William Hasler
Field Officer, Region III
Building 53, Room 200
Federal Center
Denver, Colorado 80225

Re: OME-6632 (Copper)
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Sir:

This is a request to extend the suspension period referred to in Amendment No. 2 of the subject contract from November 29, 1968 to October 1, 1969, or an additional three months. The time fixed for completion of work under the contract is December 29, 1969, and we would like to extend this date to December 29, 1970, for the following reasons:

Stage I of aforementioned contract was completed November 29, 1968 with a total of 2,236 ft. of diamond drilling (2,100 ft. government participation) and 15,750 ft. of electrical resistivity geophysical surveying. The resistivity work outlined three areas of interest as resistivity "highs", interpreted as siliceous envelopes around the periphery of breccia pipes. This information together with the Stage I drilling provides a sound basis for drilling Stage II. However, we would like more time to study the geology and topography in the immediate areas of the breccia pipes.

To further study the geology of the pipes, we are going to use another geophysical exploration tool, that of induced-polarization. By traversing the property with approximately 20,000 ft. of induced-polarization surveying, we will further substantiate our resistivity work of Stage I, plus, in addition to knowing the locations of pipes, we will also have information concerning the sulfide mineralization within them. Due to the alteration, last summer's drilling showed that we were definitely within the pipe boundaries, but by the lack of sulfide mineralization in two of the holes, we did not know the exact locations of areas which had been subjected to ore-bearing solutions, while on the third hole we were

undoubtedly on the rim of such an area. This is why we would like to survey the area with induced-polarization, so that we could spot our drill holes in relationship to the areas of sulfide mineralization instead of just breccia pipes.

As soon as the snow in the Red Mountain area has receded, we will begin the field reconnaissance work with McPhar Geophysics, Inc., to set up the program which will start as soon as possible this summer. We will then conduct the survey, further study the geology and topography, and by October 1, have drill locations plotted to begin Stage II of our contract. We will then have until approximately December 1 to work in the area before snow again becomes hazardous. This is why we requested that all work be completed by December 29, 1970 instead of December 29, 1969, so that if all the drilling is not completed by the end of this working season, we can again begin early spring 1970 and complete all of Stage II by December 29, 1970.

Also, the Heavy Metals Division of the United States Geological Survey is presently conducting a project to study and interpret the geology in this specific area of the San Juan Mountains. This summer is their second year in the area, and it is our understanding that this work will consist, in part, of detailed geologic mapping of the Red Mountain area, and geophysical investigations, using many varied geophysical methods to further understand the geologic formations and structures in this area.

In discussions with Fred Fisher of the U.S.G.S., it is our understanding that some of this information may be in an open file, available for public investigation, therefore we would like to review their conclusions whenever possible and combine this with our new data before initiating further drilling. Don Hoover will be conducting geophysical work and his results may also prove to be beneficial in our work.

For the reasons stated above, we would like to further extend the present suspension to October 1, 1969 and have the opportunity to work on Stage II of the contract until December 29, 1970.

Thank you for your cooperation in these matters.

Very truly yours,

BAUMGARTNER OIL COMPANY

Robert A. Larson

Robert A. Larson
Mining Engineer
Mining Division

RAL:ks

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

March 6, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 10 1969

INITIALS	CODE
	130
	120
	120
	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Area District
Ouray County, Colorado
Contract 2255

Transmitted herewith are the Government's Copy and Budget and Finance's Copy of Amendment No. 3 on the above-stated subject, signed for the Government and by the applicant.

J. William Hasler

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

Enclosures

See left side

Office of Minerals Exploration
Building 53 Room 200

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 10 1969

INITIALS	CODE
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	170

March 3, 1969

3/10/69
executed
Am. #3 read
not circulated

Mr. Frank W. Baumgartner, President
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Mr. Baumgartner:

Enclosed are the original and three copies of proposed Amendment No. 3 (2 pages), to the subject contract, signed for the Government.

If the proposed amendment is satisfactory to you, please sign all four copies, 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 chron
Mr. Hasler
OME-6632

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/18/69	Peterson	120
	(on leave)	120
2/18	Johnson	110
2/22	Ridgway	
	Hoppe	
2/24	Cac	220
		120M

AIRMAIL

FEB 24 1969

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Enclosed are the original and three copies of proposed Amendment No. 3 (2 pages), to the subject contract, signed for the Government. An extra copy of the amendment is also enclosed for field use.

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

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

FRANK E. JOHNSON (gla)

Frank E. Johnson

Enclosures

cc: Director's Reading File
Economic Geology File
OME Reading File
OME Docket
Mr. Peterson
120

ECPeterson/bsl 2/18/69

FORM 9-1648
MARCH 1968

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

OFFICIAL COPY
H. E.
RECEIVED
FEB 14 1969
MINERALS CODE

OPERATOR'S MONTHLY VOUCHER

For Month of Oct. and Nov. 1968

Docket No. OME- 6632
Contract 14-08-0001 2255
Contract Amount $ 71,000
Gov't. Participation % 50 $35,500

Operator's Name F. W. Baumgartner
Address 737 Grant Street, Denver, Colorado 80203

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Balance Forward		$11,343.07		$17,205.00		9,050.07 ~~$8,923.07~~		14,664.80 ~~$14,785.00~~
Core Boxes			110	110.00	0	0	110 boxes	110.00
Supervisor-Geologist-Engineer			3 mo.	2250.00	0	0	3 mos	2,250.00
Outside Consultant			6 dys	450.00	0	0	6 days	450.00
Per Diem (Outside Consultant)			6 dys	96.00	0	0	6 days	96.00
Mileage Denver to project & return			4200 mi	420.00	0	0	4,200 mi	420.00
*FICA, payroll taxes, Insurance	≈0.44	100.35	1	234.00	–	0	–	133.65
Office Expense, accounting and engineering			3 mo	150.00	0	0	3 mos	150.00
Assaying	38	152.00	38	152.00	38	152.00	38	152.00
Electrical Resistivity Survey			1	1575.00	0	0	1	1,575.00
TOTALS		$11,595.42		$22,642.00		$ 9,202.07 ~~$9,075.07~~		$ 20,201.45 ~~$17,121.65~~

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

Date 1/21/69 *Payee

Per F. W. Baumgartner Title

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

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

(INSTRUCTIONS ON REVERSE)

2

Approved as noted, subject to field examination and audit.

Signature James L. Dualtieri 1/28/69
OME Field Officer Date

4601.04 (63) 14X0804
200.00 14X6875(08)

Approved for: $ 4,401.04
(SUBJECT TO AUDIT)

Signature

Date FEB 14 1969 Vou. No. 94743
(SEE OTHER SIDE)

FOR OPERATOR'S USE	FOR GOVERNMENT USE
REMARKS	REMARKS
*Indicates items that were claimed on previous voucher, but were not completed at that time.	51 Disallowed $ 130.35 for payroll taxes and insurance; funds for salaries allotted to Stage 1 of contract expended in first three months; subsequent salary not from contract funding, therefore payroll taxes and insurance do not fall against contract funds Withheld $ 200.00 pending resumption of operations or termination of contract James J. Gillespie

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

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

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

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

FORM 9-1648
MARCH 1968

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

OPERATOR'S MONTHLY VOUCHER

For Month of Oct. and Nov. 1968

Docket No. OME- 6632
Contract 14-08-0001 8258
Contract Amount $ 71,000
Gov't. Participation % 50 $ 35,500

Operator's Name F. W. Baumgartner
Address 737 Grant Street, Denver, Colorado 80203

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Mobilizing & demobilizing one bulldozer		$	1	$ 100.00	—	$ —	1	$ 100.00
Bulldozing roads and drill sites			25 hr	450.00	—	—	25 hrs	450.00
Mobilizing & demobilizing drilling rig.	1/2	375.00	1	750.00	½	375.00	1	750.00
*Overburden drilling & setting of casing	40'	360.00						
			60'	540.00	30'	270.00	30'	270.00 11
Overburden drilling & setting of casing	20'	180.00						
*Diamond Core Drilling	439'	2723.60			1352	8,198.40	2052	12,922.50 12,474.80
			2100'	13,695.00	~~1352'~~	~~8,071.40~~	~~2082'~~	~~12,595.00~~
Diamond Core Drilling	961'	6447.80						
Cementing, reaming, drilling cement, installing casing	10 hrs	140.00	30 hr	420.00	10 hrs	140.00	30 hrs	420.00
[1] Reaming, cementing, & drilling out cement	50 hr	750.00	50 hr	750.00	—	—	—	— 31
[2] Casing lost in completed holes	---	300.00	---	300.00	0	0	0	0 41
Moving & setting up drill rig	6-2/3 hr	66.67	20 hr	200.00	6.67 hrs	66.67	20 hrs	200.00
						$ 9,050.07		$ 14,922.00 $ 14,664.80
SUB-TOTALS		$ 11,343.07		$ 17,205.00		$ ~~8,429.07~~		$ ~~14,785.00~~

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

Date 1/21/69 *Payee

Per F. W. Baumgartner Title

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature James L. Dualtria OME Field Officer Date 1/28/69

Approved for: $ (SUBJECT TO AUDIT)

Signature

Date Vou. No.

(SEE OTHER SIDE)

FOR OPERATOR'S USE

REMARKS

*Indicates items that were claimed on previous voucher, but were not completed at that time.

[1]Item requested in amendment to transfer funds allotted to water haulage.

[2]Seventy-seven feet of casing, plus diamond shoe bit.

FOR GOVERNMENT USE

REMARKS

1/ Disallowed 30' of overburden drilling; only 30' of overburden drilling shown on billing: 17' in D.D.H. RM-1; 13' in D.D.H CB-1; 0' in D.D.H CB-2

2/ Disallowed 18' in D.D.H. CB-1; billing for 682', hole bottomed

3/ Disallowed pending O.M.E. agreement to amendment

4/ Disallowed 77' of lost casing; left at operator's request according to billing; no funds allotted in contract for lost shoe bits

James J. Grassleaf

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

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

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

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

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: F. W. Baumgartner
737 Grant St.
Denber, Colorado 80203

Amount Claimed:	Differences (Explained Below)	Amount Approved
11,595.42	2,393.35	9,202.07 4,601.04 Gov. Part. Less 200.00 * 4,401.04
Bu. Voucher No.	Payee's Invoice No.	Period
	Contract # 2255 Docket 6632	Oct. & Nov. 1968

EXPLANATION

Claimed	Allowed	Disallowed
$ 540.00 for 60 ft. of overburden	$ 270.00 for 30 ft. shown on billing	$ 270.00
9,171.40 for Diamond Drill.	8,198.40 Disallowed 18ft. in DDH CB-1 billing for 682 ft.	973.00
750.00 Reaming	-0- Disallowed pending agreement to Amend.	750.00
300.00 Casing Lost.	-0- No funds allotted in contract for lost shoe bits.	300.00
100.35 FICA	-0- Funds for salaries allotted to Stage 1 of Contract expended in first three months. This FICA is not from Contract funding.	100.35
		2,393.35

* Withholding $200.00 pending resumption of work or final report.

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

ms

Branch of Budget and Finance

~~120~~

HK 120

~~110~~

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w legal 2/11

DRAFT 2/4/69
ECPeterson/bsl

EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

AMENDMENT NO. 3

It is agreed this _____ day of _____, 1969, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government", and F. W. Baumgartner, d/b/a Baumgartner Oil Company, hereinafter called the "Operator", that Exploration Contract 2255 (OME-6632), dated December 29, 1967, as amended, is further amended, effective the date of the contract as follows:

1. In Exhibit A:

(a) Under the heading Estimated Cost of Project, Stage I, is revised to read as follows:

Actual Costs

Category (1) Independent Contracts

Mobilizing and demobilizing one bulldozer	$100.00
Bulldozing roads and drill sites, 25 hours @ $18.00/hr.	450.00
Mobilizing and demobilizing drilling rig	750.00
Overburden drilling and setting of casing 60 feet @ $9.00/foot	540.00

Diamond core drilling, 2,100 feet $13,695.00

Depth, feet	Rates/foot NXWL	BXWL	AXWL
0-500	$6.45	$5.80	$5.30
500-1000	$7.90	$6.70	$6.00

Cementing, reaming, drilling cement, and installing casing, 83 hours @ $14.00/hr. 1,162.00

Casing lost in completed holes, 124 feet 308.00

NX @ $3.00/foot

BX @ $2.00/foot

AX @ $1.25/foot

Moving and setting up drillrig

20 hours @ $10.00/hr. 200.00

Core boxes,

110 boxes @ $1.00/box 110.00

$17,315.00

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

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Chief, Office of Minerals Exploration

BAUMGARTNER OIL COMPANY

By_____

Title

IN REPLY REFER TO:

6553

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

Office of Minerals Exploration
Building 53 Room 200

January 29, 1969

Memorandum

To: Chief, Office of Minerals Exploration

From: James L. Gualtieri

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Transmitted herewith are the original and two copies of the October-November, 1968 vouchers with substantiating documents on the above-stated contract.

James L. Gualtieri
James L. Gualtieri, Geologist
Office of Minerals Exploration

Enclosures

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 31 1969

INITIALS	CODE
	130
	207
	110
	100

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 4, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 6 1969
INITIALS CODE

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Transmitted herewith are the "Government's Copy" and the "Budget and Finance's Copy of Amendment No. 2 on the above-stated subject. The "Operator's Copy" has been retained by the Operator; and the "Field Office's copy" and the "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

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/4/69	Peterson	120
2/4/69	Kirkemo	120
		110
2/4	Case	220
		120M

FEB 4 1969

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Enclosed are the original and two copies of the Operator's Monthly voucher for October and November 1968. Please withhold $200.00 from payment of this voucher pending decision whether to authorize Stage II work or terminate the contract.

FRANK E. JOHNSON (gla)

Frank E. Johnson

Enclosure

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

ECPeterson/bsl 2/4/69

Office of Minerals Exploration
Building 53 Room 200

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 31 1969

INITIALS	CODE
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	120

January 23, 1969

Mr. Frank W. Baumgartner, President
737 Grant Street
Denver, Colorado 80203

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Mr. Baumgartner:

Enclosed are the original and three copies of proposed Amendment No. 2 (2 pages), to the subject contract, signed for the Government.

If the proposed amendment meets with your satisfaction, please sign all four copies, retain the "Operator's Copy" and return the others to this office.

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

Sincerely yours,

J. William Hasler

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

Enclosures

cc: Chief, OME
OME chron
OME-6632
Mr. Hasler

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

OFFICIAL COPY
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OME Region III
RECEIVED
JAN 24 1969
Denver, Colorado

January 20, 1969

Mr. J. William Hasler
Room 200, Building 53
Denver, Federal Center
Denver, Colorado 80225

RE: OME-6632 (copper), Red Mountain Mining District, Ouray County, Colorado, Contract #2255

Dear Mr. Hasler:

Regarding Stage I of our drilling program, there was no need for the hauling of water or the rental of a water truck. These items were allowed for in the contract at an estimated cost of $750. I, therefore, request an ammendment to the contract which will allow this money to be used for reaming, cementing, and drilling of cement.

The estimated cost of such items was 30 hours at $14 per hour. Due to difficulties, many of which were explained in the operator's first report, on the first hole alone, over 100 hours were required for this type of work. With these unforeseen difficulties, I feel this $750 should be added to the original $420 allowed. If any questions arise, please contact me for further explanations.

Thank you very much for your consideration of this matter.

Very truly yours,

BAUMGARTNER OIL COMPANY

Robert A. Larson

Robert A. Larson
Mining Engineer
Mining Division

RAL/mkw

IN REPLY REFER TO:

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

Office of Minerals Exploration
Building 53 Room 200

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 29 1969
INITIALS | CODE

January 28, 1969

Memorandum

To: Chief, Office of Minerals Exploration

From: J. L. Gualtieri

Subject: OME-6632 (Copper), Contract 2255 -- Transfer of water hauling and water-truck rental funds for reaming, cementing, drilling cement and installing casing.

Enclosed is a letter from the operator, Baumgartner Oil Company which requests that contract 2255 be amended to permit the transfer of funds allotted for the rental of a water truck (3 months @ $190.00/month -- $570.00) and the haulage of water (1,500 miles @ $0.12/mile -- $180.00) to supplement funds allotted for cementing, reaming, drilling cement and installing casing (30 hrs. @ $14.00/hr. -- $420.00). No money has been used for water truck rental or water haulage because of ample water supplies at springs near the drilling sites whereas the cost of cementing, reaming and drilling cement has exceeded the operator's estimate by several times. It is recommended the contract be amended as requested.

James L. Gualtieri

James L. Gualtieri, Geologist
Office of Minerals Exploration

Enclosure

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

OME Region III
RECEIVED
JAN 24 1969
Denver, Colorado

January 20, 1969

Mr. J. William Hasler
Room 200, Building 53
Denver, Federal Center
Denver, Colorado 80225

RE: OME-6632 (copper), Red Mountain Mining District, Ouray County, Colorado, Contract #2255

Dear Mr. Hasler:

Regarding Stage I of our drilling program, there was no need for the hauling of water or the rental of a water truck. These items were allowed for in the contract at an estimated cost of $750. I, therefore, request an ammendment to the contract which will allow this money to be used for reaming, cementing, and drilling of cement.

The estimated cost of such items was 30 hours at $14 per hour. Due to difficulties, many of which were explained in the operator's first report, on the first hole alone, over 100 hours were required for this type of work. With these unforeseen difficulties, I feel this $750 should be added to the original $420 allowed. If any questions arise, please contact me for further explanations.

Thank you very much for your consideration of this matter.

Very truly yours,

BAUMGARTNER OIL COMPANY

Robert A. Larson

Robert A. Larson
Mining Engineer
Mining Division

RAL/mkw

OFFICIAL FILE COPY

Date	Surname	Code
1/16/69	Peterson	120
1/16/69	Kirkham	120
"	Johnson	110
1/17	Gilsgrove	
1/17	[illegible]	
		220
		120M

JAN 21 1969

MEMORANDUM

AIRMAIL

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Enclosed are the original and three copies of proposed Amendment No. 2 (2 pages), to the subject contract, signed for the Government. An extra copy of the amendment is also enclosed for field use.

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

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

FRANK E. JOHNSON (gfe)

Frank E. Johnson

Enclosures

cc: Director's Reading File
Economic Geology File
OME Reading File
OME Docket
Mr. Peterson
130

ong/1 1/16/69

REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~Assoc. Sol. MR, Room 6554 (Through Room 6042)~~		
2. Mr. Peterson, Room 4459		
3.		
4.		
5.		
FROM: Chief, OME, Rm. 4460		

FOR: Check items for action desired

____ Action ____ Reply for signature of _____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

RECEIVED JAN 3 1969 Division of Mineral Resources and General Legal Services

SOLICITOR 1351 JAN 3 1969 (3123) INTERIOR DEPT.

INT.-DUP. SEC., WASH., D.C. M56300-62

To Legal 12/3/69

120

120 (on leave)

~~110~~ 91

120M

EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

AMENDMENT NO. 2

It is agreed this _____ day of _____, 1969, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and F. W. Baumgartner, d/b/a Baumgartner Oil Company, hereinafter called the "Operator," that Exploration Contract 2255 (OME-6632), dated December 29, 1967, as amended, is further amended, effective November 15, 1968, as follows:

1. The time fixed by Article 1(a) of the contract, as amended by Amendment No. 1 for completion of the work is further extended from twenty (20) to Twenty-four (24) months from the date of the contract, or until December 29, 1969.

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 November 30, 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_____
Chief, Office of Minerals Exploration

BAUMGARTNER OIL COMPANY

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

December 27, 1968

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

INITIALS	CODE
	130
	120
	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

A letter from the subject Operator dated December 16, 1968 notified this office that operations on the Red Mountain area were terminated November 29, 1968 due to adverse weather conditions.

also extend prior from 2-28 [illegible]

I recommend that an amendment be prepared to recess the exploration work from November 29, 1968 until July 1, 1969. The exploration work completed to date will be reviewed and evaluated as soon as it is received from the Operator, and recommendations concerning possible additional work will be made at that time.

J. William Hasler

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

OFFICIAL
COPY
O. M. E.
RECEIVED
DEC 18 1968

INITIALS	CODE
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OME Region III
RECEIVED
DEC 17 1968
Denver, Colorado

December 16, 1968

Mr. William J. Hasler
Field Officer, Region III
Office of Minerals Exploration
Building 53 - Room 203
Federal Center
Denver, Colorado 80225

Dear Mr. Hasler:

Work on OME Exploration Contract No. OME-6632 was terminated for this season on November 29, 1968.

Hole CB-1 was drilled to 682 feet on November 27, 1968, and due to adverse weather conditions (ie., snow, freezing water lines, etc.) it was decided to demobilize the drilling equipment. All of this work was completed November 29, 1968.

Since June 10, 1968, 15,750 feet of electrical resistivity geophysical surveying was completed and a total of 2236 feet of diamond drilling (2100 feet Government participation) was completed. Drill Hole No. RM-1 was drilled to 854 feet, drill hole CB-1 to 682 feet, and drill hole CB-2 to 700 feet.

On completion of logging and assaying the core, I will send a report for October and November. This will complete Stage I of aforementioned contract.

After the acceptance of proposed drilling in Stage II, field work will begin no later than July 1, 1969, with the completion of OME Contract Docket No. OME-6632 as per Amendment No. 1, dated June 24, 1968.

Yours very truly,

BAUMGARTNER OIL COMPANY

Robert A. Larson

Robert A. Larson
Mining Engineer
Mining Division

RAL/mkw

IN REPLY REFER TO:

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

Office of Minerals Exploration
Building 53 Room 200

December 5, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining Project
Cora Belle - Red Mountain No. 3
Ouray County, Colorado
Contract 2255

Transmitted herewith are the original and two copies of the June-July-August-September monthly vouchers with substantiating documents on the above-captioned contract.

J. William Hasler

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

Enclosures

TABLE OF CONTENTS

Operator's Narrative Report
Robert A. Larson

Electrical Resistivity Report
Walter W. Tyler

Electrical Resistivity Field Notes

Resistivity Map Red Mountain No. 3

Resistivity Map Cora Belle

Core-Log CB-2

Operator's Voucher of Costs

Copies of Invoices, Statements, and Accounts, etc.

OFFICIAL COPY
O. M. No.
RECEIVED
DEC 13 1968
INITIALS | CODE

FORM 9-1648
MARCH 1968

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

~~130~~ 120 m

OPERATOR'S MONTHLY VOUCHER For Month of June, July, Aug., Sept.

Docket No. OME- 6632
Contract 14-08-0001 7755
Contract Amount $ 71,000
Gov't. Participation % 50 $ 35,500

Operator's Name F. W. Baumgartner
Address 737 Grant Street, Denver, Colorado 80203

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
		$		$		$		$
Mobilizing and demobilizing one bulldozer	1	100.00	1	100.00	1	100.00	1	100.00 ✓
Bulldozing roads and drill sites	1	450.00	1	450.00	1	450.00	1	450.00 ✓
Mobilizing & demobilizing drilling rig	1/2	375.00	1/2	375.00	1/2	375.00	1/2	375.00 ✓
Overburden drilling & setting of casing	2/3	360.00	2/3	360.00	0 ~~174 ft~~	0 ~~153.00~~	0 ~~174 ft~~	0 ~~153.00~~ 1/2
Diamond core drilling	3/5	7247.20	3/5	7247.20	700 ~~1,134 ft~~	4,523.60 ~~6,824.55~~	700 ~~1,134 ft~~	4,523.60 2/ ~~6,824.55~~
Cementing, reaming, drilling cement & installing casing	2/3	280.00	2/3	280.00	20 hrs	280.00	20 hrs	280.00 ✓
Moving & setting up drill rig	2/3	133.33	2/3	133.33	13.33 hrs	133.33	13.33 hrs	133.33 ✓
Core boxes	1	110.00	1	110.00	110	110.00	110	110.00 ✓
Supervisor-Geologist Engineer	1	2250.00	1	2250.00	3 mos	2,250.00	3 mos	2,250.00 ✓
Outside consultant	1	450.00	1	450.00	6 days	450.00	6 days	450.00 ✓
Per diem (outside consultant)	1	96.00	1	96.00	6 days	96.00	6 days	96.00 ✓
Mileage Denver to project area & return	1	420.00	1	420.00	4200 mi	420.00	4200 mi	420.00 ✓
TOTALS		$12,271.53		$12,271.53		$ ~~11,641.88~~ $9,187.93		$ ~~11,641.88~~ $9,187.93

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

Date 28 Oct 1968 *Payee F. W. Baumgartner

Per _____ Title Owner

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit

Signature J. William Hasler 12/4/68
OME Field Officer Date

14X0804

Approved for: $ 5523.29
(SUBJECT TO AUDIT)

Signature [illegible]

Date 12/13/68 Vou. No. 93542
(SEE OTHER SIDE)

1st

FORM 9-1648
MARCH 1968

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

OPERATOR'S MONTHLY VOUCHER

For Month of _____

Docket No. OME- _____
Contract 14-08-0001 _____
Contract Amount $ _____
Gov't. Participation % _____ $ _____

Operator's Name _____
Address _____

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
balance forward		$12,271.53		$12,271.53		$9,187.93 ~~$11,641.88~~		$9,187.93 ~~$11,641.88~~
FICA, payroll taxes, insurance	1	234.00	1	234.00	—	133.65 ~~156.75~~	—	133.65 ~~156.75~~
Office expense, accounting & engineering	1	150.00	1	150.00	3 mos	150.00	3 mos	150.00
Electrical resistivity survey	1	1575.00	1	1575.00	—	1,575.00	—	1575.00
TOTALS		$14,230.53		$14,230.53		$11,046.58 ~~$13,523.63~~		$11,046.58 ~~$13,523.63~~

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

Date 28 Oct 1968 Payee H H Dunnigan Inc

Per _____ Title Owner

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit

Signature J William Hasler OME Field Officer Date 12/4/68

Approved for: $ _____
(SUBJECT TO AUDIT)

Signature _____

Date _____ Vou. No. 93542

(SEE OTHER SIDE)

1/ disallowed – Hole RM-1 was not completed at time voucher was submitted.

2/ disallowed. 439 ft – Hole RM-1 was not completed at time vircher was submitted.

3/ disallowed $23.10 F.I.C.A. – Salary was paid to engineer before date contract work started.

Edward Paterson

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee:

F. W. Baumgartner
737 Grant St.
Denver, Colo. 80203

Amount Claimed:	Differences (Explained Below)	Amount Approved
14,230.53	3,183.95	11,046.58 5,523.29 Gov. Part.
Am. Voucher No.	Payee's Invoice No.	Period
	Docket # 6632 Contract # 2255	June, July, Aug. & Sept. 1968

EXPLANATION

Sir:

Disallowing the following items they were not completed at the time this voucher was submitted.

Overburden drilling	360.00
439 ft. Diamond core drilling	2,723.60
FICA - $23.10 of this was paid before date of contract work started.	100.35
	3,183.95

93542

Any credits for items deducted must be included as separate item on subsequent monthly vouchers and supported by the original voucher statement.

MB

CORE DRILLING FOUNDATION TESTING SOIL SAMPLING, ETC.

MacPherson Drilling Company, INC.

MONTROSE, COLORADO 81401

TELEPHONE 249-3501 P. O. BOX 1167

FOR CUSTOMER'S USE ONLY	
Register No.	Voucher No.
Terms Approved	Rate Approved
Calculations Checked	Ale. 8/23/68
Footage Checked	Ale. 8/23/68
Adjustments	
Accounting Distributions	
Audited	Final Approval

INVOICE DATE: August 9, 1968. July Drilling
INVOICE NUMBER: 1,
CONTRACT: Baumgartner Oil Company,
TERMS: Contract
LOCATION: Surface, Ouray County, Colo. Red Mountain Project

HOLE NO.	FROM	TO	FOOTAGE	RATE	TOTAL
CB-2	0	56	56 NX WL Core	6.80	380.80
	56	326	270 BX WL "	6.20	1,674.00
	Setting -up time, 12 - hrs. @ $11.00 per crew hr.				132.00
	Reaming for & installing casing, cementing & drilling out cement, 106½ - hrs. @ $15.00 per rig hr.				1,597.50
	One-half mobilization				375.00
					4,159.30
SUPPLIES:	BX-Core boxes, 210 - @ $1.00 ea.				210.00
	Portland Cement, 10 - sacks				21.84
	Quik Mud Gel, 30 - sacks @ $3.20 per sack				96.00
	Cal Seal Cement, 11 - sacks @ $9.16 per sack				100.76
			To Balance.....		$ 4,587.90

Certified true copy
S H Baumgartner

CORE DRILLING FOUNDATION TESTING SOIL SAMPLING, ETC.

MacPherson Drilling Company, INC.

MONTROSE, COLORADO 81401

TELEPHONE 249-3501 P. O. BOX 1167

FOR CUSTOMER'S USE ONLY	
Register No.	Voucher No.
Terms Approved	Rate Approved
Calculations Checked	
Footage Checked	
Adjustments	
Accounting Distributions	
Audited	Final Approval

INVOICE DATE: September 5, 1968. August Drilling
INVOICE NUMBER: 2,
CONTRACT: Baumgartner Oil Company
TERMS: Contract
LOCATION: Surface, Ouray County, Colorado. Red Mountain Project

HOLE NO.	FROM	TO	FOOTAGE	RATE	TOTAL
CB-2	326	500	174 BX WL Core	6.20	1,078.80
	500	700 700	200 " "	6.95	1,390.00
			corrected 4,523.00		
RM 1-2	0	17	17 Orbdn.	9.50	161.50
	17	20	3 NX WL Core	6.80	20.40
	20	178	158 BX WL Core	6.20	979.60
CB-2	Recovery of Casing,				
RM 1-2	Reaming in BX Casing,				
	16 - hrs. @ $15.00 per rig hr.				240.00
	Moving & Setting up drill rig,				
	17½ - hrs. @ $11.00 per crew hr.				192.50
					4,062.80
SUPPLIES:					
	6 - sacks Cement				13.10
			To Balance.....	$	4,075.90

Certified true Copy
J. H. Baumgartner

CORE DRILLING FOUNDATION TESTING SOIL SAMPLING, ETC.

MacPherson Drilling Company, INC.

MONTROSE, COLORADO 81401

TELEPHONE 249-3501 P. O. BOX 1167

FOR CUSTOMER'S USE ONLY	
Register No.	Voucher No.
Terms Approved	Rate Approved
Calculations Checked	
Footage Checked	
Adjustments	
Accounting Distributions	
Audited	Final Approval

INVOICE DATE: October 3, 1968. September Drilling
INVOICE NUMBER: 3.
CONTRACT: Baumgartner Oil Company
TERMS: Contract
LOCATION: Surface, Ouray County, Colo. Red Mountain Project

HOLE NO.	FROM	TO	FOOTAGE	RATE	TOTAL
RM1-2	178	456	278 BX WL Core	6.20	1,723.60
	Reaming, Cementing & Drilling out Cement, 112½ - hrs. @ $15.00 per rig hr.				1,687.50
					3,411.10
SUPPLIES:					
	4 - sacks Gal Seal @ $9.16 per sack				36.64
	10 - " Portland cement				21.84
			To Balance.....	$	3,469.58

Certified true copy
H. H. Baumgartner

OURAY, COLORADO, October 10, 1968

M Baumgartner Oil

In Account With

County Clerk and Recorder

OURAY COUNTY

All Fees Are by Law Strictly Payable in Advance. Instruments Will Not Be Entered for Record Until Paid.

HOECKEL CO., DENVER 262721

June	28	27 hours cat work @ 15.00	$405.	00
Aug	16	15 hours cat work @ 12.00	180.	00
October	10	4½ hours cat work @ 15.00	67.	50
		Total Due	652.	50
			550.	2

RECEIVED
OCT 14 1968

Certified true copy
S H Baumgartner

STATEMENT

WALTER W. TYLER & ASSOCIATES
MINING - GEOLOGICAL - GEOPHYSICAL CONSULTANTS

IN ACCOUNT WITH

Baumgartner Oil Company
737 Grant Street
Denver, Colorado

OME Docket #6632
Red Mountain Project

Services:

Consulting services 6 days at $75.00/day ...	$ 450.00
Resistivity Survey (incl. line Survey) 15,750 feet at $0.10/ft.	$1,575.00
	$2,025.00

Expenses:

Per diem at $16.00/day, 6 days	$ 96.00
Mileage 4,200 miles at $0.10/mile	$ 420.00
	$ 516.00

Total Amount Due $2,541.00

Certified true copy
H W Baumgartner

[redacted] 14060 ELDERBERRY ROAD 303: 279-5695
GOLDEN, COLORADO 80402

QTR.	EARNINGS	DEDUCTIONS F.I.C.A.	W'H'L'D'G	STATE TAX	DISA-BILITY					NET PAID
1ST										
2ND										
3RD										
4TH										
TOTAL										

NAME Robert A. Larson NO. OF EXEMPT 1
ADDRESS 1201 West Campus Road, Golden, Colo. TEL.
S. S. # 521-58-8143 CLOCK # SEX M SINGLE X MARRIED ☐
DATE BORN DATE EMPLOYED HRS. PER DAY PER WK.
POSITION DATE TERMINATED REMARKS
RATE OF PAY: DATE $ 8.25 PER mo. ; DATE $ PER

Boorum & Pease W 184

YEAR 19 PAYROLL PERIOD	REG. TIME HRS.	@	OVERTIME HRS.	@	EARNINGS REGULAR EARNINGS	OVERTIME	SICK PAY OR OTHER	TOTAL EARNINGS	NON-TAXABLE SICK PAY OR OTHER	~~AMOUNT TAXABLE~~ F.I.C.A.	DEDUCTIONS ~~[illegible]~~	W'H'L'D'G TAX	STATE TAX	DISA BILITY			TOTAL	NET EARNINGS AMOUNT	DATE PAID
TOTAL 1ST QTR.																			
4-15	5 Days	37.50						187.50		8.25		37.25	5.60					136.40	
4-30	1 Day	37.50						37.50		1.65		7.45	1.12					27.28	
5-31	2 Days	37.50						75.00		3.30		14.90	2.24					54.56	
6-14	10 Days	37.50						375.00		16.50		74.50	11.20					272.80	
6-28								412.50		18.15		68.90	11.10					314.35	
TOTAL 2ND QTR.								1087.50		47.85		203.00	21.26					805.39	
TOTAL																			

Certified true copy
S. M. Baumgartner

EMPLOYMENT RECORD OF Robert A. Larson

SOCIAL SECURITY ACCOUNT NO. 521-58-8143 NO. OF EXEMPTIONS 1

DATE EMPLOYED	DATE TERMINATED	NAME OF EMPLOYER	DATE EMPLOYED	DATE TERMINATED	NAME OF EMPLOYER

YEAR 19 68	REG. TIME		OVER-TIME		EARNINGS				NON-TAXABLE	~~AMOUNT TAXABLE~~	DEDUCTIONS						NET EARNINGS	
PAYROLL PERIOD	HRS.	@	HRS.	@	REGULAR EARNINGS	OVERTIME	SICK PAY OR OTHER	TOTAL EARNINGS	SICK PAY OR OTHER	F.I.C.A. WH	F.I.C.A.	W'H'L'D'G TAX	STATE TAX	DISA BILITY	TOTAL		AMOUNT	DATE PAID
BROUGHT FORWARD																		
7-15								412.50		18.15		75.70	11.10				307.55	
7/31								412.50		18.15		75.70	10.93				307.72	
8/15								412.50		18.15		75.70	10.93				307.72	
8/31								412.50		18.15		75.70	10.93				307.72	
9/15								412.50		18.15		75.70	10.93				307.72	
9/30								412.50		18.15		75.70	10.93				307.72	
TOTAL 3RD QTR.								2475.00		108.90		454.20	65.15				1846.15	
TOTAL 9 MOS.																		
TOTAL																		

Certified true copy
[illegible]

Red Mountain Mining Project
Office of Mineral Exploration Contract
Docket No. OME-6632
October 24, 1968

Work on the Red Mountain Mining Project, OME Contract Docket No. OME-6632, commenced on June 10, 1968. At this time the locations of the drill holes were surveyed and bulldozer work was begun.

The number of hours required for bulldozer work was considerably more than anticipated. This was due to the difficulty in preparing drill site CB-1. In building the road to this drill site, very "boggy" ground was encountered and the bulldozer became stuck four times. After a considerable length of time, the road was still not passable with a four-wheel drive vehicle so the site had to be changed.

As shown on the accompanying maps, the location of RM-1 was also changed. This was done because of the steepness of the slope and the large size of the trees in this area. After a portion of the road had been built, mud prevented the bulldozer from returning up this grade. It was then decided to move the location to a more accessible site. These holes will still penetrate the same target areas as proposed and approved by the Office of Mineral Exploration.

Drilling began on July 9, 1968, on drill hole CB-2. This hole was not completed until August 21, 1968, for various reasons. Problems were encountered due to highly fractured and faulted areas penetrated by the drill hole. After the hole caved a number of times and several bits were cut off and lost in the hole, BX casing was put into the hole to a depth of 210 feet. Two hundred seventy feet had been cored so ten sacks of Portland Cement, eleven sacks of Cal Seal cement, and eight sacks of Quik Mud Gel were used to cement the hole from the BX casing to two hundred seventy feet. As a result of the required cementing, reaming, and drilling through cement, 106-1/2 hours were spent for this item on drill hole CB-2. The hole was then drilled to 700 feet through a relatively barren andesite as shown on the accompanying log of drill hole CB-2.

The overall core recovery was approximately 81%. This was quite good due to the difficulty of recovering the gouge material in the faulted region. There was no possible way of collecting a sludge sample since the circulation of the hole was lost within a few feet from the surface. A chemical grout was also used in an attempt to prevent caving and to recover circulation, but it failed to work in a satisfactory manner.

The drilling equipment was then moved to location RM-1. The drilling progressed quite well and there was circulation in the hole until approximately 260 feet. After this, circulation was lost, a fault zone was penetrated, and the hole started caving. Two unsuccessful attempts were made to cement the hole until ten sacks of Portland cement were used and three days were spent allowing the cement to set. The hole reached a depth of 456 feet on Septmeber 30, 1968.

At 267 feet, a small amount of enargite was present and then a five foot vug was penetrated. Following this a faulted area was drilled for approximately 75 feet. This and the remaining core will be described in the log accompanying the next report.

Assays of the mineralized core will be obtained as soon as a core-splitter can be purchased. The assay report will accompany the next narrative report if the information is available at that time.

The surveying for the electrical resistivity lines was completed on June 24, 1968. Walter Tyler started the resistivity survey July 10, 1968, and the resistivity work was completed August 9, 1968. A total of 15,750 feet of electrical resistivity work was completed as shown on the accompanying plat. A report of the results of this work was compiled by Walter Tyler and accompanies this report.

Respectfully submitted,

BAUMGARTNER OIL COMPANY

Robert A. Larson

Robert A. Larson
Mining Engineer
Mining Division

WALTER W. TYLER & ASSOCIATES
MINING - GEOLOGICAL - GEOPHYSICAL CONSULTANTS

October 23, 1968

Mr. Frank Baumgartner
Baumgartner Oil Company
737 Grant Street
Denver, Colorado

Re: OME Docket #6632

Red Mountain Resistivity Survey

Dear Mr. Baumgartner:

The following will describe the survey undertaken on your property and the results thereof.

From the knowledge gained in studying the occurrences of mineralized pipes in the Red Mountain area and its close association to silicified breccias, the electrical resistivity method was employed to (1). locate highly silicified zones and (2). to extend and further prove the localization of resistivity highs indicated from a previous survey. Both objectives met at least with partial success. And, while the geophysical anomalies indicate that the "highs" do represent unknown degrees of silicification there is no assurance that such zones actually are mineralized.

CORA BELLE AREA

A very prominent high is indicated near the east limit of the Cora Belle Pipe. The intersection of survey lines R-1 and R-7 describe a localized silicified zone trending NW-SE having a

14060 ELDERBERRY ROAD
~~P. O. BOX 280~~ 303-279-5695
GOLDEN, COLORADO 80402

length of over 600-ft. and a width of at least 200-ft.

Line R-6, at station intervals 1200 to 1600 indicates a zone of possible silicification but cross-line RR-4 indicates similar resistivity intensity for nearly its entire length of 1600-ft. However, a previous survey also indicates a zone of higher resistivity east of line R-6. A reasonable interpretation of the total data would favor the describing of a zone of weaker silicification trending west from line R-6 and thence swinging northerly and decreasing in width as it crosses line RR-5 and effectively describing a silicified halo on the SW fringes of the Cora Belle Pipe.

RED MOUNTAIN #3 AREA

Three short anomalous zones on line R-11 - R-19 are indicated and although they can be correlated to the "highs" from a previous parallel survey to the east, their validity as true indicators is somewhat lessened because of the presence of nearby old workings. Secondly, an apparent high at the intersection of lines RM-2 and R-11 -R-19 is so limited in extent as to render the value of its presence but a point in a series describing a silicious trend of an envelope about the periphery of a volcanic pipe. A more accurate evaluation of this occurrence can be rendered if additional E-W survey line data could be made available.

CONCLUSIONS

The important anomaly indicated on the east edge of the Cora Belle Pipe should be considered a prime exploration target. It is recommended that the necessary measures be taken to postpone the drilling of approved Diamond Drill Hole #CB-2 at its present site and apply for permission to relocate said drill hole to the new zone of interest.

INCLOSURES

1 Original overlay of Red Mtn. #3 area survey

1 Original overlay of Cora Belle area survey

1 Sepia of Red Mtn. #3 area survey

1 Sepia of Cora Belle area survey

4 Prints of Red Mtn. #3 area survey

4 Prints of Cora Belle area survey

1 Original and 4 copies of survey data

Respectfully submitted,

WALTER W. TYLER & ASSOCIATES

Walter W. Tyler

WWT/s

RED MOUNTAIN RESISTIVITY

Operator- Robert A. Larson
August 11, 1968

Station	R	X	Resistance ohm-ft.
	Cora Belle Area Line R-1		
100			
	4.0	0.1	40.0
200			
	10.0	0.1	100.0
300			
	113.5	0.001	11.3
400			
	15.0	0.1	150.0
500			
	405.0	0.001	41.0
600			
	458.0	0.001	45.8
700			
	555.0	0.001	55.5
800			
	660.5	0.001	66.0
900			
	737.0	0.001	73.7
1000			
	12.5	0.1	125.0
1100			
	49.5	0.1	495.0
1200			
	48.5	0.1	485.0
1300			
	102.5	0.1	1030.0
1400			
	56.5	0.1	565.0
1500			
	61.0	0.1	610.0
1600			
1700	Last Electrode		

RED MOUNTAIN RESISTIVITY

Operator- Robert A. Larson

August 11, 1968

Station	R	X	Resistance ohm-ft.
	Cora Belle Area Line R-2		
100	First Electrode		
200	7.0	0.1	70.0
300	7.0	0.1	70.0
400	6.5	0.1	65.0
500	7.0	0.1	70.0
600	5.5	0.1	55.0
700	7.5	0.1	75.0
800	7.0	0.1	70.0
900	8.0	0.1	80.0
1000	8.0	0.1	80.0
1100	8.0	0.1	80.0
1200	6.0	0.1	60.0
1300	5.5	0.1	55.0
1400	6.5	0.1	65.0
1500	8.0	0.1	80.0
1600	14.5	0.1	145.0
1700	8.0	0.1	80.0
1800			
1900	Last Electrode		

RED MOUNTAIN RESISTIVITY

Operator- Robert A. Larson
August 11, 1968

Station	R	X	Resistance ohm-ft.
	Cora Belle Area Line R-3		
100			
	11.0	0.1	110.0
200			
	7.5	0.1	75.0
300			
	12.0	0.1	120.0
400			
	14.5	0.1	145.0
500			
	12.0	0.1	120.0
600			
	14.0	0.1	140.0
700			
	8.0	0.1	80.0
800			
	7.0	0.1	70.0
900			
	5.5	0.1	55.0
1000			
	11.5	0.1	115.0
1100			
	8.0	0.1	80.0
1200			
	6.5	0.1	65.0
1300			
	16.5	0.1	165.0
1400			
	6.0	0.1	60.0
1500			
	18.0	0.1	180.0
1600			
	10.0	0.1	100.0
1700			
	7.0	0.1	70.0
1800			
1900	Last Electrode		

RED MOUNTAIN RESISTIVITY

Operator- Robert A. Larson
August 11, 1968

Station	R	X	Resistance ohm-ft.
	Cora Belle Area Line RR-4		
100			
	29.0	0.1	290.0
200			
	16.5	0.1	165.0
300			
	27.0	0.1	270.0
400			
	16.0	0.1	160.0
500			
	12.0	0.1	120.0
600			
	23.0	0.1	230.0
700			
	21.0	0.1	210.0
800			
	25.0	0.1	250.0
900			
	23.0	0.1	230.0
1000			
	24.0	0.1	240.0
1100			
	18.0	0.1	180.0
1200			
	17.0	0.1	170.0
1300			
	7.5	0.1	75.0
1400			
	14.0	0.1	140.0
1500			
	15.5	0.1	155.0
1600			
1700	Last Electrode		

RED MOUNTAIN RESISTIVITY

Operator- Robert A. Larson
August 11, 1968

Station	R	X	Resistance ohm-ft.
	Cora Belle Area Line RR-5		
100			
	34.5	0.1	345.0
200			
	15.8	0.1	158.0
300			
	14.3	0.1	143.0
400			
	9.5	0.1	95.0
500			
	8.5	0.1	85.0
600			
	8.3	0.1	83.0
700			
	12.0	0.1	120.0
800			
	8.0	0.1	80.0
900			
	11.0	0.1	110.0
1000			
	7.0	0.1	70.0
1100			
	11.0	0.1	110.0
1200			
	3.5	0.1	35.0
1300			
	7.0	0.1	70.0
1400			
1300 (Rpt.)			
	6.1	0.1	61.0
1400			
	4.0	0.1	40.0
1500			
	5.0	0.1	50.0
1600			

RED MOUNTAIN RESISTIVITY

Operator - Robert A. Larson
August 11, 1968

Station	R	X	Resistance ohm-ft.
	Cora Belle Area Line R-6		
100			
	11.0	0.1	110.0
200			
	11.0	0.1	110.0
300			
	6.5	0.1	65.0
400			
	8.5	0.1	85.0
500			
	8.0	0.1	80.0
600			
	383.0	0.001	38.0
700			
	805.0	0.001	81.0
800			
	537.0	0.001	54.0
900			
	7.0	0.1	70.0
1000			
	14.5	0.1	145.0
1100			
	26.0	0.1	260.0
1200			
	26.0	0.1	260.0
1300			
	27.0	0.1	270.0
1400			
	18.0	0.1	180.0
1500			
	12.5	0.1	125.0
1600			
1700	Last Electrode		

RED MOUNTAIN RESISTIVITY

Operator- Robert A. Larson
August 11, 1968

Station	R	X	Resistance ohm-ft.
	Cora Belle Area Line R-7		
100	First Electrode		
200	30.5	0.1	305.0
300	19.5	0.1	195.0
400	32.0	0.1	320.0
500	17.0	0.1	170.0
600	13.0	0.1	130.0
700	23.0	0.1	230.0
800	10.0	0.1	100.0
900	11.0	0.1	110.0
1000	14.0	0.1	140.0
1100	49.0	0.1	490.0
1200	121.0	0.1	1210.0
1300	139.0	0.1	1390.0
1400	134.0	0.1	1340.0
1500	165.0	0.1	1650.0
1600	61.0	0.1	610.0
1700	19.0	0.1	190.0
1800			
1900	Last Electrode		

RED MOUNTAIN RESISTIVITY

Operator - Robert A. Larson

August 11, 1968

Station	R	X	Resistance ohm-ft.
	Red Mountain No. 3 Area Line RM-2		
100			
	23.0	0.1	230.0
200			
	12.0	0.1	120.0
300			
	540.0	0.001	54.0
400			
	750.0	0.001	75.0
500			
	514.0	0.001	51.0
600			
	580.0	0.001	58.0
700			
800	Last Electrode		
	Line RM-1		
100			
	26.0	0.1	260.0
200			
	23.0	0.1	230.0
300			
	44.0	0.1	440.0
400			
	34.0	0.1	340.0
500			
	23.0	0.1	230.0
600			
700	Last Electrode		

RED MOUNTAIN RESISTIVITY

Operator-Robert A. Larson
August 11, 1968

Station	R	X	Resistance ohm-ft.
	Red Mountain No. 3 Area		
	Line R11-R19		
R19			
	65.0	0.1	650.0
R18			
	20.0	0.1	200.0
R17			
	50.0	0.1	500.0
R16			
	13.0	0.1	130.0
R15			
	45.0	0.1	450.0
R14			
	8.5	0.1	85.0
R13			
	20.0	0.1	200.0
R12			
	8.0	0.1	80.0
R11			
	4.0	0.1	40.0
R11A			
R11B	Last Electrode		
	Line RM-4		
100			
	415	0.001	41.5
200			
	380	0.001	38.0
300			
	462	0.001	46.2
400			
	380	0.001	38.0
500			
	360	0.001	36.0
600			
	400	0.001	40.0
700			
	340	0.001	34.0
800			
900	Last Electrode		

RED MOUNTAIN RESISTIVITY

Operator- Robert A. Larson
August 11, 1968

Station	R	X	Resistance ohm-ft.
	Red Mountain No. 3 Area Line RM-5		
100			
	12	0.1	120.0
200			
	574	0.001	57.4
300			
	470	0.001	47.0
400			
	554	0.001	55.4
500			
	593	0.001	59.3
600			
	800	0.001	80.0
700			
	527	0.001	52.7
800			
	772	0.001	77.2
900			
	380	0.001	38.0
1000			
	382	0.001	38.2
1100			
	320	0.001	32.0
1200			
	7	0.1	70.0
1300			
1400	Last Electrode		

JWB

OME Region III
RECEIVED
AUG 30 1968
Denver, Colorado

August 29, 1968

U.S. Geological Survey
Denver Federal Center
Building 53 - Room 203
Denver, Colorado 80225

Attention: Mr. Jacques F. Robertson

Dear Jacques:

Enclosed is a copy of Bob Larson's letter which I received yesterday. If you have any questions regarding any of the points contained in the letter, please don't hesitate to call.

I will get in touch with you the first part of the week after I return from Red Mountain.

Best Regards.

Very truly yours,

BAUMGARTNER OIL COMPANY

F. W. Baumgartner

FWB/mkw

Enclosure

~~130~~
65 120m
~~JBH~~
120 P

P.O. Box 451
Ouray, Colorado
August 23, 1968

F. W. Baumgartner
737 Grant Street
Denver, Colorado 80203

Dear Frank:

Enclosed is information concerning the necessary amendments for the OME contract Docket No. OME-6632.

The amended location for Drill Hole RM-1 is N 23° E, 282 feet from the original location, as plotted on the Red Mountain No. 3 overlay-worksheet. The bearing of the amended hole is N 50° E. The inclination and depth of the hole will remain the same at -45° and 700 feet. The drilling will cover approximately the same area and the new bearing will also allow the hole to penetrate the N-S trending fault that is plotted on the geologic map. The primary purpose for this change was to decrease the cost of bulldozer work in the area, decrease the cost of setting-up time for the drill, increase the accessability of the location, and to provide the same information required from the drill hole.

An amendment will need to be requested for the bulldozing. The contract states 25 hrs. at a cost of $18.00/hr. The actual rate will probably be closer to 40 hrs at $15.00/hr. It is not necessary to have the mobilization and demobilization of the bulldozer as an item in the contract since we are only being charged for the actual time the bulldozer operates. This will allow $100.00 to be applied to other work.

Amendments will also have to be made concerning the drilling costs. Since I did not receive a copy of MacPherson's contract, I do not have all of the costs. On the first hole, 106.5 hrs were spent installing casing, cementing, reaming, and drilling concrete. This was at a cost of $15.00/hr. The OME contract allows 30 hrs at $14.00/hr.

On the first hole, there was no casing lost; therefore, there is a small amount of money that could be used elsewhere. The cost of moving and setting-up the drill is, I believe, $11.00/hr instead of $10.00/hr as in the OME contract. Up to this time, there has been no need for the use of a water truck or for the houlage of water, so here again is an item where the money might be transferred to another section.

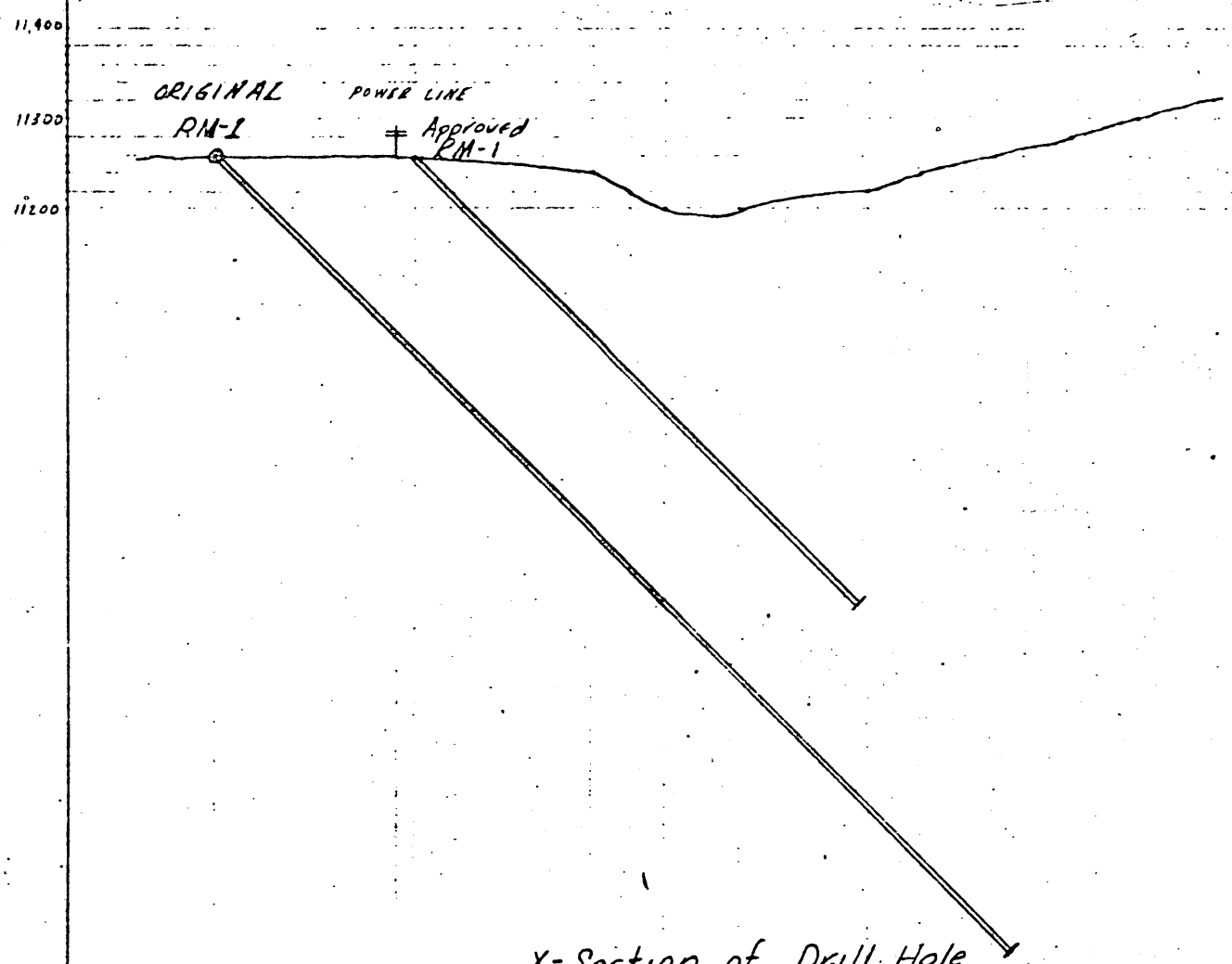
For some of these items, I feel we should still wait to request the amendments since they may change again. For instance, water haulage may be required later due to the cold weather and the freezing of the small creeks. It is very hard to determine the number of hours needed to install casing, ream, etc. as was apparent with the first hole. Please let me know if you feel an estimate should be made now for these items.

I believe this covers the necessary changes. Please excuse the delay in my compiling this information.

Very truly yours,

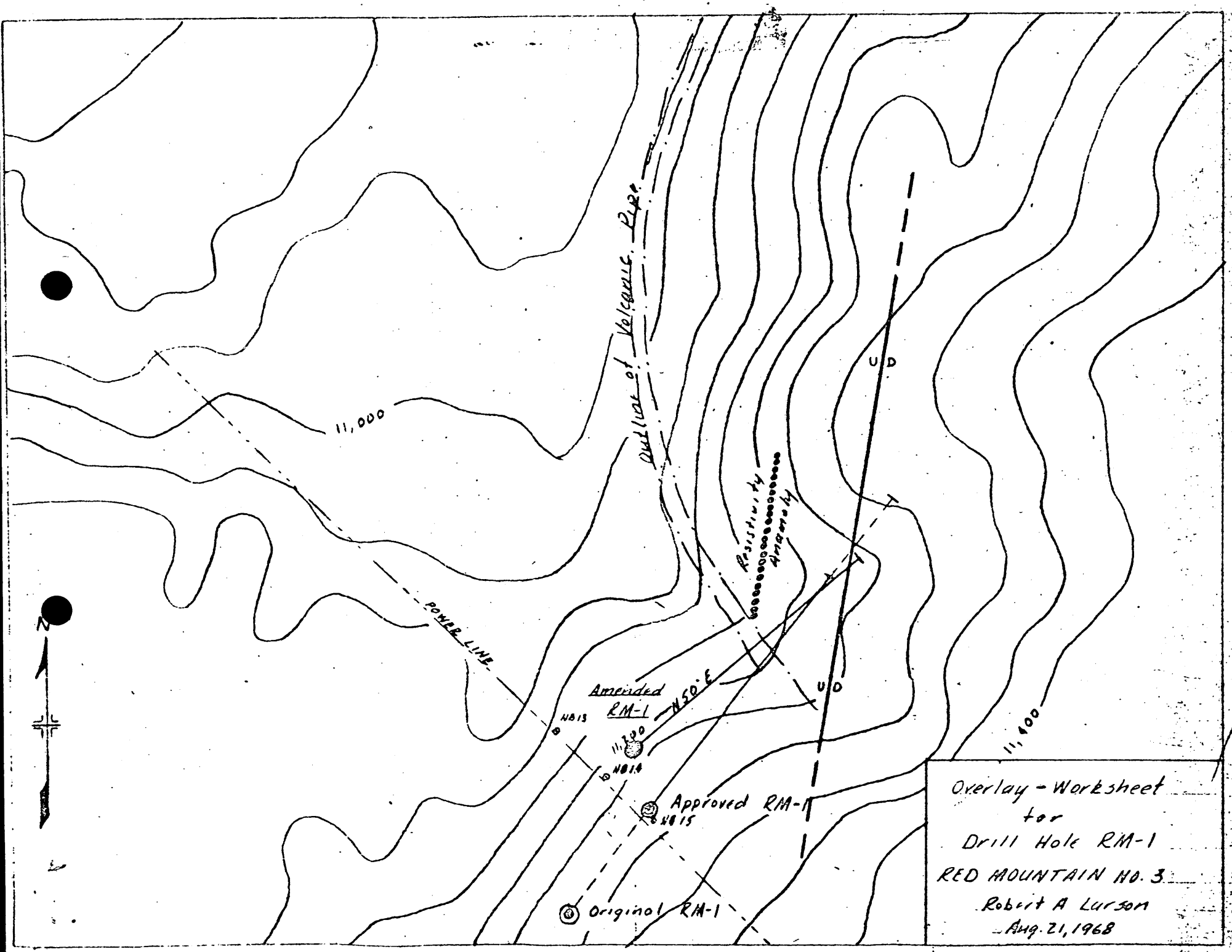
Robert A. Larson

Robert A. Larson

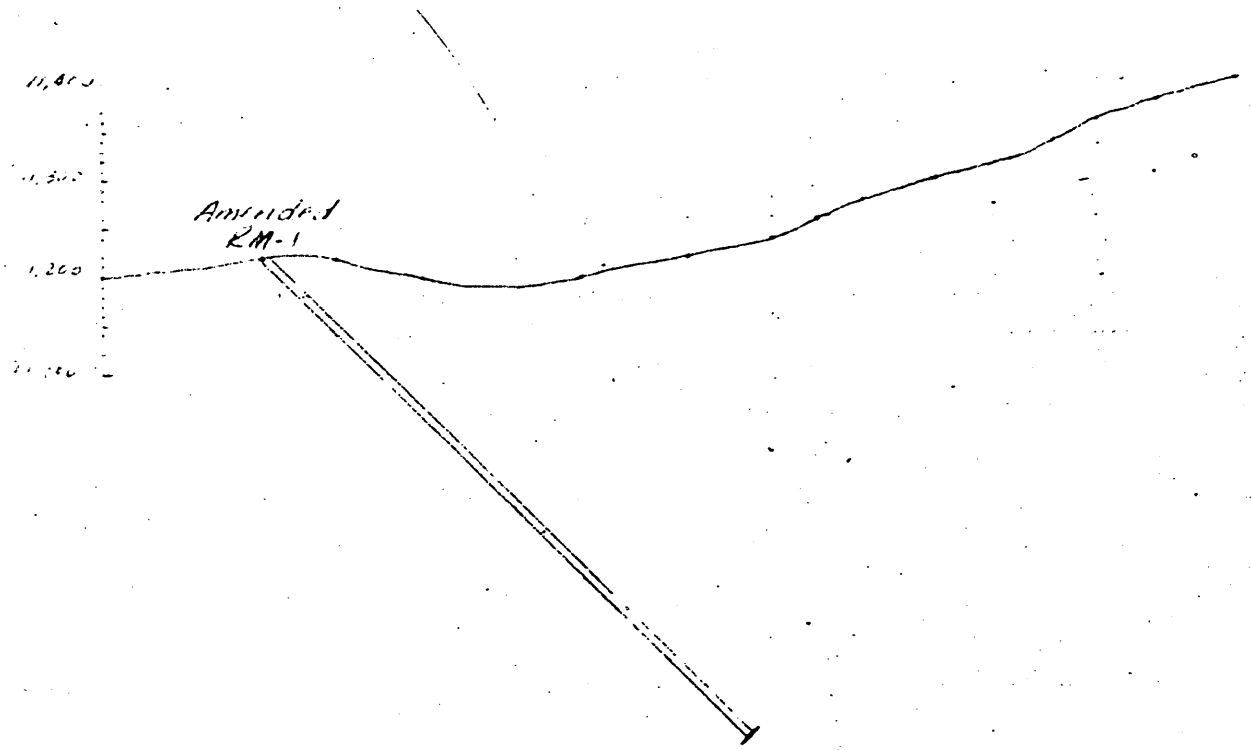


X-Section of Drill Hole
RM-1

R. A. Larson
July 14, 1968
&
Aug. 21, 1968



Overlay - Worksheet
for
Drill Hole RM-1
RED MOUNTAIN NO. 3
Robert A Larson
Aug. 21, 1968



Cross-Section of Drill Hole RM-1
Robert A. Larson
Aug. 21, 1963

Office of Minerals Exploration
Building 53 Room 203

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 5 1968

INITIALS	CODE
	~~120~~
gla	120 M
~~JJ~~	~~110~~
HR	~~120~~
pulv.	120 P

July 16, 1968

Mr. Frank W. Baumgartner
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray, Colorado
Contract 2255

Dear Mr. Baumgartner:

This is to confirm our telephone conversation on the afternoon of July 15, 1968 regarding the relocation of drill hole RM-1 under the subject contract at the Red Mountain #3 property. Permission is granted to move the position of RM-1 approximately 300 feet on a bearing of N. 16° E. from the original site. This should place it at the turnaround cleared by the bulldozer for a switchback. The bearing of the hole should be changed to about N. 48° E.; the inclination and length should remain the same at -45° and 700 feet.

Please let me know after conferring with your field engineer if you are substantially in accord with the relocation as described.

Sincerely yours,

Jacques F. Robertson, Geologist
Office of Minerals Exploration

cc: Chief, OME
OME-6632
OME chron
Mr. Hasler
Mr. Robertson

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 16, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 17 1968

INITIALS	CODE
gla	1320
GJ	120
JFJ	110
	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Jacques F. Robertson

Subject: Interim inspection: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Cora Belle - Red Mountain No. 3
Ouray, Colorado
Contract 2255

The Cora Belle and Red Mountain No. 3 properties near Ouray, Colorado were visited on July 9, 1968 by me, accompanied by Mr. Robert Larsen, mining engineer with the Baumgartner Oil Company. Exploration of the mines under OME Contract 2255, which began on June 10, involves electrical resistivity surveys and diamond drilling from the surface. Mr. Baumgartner arrived on the property in the afternoon after my inspection had been completed, and was advised of my findings. Contemplated amendments to the contract were also discussed.

Work accomplished to date has involved mainly 1. surveying the geophysical traverse lines and drill hole locations, and 2. bulldozing access roads and enlarging the drill hole sites for the drilling equipment. The drilling contractor, Mr. M. MacPherson of Montrose, Colorado, was moving and setting up the drilling machine the day of my visit, preparatory to drilling hole CB-3 on the southwest periphery of the Cora Belle Pipe. He had already installed piping and a pump to deliver water to the drill site from the creek below. It was expected that drilling would commence on July 10.

Mr. Walter Tyler arrived from Denver early on July 10 to begin the electrical resistivity work and he expected to utilize some of the survey crew that is presently employed by the company on the properties.

The site for drill hole CB-1 has been roughed out by the bulldozer, but needs to be leveled and enlarged somewhat. The final bulldozer work on this site was delayed until the water saturated ground had an opportunity to drain and dry out. Some bulldozer work had been done to cut a road to the site of drill hole RM-1. The saturated condition of the ground and the steep grade of 21° forced postponement of further work. Twenty-seven hours have been expended thus far on bulldozer work, and the company engineer estimates approximately 8 more hours are needed to complete this part of the program.

The company arranged with the Ouray County road department for the bulldozer work at a rate of $15.00 per hour. The company doesn't expect to be charged for mobilization and demobilization of the bulldozer because of the proximity of the county roads to the drilling sites. In view of the reduced hourly rate below the $18.00 permitted in the contract with no charge for mobilization and demobilization, the company will probably request an amendment in the contract to increase allowable hours of bulldozer work from 25 to 35 hours. I would recommend extension of hours as indicated if such an amendment is requested, and suggest that the necessary funds be transferred from the mobilization and demobilization costs of the bulldozer.

The site for drill hole RM-1 is difficult to reach because of steep topography and some large fir trees that would have to be removed. These problems were not realized when the site was chosen from maps in the office. I suggested to Mr. Larsen and Mr. Baumgartner that the RM-1 drill hole site be relocated about 300 feet farther north on a bearing of N. 16° E. from the original site where a turn-around has already been cleared for a switchback. The bearing of the hole would have to be changed accordingly to N. 48° E. Inclination would remain the same at minus 45°, and the length of 700 feet would remain the same. The drill hole site as proposed in the contract actually would fall short of the target area, so that the above relocation is indicated anyway. Permission was given the company to relocate the hole as described above.

Baumgartner Oil Company indicated that an amendment would be requested to increase the allowable rates for drilling costs. The rates used in the government's contract are those quoted from the low bidder dated April 15, 1967 in the original application, based on 12,000 feet of drilling. The amount of footage, however, was reduced substantially in the contract and the same bidder raised his per foot prices accordingly. This would seem to be a legitimate action on the part of the drilling contractor, and an amendment to absorb the increased costs per foot should be considered. Inasmuch as water for drilling is furnished by the drilling contractor by use of a pump within the terms of the contract, the company suggests that the funds for water hauling and rental of a water truck could be diverted to the increased drilling

costs. If such an amendment reflecting these changes is feasible without increasing the total costs of the project, I would recommend it.

The company appears to be meeting the conditions of the contract in all respects to date, and work is progressing satisfactorily.

Jacques F. Robertson

Jacques F. Robertson, Geologist
Office of Minerals Exploration

IN REPLY REFER TO:

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

Office of Minerals Exploration
Building 53 Room 203

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 3 1968

INITIALS	CODE
	130
	120
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	120

July 2, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Transmitted herewith are the "Government's Copy" and the "Budget and Finance's Copy" of Amendment No. 1, signed for the Government and by the Owner on the above-stated subject.

J. William Hasler

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

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

OME Region III
RECEIVED
JUL 8 - 1968
Denver, Colorado

July 1, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 8 1968
INITIALS | CODE
gla | 130
wal | 120 m
FJ | 110
EJ | 120 p

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Building 53-Room 203
Federal Center
Denver, Colorado

Dear Bill:

Enclosed is a copy of Bob Larson's note to me regarding the commencement of the work on OME Exploration Contract No. OME-6632 which was started on June 10, 1968.

I thought you would want a copy for your files.

Very best personal regards.

Very truly yours,

BAUMGARTNER OIL COMPANY

F. W. Baumgartner

F. W. BAUMGARTNER

FWB:ejc
Encl.

P.O. Box 451
Ouray, Colorado
June 19, 1968

F. W. Baumgartner
737 Grant Street
Denver, Colorado

Dear Frank:

This is to inform you that the work on your Red Mountain mining property, defined by the Office of Mineral Exploration contract Docket No. OME-6632, began on June 10, 1968.

Work has progressed quite well to date and drilling in the Cora Belle area should start on Monday, June 24, 1968.

Full Reports of work completed to date will be sent for your inspection. If you wish for me to complete the monthly reports for the OME, please forward the monthly report forms when they become available to you.

Very truly yours,
Robert A. Larson
Robert A. Larson

cc: William Hasler

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

OME Region III
RECEIVED
JUL 2 - 1968
Denver, Colorado

June 28, 1968

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Building 53 - Room 203
Federal Center
Denver, Colorado

RE: OME-6632(Copper)
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Bill:

Thank you very much for the Amendment concerning our starting date at Red Mountain.

Have signed the necessary copies and I am returning them to you as requested.

Very best personal regards.

Yours very truly,

BAUMGARTNER OIL COMPANY

F. W. BAUMGARTNER

FWB:ejc
Encl.

Office of Minerals Exploration

Building 53 Room 203

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 1 1968
MATERIALS CODE
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120 P

June 26, 1968

Mr. F. W. Baumgartner, President
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Dear Mr. Baumgartner:

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

If the proposed amendment is satisfactory, please sign all four copies, retain the "Operator's Copy" and return the rest 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,
Field Officer, Region III
Office of Minerals Exploration

Enclosures

cc: Chief, OME
OMe chron
Mr. Hasler
OME-6632

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/17/68	Peterson	120
6/17/68	Kirkham	120
"	Johnson	110
6/19	Kilgsaard	
6/19	Hepp	
		110
		220
		120M

JUN 24 1968

AIRMAIL

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Enclosed are the original and three copies of proposed Amendment No. 1 (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 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. Peterson
130

BLong/1 6/17/68

ORM 6
2-59

REFERENCE SLIP
OFFICE OF MINERALS EXPLORATION

	DATE	INITIALS
Assoc. Sol.-MR, Room 6554 (Through Room 6042)		
2. Mr. Peterson, Room 4459		
3.		
4.		
5.		
FROM: Chief, OME		

INTERIOR DEPT.
K-67-2140-3192
JUN 12 1968
SOLICITOR

FOR: Check items for action desired

____ Action ____ Reply for signature of ____
____ Approval ____ Investigate ____ Surname
____ Comment ____ Recommendations ____ Signature
____ Conference ____ Rewrite ____ File
____ Instructions ____ Your information

REMARKS:

RECEIVED
JUN 12 1968
Division of Mineral Resources
and General Legal Services

RECEIVED
JUN 12 1968
Division of Mineral Resources
and General Legal Services

INT.-DUP. SEC., WASH., D.C.

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DRAFT - 6/10/68
E.C. Peterson/bsl

EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

AMENDMENT NO. I

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 F.W. Baumgartner, d/b/a Baumgartner Oil Company, hereinafter called the "Operator," that Exploration Contract 2255 (OME-6632), dated December 29, 1967, is amended effective May 31, 1968, as follows:

1. The date fixed by Article 1 of the contract for the starting of the work is changed from June 1, 1968, to August 1, 1968.

2. The time fixed by Article 1 of the contract for completion of the work is extended from 18 to 20 months, or from June 29, 1969, to August 29, 1969.

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

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Chief, Office of Minerals Exploration

BAUMGARTNER OIL COMPANY

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

June 5, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

The operator designated that the exploration work under the terms of the subject contract would begin on or before June 1, 1968 and that the work would be concluded within 18 months from the date of the contract or June 29, 1969.

Continued severe winter weather and subsequent spring storms have continued to deposit large quantities of snow at higher elevations in the San Juan and Colorado Mountains and thus have prevented mining companies, and specifically some of our operators from beginning summer operations. It is very likely that some operators may not be able to start work before July 1, 1968 and some even before July 15, 1968.

The operator in a letter dated May 29, 1968, asked permission to start work under the subject contract about June 15, 1968, due to snow conditions. An amendment will be required to keep the contract status active and it is recommended that an amendment be prepared to allow the operator to begin on or before July 15, 1968. This will surely allow ample time.

J. William Hasler

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

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

OME Region III
RECEIVED
JUN 4 - 1968
Denver, Colorado

May 29, 1968

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Building 53 - Room 203
Federal Center
Denver, Colorado

RE: OME 6632 (Copper)
Red Mountain Mining District
Ouray County, Colorado

Dear Mr. Hasler:

I have been advised that due to snow conditions, it would be unwise to start operations in the Red Mountain area until June 15, 1968.

Therefore, I hereby request that permission be granted to commence work at this date.

Yours very truly,

BAUMGARTNER OIL COMPANY

F. W. Baumgartner

F. W. BAUMGARTNER

FWB:ejc

IN REPLY REFER TO:

See left side of folder

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

Office of Minerals Exploration
Building 53 Room 203

January 8, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 9 1968

INITIALS	CODE
Cal	210
[illegible]	130
[illegible]	120
[illegible]	110
EP	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper)
F. W. Baumgartner, an individual d/b/a
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado
Contract 2255

Transmitted herewith are the "Government's Copy" and the "Budget and Finance's Copy" of the above-stated contract which have been signed for the Government and by the Operator. Mr. Baumgartner has retained the "Operator's Copy" and the "Field Office's Copy" and "Extra Copy for Field Use" have been retained in the Field Office, Region III.

J. William Hasler
mc

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

Enclosures

COPY COPY COPY COPY COPY

See left side of folder

BAUMGARTNER OIL COMPANY
737 Grant Street
Denver, Colorado 80203

Phone 222-1719

Cable address
BAUMGAROIL

January 5, 1968

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Building 53 - Room 203
Federal Center
Denver, Colorado

Re: OME-6632 (Copper)
Red Mountain Mining District
Ouray County, Colorado

Dear Sir:

As per your instructions in letter dated January 3, 1968, we are enclosing at this time original and two copies of Contract covering the above captioned property.

These contracts have been signed by Mr. F. W. Baumgartner and the date of commencement has been inserted on all three copies.

If there is anything additional needed in connection with this Contract, please contact Mr. Baumgartner. We have kept the fourth copy for our files.

Yours very truly,

BAUMGARTNER OIL COMPANY

/s/ Elonna J. Curtis

Elonna J. Curtis/Secretary
F. W. Baumgartner

ejc
Encl.

Office of Minerals Exploration
Building 53 Room 203

OFFICIAL COPY
C. M. E.
JAN 8 1968

January 3, 1968

Mr. Frank W. Baumgartner, President
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado

Dear Mr. Baumgartner:

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 50 (7 pages), Annex I (3 pages), two Lien and Subordination Agreements, Exhibit A (7 pages), Exhibit B (1 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.

If the proposed contract is satisfactory, all four copies should be signed by an authorized representative of Baumgartner Oil Company. Thereafter, please return the "Operator's Copy" and return all other copies to this office.

Please be advised that the 7-3/4 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

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

Sincerely yours,

cc: Chief, OME ✓
Hasler chron
OME chron
OME-6632

J. William Hasler

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

Enclosures

MME Form
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
12/15/67	Peterson	120
12/19/67	Kirkham	120
"	Johnson	110
	Kennedy	
12/20	Kerper	
	Bulkin	220
		120M

AIRMAIL

Memorandum

DEC 29 1967

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Copper)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 50 (7 pages), Annex I (3 pages), two Lien and Subordination Agreements, Exhibit A (7 pages), Exhibit B (1 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 an authorized representative of the Applicant. Thereafter, please distribute the copies in the usual manner.

Please advise the Applicant that the 7-3/4 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

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

/s/ R. M. Smith (gla)

for: Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Peterson
130

ECPeterson/bsl 12/15/67

43683

DMEA FORM 6 REFERENCE SLIP

REV. -56 DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO:	INITIALS	DATE
1. Soc. Sol. -- MR, Room 6554 (Through Room 6042)		
2. Mr. Peterson, Room 4459	RB	12-4
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:

Please return maps.

RECEIVED

DEC 1 1967

Division of Mineral Resources

General Legal Services

INT.-DUP. SEC., WASH., D.C. M25803

To Legal 11/30/67

~~120~~ EP
120 HR
~~110~~
120M

MME Form 50
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. GEOLOGICAL SURVEY

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6632	Copper		Ouray	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

F. W. Baumgartner, an individual, d/b/a

Baumgartner Oil Company

whose mailing address is **737 Grant Street, Denver, Colorado 80203**, hereinafter called the "Operator," as follows:

ARTICLE 1. 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 9 and Exhibit A, shall either have completed the work within **18** months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $**71,000.00**. The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $**35,500.00** in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(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 right 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 7 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) Independent contracts.--To the extent that the allowable costs are estimated in Exhibit A with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed (see Article 6(a), Category (1)). Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) 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. 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 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. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(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; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

(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 related costs.

(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 the 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. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

(1) the necessary, reasonable, and direct actual costs that are estimated in Exhibit A by categories as specified in this article; and

(2) fixed costs for units of work to be performed (per foot, per hour, etc.) agreed upon in lieu of actual costs and set forth in Exhibit A.

The Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost; any excess over a fixed unit cost; and any excess over the total allowable cost of the work are not allowable. The Operator shall incur such excesses for his own account without contribution by the Government, but the Operator is not obligated to incur more than his agreed percentage of the total allowable cost of the work.

Any category or subcategory or element thereof not designated as a maximum in this article, or in Exhibit A may be exceeded, provided that the total allowable cost of the work, which is a maximum, is not exceeded.

CATEGORY (1)--INDEPENDENT CONTRACTS.--(See Article 3(b)). The total of this category and the average unit cost estimated for each type of work to be performed under an independent contract are maximums.

CATEGORY (2)--PERSONAL SERVICES.

Subcategory (a)--Supervision and Technical Services--All elements of this subcategory (number of supervisors, technicians, outside consultants, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)--Labor.

CATEGORY (3)--OPERATING MATERIALS AND SUPPLIES.--Includes such items as drill bits and steel, explosives, fuel, pipe, power, timber, rail, and small tools costing less than $50 each.

CATEGORY (4)--OPERATING EQUIPMENT.

Subcategory (a)--Rental.--The number of each rented item [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)--Purchases.--The total of this subcategory is a maximum.

Subcategory (c)--Depreciation.--All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)--INITIAL REHABILITATION AND REPAIRS.--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

Subcategory (a)--Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).--The total of this subcategory is a maximum.

Subcategory (b)--Initial rehabilitation and repairs of operating equipment.--The total of this subcategory is a maximum.

CATEGORY (6)--NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

CATEGORY (7)--MISCELLANEOUS.--Includes requirements and costs that do not fall within any of the first six categories, such as repairs other than initial and maintenance of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, and communications.

(b) Nonallowable costs.--In addition to the limitations imposed by paragraph (a) of this Article 6 the Government will not contribute to the following costs:

(1) Costs of the land, such as rental, depreciation, depletion, or other costs of acquiring, owning, or holding possession;

(2) Indirect costs, such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) Previous work performed or costs incurred before the date of this contract; and

(4) Deferred payments.--Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods, unless the purchase agreement is approved by the Government in writing.

(c) Reductions in costs.--The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original total cost. The provision does not apply to receipts from production which are subject to the Government's royalty under the provisions of Article 7.

ARTICLE 7. 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 retains 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 7(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 8. Interests in purchased property.--(a) Title and ownership.--All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions although title thereto shall be taken in the name of the Operator.

(b) Preservation of property.--Until the final disposal of any property in which the Government has an interest, the Operator shall preserve and protect same for the best interest of the Government, and any reasonable and necessary cost thereof will be treated as an allowable cost of the exploration. After the completion of the work, termination of the Government's obligation to contribute, or when such property is not being used for the work, the Operator shall not use it elsewhere without the written consent of the Government and without paying a reasonable rental to be fixed by the Government for its proportionate interest.

(c) Disposal of property.--Upon the completion of the work, termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, sale to others, purchase by the Operator, or sale or transfer to the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government, the Operator shall not sell at any price any item of property that cost more than $500, and shall not sell at less than 25 percent of the purchase price any item of property that cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or offers. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, explosives, pipe, or rail), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item, the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the exploration.

(d) Default of the Operator re disposal.--If within 90 days after the completion of the work, termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may:

(1) in writing extend the time within which the Operator must dispose of or liquidate the property;

(2) by written notice to the Operator, place upon such property what it determines to be a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; and

(3) enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 9. 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 contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to final accounting and reporting; 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 contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to final accounting and reporting; 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 9 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 13.

ARTICLE 10. 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 11. 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 12. 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 13. 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 14. 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 15. 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 16. Changes and added provision.--

_____

_____

_____

_____

Executed in ~~quintuplicate~~ quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

F. W. Baumgartner, d/b/a
(Operator)

By Baumgartner Oil Company

By _____
Director, U. S. Geological Survey

Title _____

_____

I, _____, certify that I am the
(Name)

_____ secretary of the corporation named as Operator herein; that

_____, who signed this contract on behalf of the Operator, was then
(Name)

_____ of said corporation; that said contract was duly signed for
(Title)

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
BAUMGARTNER OIL COMPANY
OME-6632

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract, consists of forty-six (46) patented and seven (7) unpatented lode mining claims in secs. 1, 12, 13, T. 42 N., R. 8 W and in secs. 6 and 7, T. 42 N., R. 7 W., NMPB&M, Red Mountain Mining District, Ouray County, Colorado. The outer boundaries of the claim groups are outlined in red on Figure 1 entitled, "Property Map, Baumgartner Oil Company," attached hereto and made part hereof.

Patented claims owned by the Operator are as follows:

Name	Survey No.	Name	Survey No.
Allen	2629	Lost Wonder	1907
American Girl	1925	Mountain Chief	2591
Andalusia (East half)	6856	Puzzle	2591
Belinda	7712	Red Chief	2591
Buckeye Boy	1927	Shakespere	4851
Undivided 1/2 Copper King	2474	Silver King	6525
Jackstaff	2025	White Cloud Undivided 1/3	1492

Unpatented claims owned by the Operator, are recorded in the Ouray County Court House, Ouray, Colorado as follows:

Name	Book No.	Page	Name	Book No.	Page
Crazy Horse No. 1	165	171	Robin Hood No. 1	165	169
Little John No. 1	165	170	Windjammer No. 1	165	172
Little John No. 2	165	173	Windjammer No. 2	165	174

The Operator is in possession of the following group of mining claims by virtue of a Contract dated April 5, 1967, by Halliburton Oil Producing Company, owner of the claims.

Patented Claims

Name	Survey No.	Name	Survey No.
Albia	11613	Little Annie	1491
Barilla	2386A	Lost Boy	7121
Caledonian	1534	Manchester Boy	2475
Charter Oak	2416	Massasoit	2532
Confidence	2374	Monitor	2345
Cora Belle	2342	Morning Star	2344
Elmora	1546	Mountain Quail	7127
Emma	1487	Red Mountain	2343
57/60 Enterprise	1305	Rogers	1533
Forest Queen	2672	Saxo	5349
Fourth of July	6946	Smuggler	1517
Gunboat	2509	Telluride	15315
Guston	1387	Texas	18583
Joker	17301	Vata	2373
Joker No. 2	17301	8/12 White Cloud	1492
Last Chance	2469		

Unpatented Claim

Name	Book No.	Page
Thompson	123	111

A Lien and Subordination Agreements executed August 16, 1967, by the owner of the group of claims listed above is attached hereto and made part hereof.

The Operator is in possession of the following patented mining claims by virtue of an Agreement of Purchase and Sale dated August 11, 1967, by Charles M. Shaw and J. M. McFadden, owners of the claims.

Name	Survey No.
Rough and Ready	2202
Treasure Trove	2201

A Lien and Subordination Agreements executed August 10, 1967, by the owners of the claims is attached hereto and made part hereof.

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 additional right, title, or interest in or with respect to any land including minerals therein, situate within the claim groups outlined in red on Figure 2, it is agreed that such land shall thereupon become subject to the provisions of this contract, and the parties hereto shall promptly execute amendments to this contract listing such land as land included in this contract.

EXPLORATION CONTRACT
BAUMGARTNER OIL COMPANY
OME-6632

EXHIBIT A

The purpose of this project is to explore by geophysical survey methods and diamond core drilling for copper-bearing ore bodies occurring in brecciated pipes which have locally intruded fractured and faulted rocks of the San Juan and Silverton volcanic cauldrons of Tertiary age.

General Provisions

A bulldozer no smaller than a Caterpillar D-6 or equivalent unit of any other make shall be used ~~for preparation of~~ to prepare access roads and drill sites.

All drill holes shall be cased through the overburden. The holes shall be completed not less than standard ~~BX~~ AX core size or equivalent wire line size.

Drill hole intercepts of the target areas shall be no less than 100 feet from the boundaries of the claim groups outlined in Figure I referred to in Annex I.

All drill core shall be stored in boxes identified by hole number with markers in the core sections indicating the depth represented.

Facilities shall be provided for collecting diamond drill sludge, and such sludge shall be retained when drilling in significantly mineralized areas.

All drill core shall be logged and significantly mineralized core shall be split and one split assayed. Whenever core recovery is less than 60 percent, a split of the corresponding retained sludge shall be assayed separately. The remaining core shall be stored in proper sequence with the unsampled core, and the remaining sludge shall be stored in suitable containers properly identified as to hole number and depth.

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

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

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

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

The Government will not participate in the cost of any uncompleted item of work, whether it be a drill hole or an approved geophysical survey line.

The proposed geophysical lines shall be accurately surveyed and posted on maps, and the data obtained from the electrical resistivity survey shall be furnished to the Government with geologic interpretation.

The Government will contribute only to the costs of work performed on the areas within the boundaries shown in red on Figure 1, excluding the portions outlined in green which are not owned nor currently leased to the Operator. The location, direction, and extent of each work item shall be subject to Government approval.

The work shall be divided into two stages. The Operator shall complete all of Stage I and as much of Stage II as is authorized in advance by the Government and confirmed in writing. Approval of Stage II shall depend upon the results obtained in Stage I.

Stage I

The work shall consist of bulldozing access roads to the drill sites, leveling the sites, drilling not more than 3 diamond drill holes totalling not more than 2,100 feet, and conducting an electrical resistivity geophysical survey on approximately 17,600 feet (15,750 feet Government participation) of surveyed lines. The approximate location of the work is shown on Figure 2 entitled, "Proposed Stage I Exploration, Cora Belle and Red Mountain No. 3 Areas," attached hereto and made part hereof. The Government will not contribute to the cost of those portions of the geophysical survey shown as dashed lines.

The hole number, area location, bearing, inclination, and approximate length of the 3 diamond drill holes are as follows:

Hole No.	Area	Bearing	Inclination degrees	Length feet
RM-1	Red Mountain No. 3	N.38°E.	-45	700
CB-1	Cora Belle	N.65°E.	-45	700
CB-2	Cora Belle	S.55 E.	-45	700

The geophysical survey line numbers, area location, approximate bearing, length, and Government participation are as follows:

Line No.	Area	Bearing	Length feet	Government Participation feet
1	Red Mountain No. 3	N. 84°E.	700	700
2	Red Mountain No. 3	S. 83° E.	760	760
3	Red Mountain No. 3	N. 82° E.	900	900
4	Red Mountain No. 3	N. 12° E.	1320	1320
5	Red Mountain No. 3	N. 10° E.	1450	1450
1	Cora Belle	S. 40° E.	1750	1380
2	Cora Belle	S. 40° E.	1900	1560
3	Cora Belle	S. 45° E.	1950	1600
4	Cora Belle	S. 47° E.	1700	1700
5	Cora Belle	N. 45° E.	1670	1670
6	Cora Belle	N. 42° E.	1700	1190
7	Cora Belle	N. 42° E.	1800	1520
		Total Length	17,600	15,750

Stage II

The work shall be performed in the same two areas and shall consist of bulldozing access roads to drill sites, leveling the sites, and diamond drilling not more than 5,000 feet. The number of holes, their locations, and depths, shall be contingent upon the favorable results having been obtained in Stage I.

Estimated Cost of Project

Stage I

Actual Costs

Category (1) Independent Contracts

Mobilizing and demobilizing one bulldozer	$ 100.00
Bulldozing roads and drill sites,	
25 hours @ $18.00/hr.	450.00
Mobilizing and demobilizing	
~~one~~ drilling rig	750.00
Overburden drilling and setting of casing	
~~50~~ 60 feet @ $9.00/foot	540.00
Diamond core drilling, 2,100 feet	13,695.00

Depth, feet	Rates/foot		
	NXWL	BXWL	AXWL
0 - 500	$6.45	$5.80	$5.30
500 - 1000	$7.90	$6.70	$6.00

Cementing, reaming, drilling cement, and installing casing,	
30 hours @ $14.00/hr.	420.00
Casing lost in completed holes, 120 feet	300.00
NX @ $3.00/foot	
BX @ $2.00/foot	
AX @ $1.25/foot	
~~Standby time requested by Operator,~~	
~~25 hours @ $14.00/hr.~~	~~350.00~~
Moving and setting up drill rig.	
20 hours @ $10.00/hr.	200.00
Rental of water truck	
3 months @ $190.00/month	570.00

Hauling water,

1,500 miles @ $0.12/mile $180.00

Core boxes,

110 boxes @ $1.00/box 110.00

$17,~~665~~ 315.00

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 Supervisor - geologist - engineer

3 months @ $750.00/month $2,250.00

1 Outside Consultant (2 days/month)

6 days @ $75.00/day 450.00

$ 2,700.00

Category (7) Miscellaneous

None except:

Per diem, outside consultant,

6 days @ $16.00/day 96.00

Mileage Denver to project area and return,

4,200 miles @ $0.10/mile 420.00

F.I.C.A., payroll taxes, insurance,

10.4% of $2,250.00 234.00

Office expense, accounting, and engineering,

3 months @ $50.00/month 150.00

Assaying 375 assays 1,160.00

Copper, gold, lead, silver, and zinc,

$3.00/each determination

Gold and silver @ $3.50~~0~~/sample

$2,060.00

Total Actual Costs Stage I $ ~~22,425.00~~ $ 22,075.00

Fixed Unit Costs 1/

Electrical resistivity survey, 15,750 feet	$ 1,575.00
Total Estimated Costs of Stage I	~~$24,000.00~~ $23,650.00

1/ The completed job is the unit of work.

Stage II

Actual Costs

Category (1) Independent Contracts

Bulldozing roads and drill sites,	
40 hours @ $18.00/hr.	$ 720.00
Overburden drilling and setting of casings	
140 feet @ $9.00/ft.	1,260.00
Diamond core drilling, 5,000 feet	31,955.00

Depth, feet	Rates/foot		
	NXWL	BXWL	AXWL
0 - 500	$6.45	$5.80	$5.00
500 - 1000	$7.90	$6.70	$6.00

Cementing, reaming, drilling cement, and installing casing,	
65 hours @ $14.00/hr.	910.00
Casing lost in completed holes, 250 feet	625.00
NX @ $3.00/foot	~~625.00~~
BX @ $2.00/foot	
AX @ $1.25/foot	
~~Standby time requested by Operator,~~	~~560.00~~
~~40 hours @ $14.00/hr.~~	

Moving and setting up, drill rig,

~~40~~ 45 hours @ $10.00/hr. $ 450.00

Rental of water truck,

6 months @ $190.00/month 1,140.00

Hauling water

3,500 miles @ $0.12/mile 420.00

Core boxes

250 boxes @ $1.00/box 250.00

~~$38,890.00~~ $37,730.00

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 Supervisor - geologist - engineer $4,500.00

6 months @ $750.00/month

1 Outside Consultant (2 days/month) 900.00

12 days @ $75.00/day $ 5,400.00

Category (7) Miscellaneous

None except:

Per diem, outside consultant,

12 days @ $16.00/day, 192.00

Mileage Denver to project area and return

8,400 miles @ $0.10/mile 840.00

F.I.C.A., Payroll, taxes, insurance,

10.4% of $4,500.00 468.00

Office expense, accounting and engineering		
6 months @ $50.00/month	$ 300.00	
Assaying 800 assays	2,420.00	
Copper, gold, lead, silver, and zinc		
$3.00/each determination		
Gold and silver		
$3.50/sample		
		$4,220.00
Total Estimated Cost of Stage II		$47,350.00

SUMMARY

Total Estimated Costs of Stage I	$23,650.00
Total Estimated Costs of Stage II	47,350.00
Total Estimated Costs of the Project	$71,000.00
Government Participation @ 50%	$35,500.00

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

December 6, 1967

OFFICIAL
COPY
C. M. E.
RECEIVED
DEC 11 1967

Mr. Edward Peterson
U. S. Geological Survey
Office of Minerals Exploration
Interior Building
Washington, D. C.

OME-663V

RE: White Cloud Lode Mining Claim

Dear Mr. Peterson:

Please find enclosed one copy of Quit-Claim Deed from The First National Bank of Denver to F. W. Baumgartner and covering a one-third interest in the White Cloud Lode Mining Claim, Patent No. 1492, located in the Red Mountain Mining District in Ouray County, Colorado. We are also forwarding today a copy of this Deed to Mr. J. William Hasler in the Denver office.

The original Deed has been forwarded to the County Clerk for recording.

If there is anything further needed, please contact Mr. Frank Baumgartner.

Yours very truly,

BAUMGARTNER OIL COMPANY

Elonna J. Curtis

Elonna J. Curtis/Secretary
F. W. Baumgartner

ejc
Encl.

QUIT-CLAIM DEED

THE FIRST NATIONAL BANK OF DENVER, a national banking association organized and existing under the laws of the United States of America, whose address is 621 - 17th Street in the City and County of Denver and State of Colorado, Grantor, for the consideration of Three Hundred Thirty-three and no/100 Dollars ($333.00) in hand paid, hereby sells and quit claims to F. W. BAUMGARTNER whose address is 737 Grant Street, in the City and County of Denver and State of Colorado, Grantee, all of the right, title and interest of the Grantor in and to the following real property situate in the County of Ouray and State of Colorado, to-wit:

An undivided one-third interest in and to the White Cloud Lode Mining Claim, United States Survey No. 1492, situate in Red Mountain Mining District in Ouray County, Colorado, and being described in the patent therefor of record in Book 32 at page 109, Ouray County records, to which record reference is hereby made for a more perfect description.

EXCEPTING THEREFROM AND RESERVING to the Grantor, its successors and assigns, a non-participating royalty of ten per cent (10%) of all of the minerals of any kind whatsoever, including but not limited to, oil and gas (hereinafter collectively called "said minerals"), in and when produced from the above described real property, to be delivered free of expense to the Grantor, its successors and assigns (being ten per cent (10%) of one-third of the total of said minerals produced from the entire area of the White Cloud Lode Mining Claim),

with all its appurtenances.

Signed this 5th day of December, 1967.

THE FIRST NATIONAL BANK OF DENVER

By: [signature]
Vice President

Attest:

David E. Peterson
Assistant Cashier

STATE OF COLORADO)
) ss.
City and County of Denver)

The foregoing instrument was acknowledged before me this 5th day of December, 1967, by Robert W. Specht as Vice President and by David E. Peterson as Assistant Cashier of THE FIRST NATIONAL BANK OF DENVER, a corporation.

My commission expires: My Commission expires November 6, 1971

Witness my hand and official seal.

Gerald F. Walk
Notary Public

IN REPLY REFER TO:

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

Office of Minerals Exploration

September 29, 1967

Memroandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6632 (Copper-Silver-Lead-Zinc)
Baumgartner Oil Company
Red Mountain Mining District
Ouray County, Colorado

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Transmitted herewith is the Report of Examination on the subject application by J. William Hasler, recommending approval of a proposed program to be conducted in two stages.

Enclosed are the necessary lien and subordination agreements and Plates I and II. Additional maps are being sent under separate cover for reduction for inclusion in a contract.

The applicant indicated yesterday he would like more diamond drilling to be included in Stage I work, and this may be considered.

J. William Hasler

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

Enclosures

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGARCIL

August 31, 1967

OME Region III
RECEIVED
AUG 30 1967
Denver, Colorado

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

Re: OME-6632
Cora Belle/Red Mountain Area
Ouray County, Colorado

Dear Sir:

With reference to the above captioned application for exploration assistance, enclosed please find an original and four copies of Lien and Subordination Agreement signed by Mr. F. W. Baumgartner.

Thank you for your attention to this matter.

Yours very truly,

BAUMGARTNER OIL COMPANY

Shirley W. Smith (Mrs.)
Accountant

SWS/me

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

OME Region 4
RECEIVED
AUG 18 1967
Denver, Colorado

August 17, 1967

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

RE: OME-6632
Cora Belle/Red Mountain Area
Ouray County, Colorado

Dear Sir:

With reference to the above captioned application for exploration assistance and in Mr. Baumgartner's absence from the office, I am herewith enclosing at this time the following:

1) Original and four copies of Lien and Subordination Agreement Signed by Mr. Charles M. Shaw and Mr. J. M. McFadden and covering the Treasure Trove and Rough and Ready Mining Claims located in Ouray, Colorado.

2) Original and four copies of Lien and Subordination Agreement Signed by Mr. C. E. Davis and covering Halliburton's claims located in Ouray and San Juan Counties, Colorado.

Hope the enclosed meets with your approval. If there is anything further required, please let me know or Mr. Baumgartner upon his return the first of the week.

Thank you for your attention to this matter.

Yours very truly,

BAUMGARTNER OIL COMPANY

Elonna Curtis

Elonna Curtis
Mr. Baumgartner's Secty.

ejc
Encl.

UNITED STATES

DEPARTMENT OF THE INTERIOR

STEWART L. UDALL, SECRETARY

U. S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION III

OME-6632 (Copper-Silver-Lead-Zinc)

BAUMGARTNER OIL COMPANY

RED MOUNTAIN MINING DISTRICT

OURAY COUNTY, COLORADO

OFFICIAL COPY
O. M. E.
OCT 2
INITIALS

By

J. WILLIAM HASLER

GEOLOGIST

SEPTEMBER 1967

on site
Report

Illustrations

Plate I. Geology of the Cora Belle and the Red Mountain No. 3 Areas, Red Mountain District, Ouray County, Colorado

Plate 2. Claim map of the Cora Belle and Red Mountain No. 3 Areas, Red Mountain District, Ouray County, Colorado

REPORT OF EXAMINATION

ON

RED MOUNTAIN NO. 3 AND CORA BELLE AREAS

OME-6632 (COPPER-SILVER-LEAD-ZINC)

BAUMGARTNER OIL COMPANY

RED MOUNTAIN MINING DISTRICT

OURAY COUNTY, COLORADO

by

J. W. Hasler

Introduction and Summary

Baumgartner Oil Company, 737 Grant Street, Denver, Colorado applied to the Office of Minerals Exploration for financial assistance in a project to explore for copper, silver, lead, and zinc on the Cora Belle - Red Mountain No. 3 mining property, Ouray County, Colorado, at an estimated cost of $139,170.00. The application was referred to Region III and an examination was made on June 9, 1967 by J. W. Hasler and E. C. Peterson accompanied by Mr. Frank Baumgartner, Mr. Ralph Anctil and Mr. Walter Tyler, representing the applicant.

Baumgartner Oil Company owns seven patented mining claims and has contracted for 31 patented claims from Halliburton Oil Producing Company.

The applicant was requested to provide lien and subordination agreements for the 31 claims he had contracted from Halliburton as well as to lease, if possible, the Rough and Ready and the Treasure Trove patented claims owned by C. M. Shaw in the Red Mountain No. 3 area and the Hawkeye Girl patented claim owned by Doms Mines in the Cora Belle area.

During the field examination it was noted that there were numerous areas of open ground between some of the applicant's claims. It was recommended that these areas be located and staked in the event of a possible contract. These additional data were not provided until the latter part of August, 1967 thus delaying the completion of the Report of Examination. The applicant proposes a two-stage exploration program consisting of a geophysical survey to be followed by diamond drilling, should the geochemical exploration prove encouraging. It is felt that the program might result in the discovery of moderate reserves of silver, lead, zinc, and copper, and that the exploration of the pipe-like deposits should be tested at depth to determine the possible occurrences of silver-bearing pods of ore. It is recommended, therefore, that a two-stage contract be executed to complete the work herein outlined.

Location and Access

The Cora Belle-Red Mountain No. 3 mining properties are about 1/ mile apart in the San Juan Mountains of southwestern Colorado in Ouray County and may be reached by travelling 10 miles south on U. S. Highway 550 from Ouray, Colorado, thence one-half mile east over unimproved roads to the subject area. The nearest railroad shipping point is Ridgeway, Colorado 22 miles to the north on U. S. Highway 550. Ouray is the nearest supply point. Claims, Plate II in the Cora Bell group lie in Sec. 1 and the Red Mountain Group are in Sec. 12. The claims that are proposed to be subordinated in case a contract is prepared on the following table (Table 1) indicating the claim status:

TABLE 1. CLAIMS TO BE SUBORDINATED IN THE RED MOUNTAIN NO. 3 AREA

CLAIM NAME	SURVEY NO.	BOOK	PAGE	STATUS
Albia	11613			L & S
Andalusia	6856	East half. Quit claim deed. Verdie Robinson BOC purchase		
Auxiliary	4876			B**
Barilla	2386A			L & S
Caledonian	1534			L & S
Charter Oak	2416			L & S
Confidence	2374			L & S
Copper King	2474 undivided 1/2			B
57/60 Enterprise	1305			L & S
Last Chance	2469			L & S
Manchester Boy	2475			L & S
Saxoe	5349			L & S
Texas	18583			L & S
Silver King	6525			B
Telluride	15315			L & S
Rogers	1533			L & S
Thompson	unpatented	123	111	L & S
Treasure Trove	2201	Dr. C. M. Shaw (option)		L & S
Rough and Ready	2202	Dr. C. M. Shaw (option)		L & S
Windjammer No. 1	unpatented	165	172	L & S
Windjammer No. 2	unpatented	165	174	L & S
Veta	2373			L & S
Yellow Jacket	5540			L & S

* L & S = Lien and subordination agreements executed and enclosed.

B** claims owned by Frank Baumgartner

CLAIMS TO BE SUBORDINATED IN THE CORA BELLE AREA

CLAIM NAME	SURVEY NO.	BOOK	PAGE	STATUS
Cora Belle	2342			L & S*
Elnora	1546			L & S
Emma	1487			L & S
Forest Queen	2672 (Surface sold)			L & S
Fourth of July	6946			L & S
Gunboat	2509AM			L & S
Guston	1387			L & S
Joker	17301			L & S
Joker 2	17301			L & S
Little Annie	1491			L & S
Allen	2629			B**
American Girl	1925			B**
Belinda Lode	7712			B**
Buckeye Boy	1927			B**
Jackstaff Lode	2025			B**
Little John No. 1	unpatented	165	170	L & S
Little John No. 2	unpatented	165	173	L & S
Red Mountain	2343			L & S
Lost Wonder	1907			B**
Crazy Horse No. 1	unpatented	165	171	L & S
Red Chief	2591			B**
Mountain Chief	2591			B**

* L & S Lien and subordination agreements executed and enclosed

B** Claims owned by Frank Baumgartner

CLAIMS TO BE SUBORDINATED IN THE CORA BELLE AREA (Continued)

CLAIM NAME	SURVEY NO.	BOOK	PAGE	STATUS
12 Shakespere	4851			B**
13 Puzzle	2591			B**
Smuggler	1517			L & S
Lost Boy	7121			L & S
Robin Hood No. 1	unpatented	165	169	
~~Last Chance~~	~~2469~~			~~L & S~~
14 Sundown	11384			B**
Massasoit	2532			L & S
8/12 White Cloud	1492			L & S
Mountain Quail	7127			L & S

* L & S Lien and subordination agreements executed and enclosed.

B** Claims owned by Frank Baumgartner.

Red Mountain District

Ouray County

Geology[1/]

The Red Mountain mining district centers in the high glacial valley of Red Mountain Creek, a tributary at the headwaters of the Uncompahgre River. A small part of the southern end of this district lies at the head of Mineral Creek, a tributary of the Animas River in San Juan County. The district has also been considered to include an area east of Red Mountain ridge in San Juan County tributary to Cement Creek, another branch of the Animas River. The main production of the district, however, has come from the valley of Red Mountain Creek near the old town site of Red Mountain in Ouray County. Altitudes in the district range between 9,600 feet on the floor of Ironton Part at the north end, and about 13,000 feet on the surrounding mountain ridges.

The Ouray and Leadville limestones and the Hermosa formation crop out at the bottom of Ironton Park where they overlie pre-Cambrian quartzite. These basement rocks are faulted down to the south by displacements on faults bounding the Silverton caldera, and their position beneath the more productive parts of the district cannot be accurately determined. These sedimentary rocks here are tilted up against the edge of the ancestral San Juan uplift so that the district lies close to the boundary between the pre-Cambrian and the sedimentary rocks that underlie the volcanic formations.

The predominant volcanic formations comprise various units of the Silverton volcanic series, although on the west side of the valley a considerable thickness of the San Juan tuff is exposed beneath these rocks. The Silverton volcanic series at this locality thickens abruptly where the rocks fill the basin-like depression of the Silverton caldera. The district lies along the marginal zone of the faults of this structural basin, and owing to the complexity of faulting and fissuring here as well as to intense alteration of the rocks, accurate interpretations of the geology and estimates of thickness and positions of various rock formations are difficult to make. In general the Telluride erosion surface from the Telluride district to the west and from the Ouray district to the north lies at altitudes between 9,600 to 10,000 feet, but on the east and south sides of the district across the main fault zone, this surface may be faulted down below its normal position in places as much as several thousand feet but probably less than 1,000 feet over considerable parts of the district.

The rocks are intruded by many plugs and pipes of pipes of porphyritic latite and rhyolite and of breccia which range from a few tens of feet to more than 2,000 feet across. Fracturing in and around these volcanic pipes is locally intense and many slightly mineralized fissures abound in the area. In places large bodies of rock are impregnated with finely divided pyrite and alteration products generally typical of ore-forming solutions. Much of the rock, particularly that forming the ridges east of the valley, is highly altered throughout to an aggregate of clay minerals, diaspore, alunite, kaolin minerals and quartz.

This weathers to a bright red color that has resulted in the popular name of the mountains. Despite the strong and widespread activity of hydrothermal solutions on the rocks only a comparatively few ore bodies have made an appreciably large production. Some veins both on the west and north sides of the district have yielded an output valued at several hundred thousand to over a million dollars; the largest production came from chimney-like ore bodies in or near breccia pipes and other volcanic plugs. Much of this ore filled open spaces or caves in the rocks and part replaced the porous and altered wall rock. Because of its massive character, some of the ore consisting of nearly solid silver-copper sulfides, a comparatively small tonnage of ore yielded a total production for the district probably in excess of $10,000,000. Much of the lower grade and disseminated mineral matter scattered irregularly in large volumes of altered rock could not be mined. The bulk of the production came from the Yankee Girl, Guston, Genessee Vanderbilt, National Belle, and Congress mines on chimney ore bodies and from the Barstow mine, Kentucky Giant group, and several other mines on fissure veins.

The ore bodies are commonly vertical chimney-like stocks of roughly elliptical outline. The ore was bounded on some sides by fracture or fault planes, and at places occurred in typical vein fissures. Within the main breccia bodies ore was concentrated in subsidiary chimneys or in irregular bodies of fractured rock. Most but not all of the solid chimney ore bodies are surrounded by envelopes of silicified country rock. About these silicified masses the volcanic rocks are highly altered. Most of the more highly productive ore bodies were found along alline of fracturing and faulting in a belt less than 1 mile wide and about 4 miles long,

bearing about N. 20° E. Some of the ore bodies became pyritic and of lower grade at depth although locally small bodies of higher-grade ore persisted to the bottom of the deepest workings at about 1,000 to 1,300 feet below the outcrops.

The ores contain a higher proportion of copper minerals than the normal vein deposits, and many of the pipes also contain massive bodies of lead and zinc sulfides. Enargite is one of the copper minerals typical of many but not all ore bodies and is commonly associated with considerable pyrite. Rich copper-silver minerals, such as stromeyerite, polybasite, proustite, and bismuth-bearing varieties like cosalite, as well as argentiferous gray copper contributed to the silver values. A tin-bearing variety of gray copper called colusite is found as a mineralogical curiosity, but nowhere has tin been found in quantities to make ore.

The ore deposits of the district were discovered in 1881, and the following period of mining activity persisted until 1896, when the Yankee Girl and Guston closed. A deep level drainage and exploration tunnel was later driven beneath the principal ore zones, but resulted in comparatively little additional production. In the last few years during World War II a small but appreciable output of lead and zinc was made from old workings by a few miners. The future of the district appears to be dependent upon economical methods of developing and treating fairly large bodies of rock that contain irregularly distributed ore and also in devising some method of prospecting for hidden ore chimneys of which a considerable number

may remain. The discovery of the Lark pipe on the Cement Creek side of Red Mountain within the last few years has served to focus attention on the weakness of surface indications above some ore bodies. Because of the small diameter of many higher-grade ore bodies, some scarcely more than a few tens of feet across, and because of the widespread general alteration of the rocks some geochemical methods of prospecting may possibly prove applicable.

Mineral Resources of Colorado, State of Colorado Mineral Resources Board, 1947, p. 428-431.

A review of the application by Robert G. Luedke, Geologist, U. S. Geological Survey was requested and his review of the subject application is as follows:

Subject: Review of Docket OME-6632 (Baumgartner Oil Company, Red Mountain Mining District, Ouray County, Colorado)

The subject docket was discussed briefly with Mr. William Hasler, as stated in his transmittal memo of May 19; the geologic setting as discussed is here restated.

The two properties concerned occur near the inner margin of more than a mile-wide zone of extremely fractured and faulted rocks composing part of the compound western ring-fracture zone of both the older San Juan volcanic depression (cauldron) and the younger Silverton cauldron, a 10-mile diameter volcanic subsidence structure of Tertiary age. The country rock is mostly thick porphyritic rhyodacitic lava flows with minor interbedded tuffs assigned to the Burns Formation of the Silverton Volcanic Group. This part of the ring fracture zone, the Red Mountains vicinity, has been intensely altered and leached solfsterically with later local superimposed hydrothermal alteration near so-called "ore breaks" (mineralized fractures) and "chimneys" (volcanic pipes) of the miners.

Early reports concerning these chimney deposits, before most closed down in the 1890's, state the rich silver ore occurred in isolated pockets or discontinuous pods in the upper few hundreds of feet but becoming more disseminated and lower in grade with depth. The mines "bottomed" or were no longer worked when the ore consisted mostly of massive pyrite and enargite; thin pyrite-enargite horizon apparently is near the present surface at the Red Mountain No. 3 site but plunges in depth going northward to the vicinity of the Cora Belle site. The vertical zoning described in the Applicant's report generally agrees with old reports, but the so-called walls of these pipes, as shown in attached figures, are believed not to funnel or converge with depth but flare and gradually become indistinguishable with silicified country rock.

The likelihood of a drill hole exploratory program, consisting of only a few holes, is highly questionable , particularly with the hope of proving a site worthy of sustaining a long and active mining program.

I am unfamiliar with the significance of electrical resistivity exploratory methods, particularly in structurally broken and altered country rock of this type. The past and present prominence of pyrite masses that have and are undergoing oxidation processes must be taken into account. The thick mass of landslide at the one site and slope cover at both sites perhaps could have disadvantageous effects to this method of exploration. Much of the slopes in this general area have under the surface veneer a very hard rock-like cemented base or bottom crust which is not realized to be present unless recent exposures permit; the effect of this is unknown to geophysical methods but most certainly important to any geochemical methods. However, geophysical and geochemical exploration techniques are considered the best in preference to a drilling program.

Ore expected to be found would carry Pb, Zn, Cu, As, Sb, and only fair Ag (perhaps a few local richer silver-bearing pods may be bumped into); the area is not known for good Au values.

Past Production and Work to Date

The applicant reports production from the Red Mountain pipe-like and/or chimney deposits as follows:

Yankee Girl and Guston	$7,000,000.00
Genessee-Vanderbilt	400,000.00
National Bell	300.000.00

Perhaps any exploration program in the Red Mountain No. 3, and Cora Belle areas should be based somewhat on the above-production figures, and on some of the limited amount of sampling that has been done as well as on the applicant's criteria as listed in their item one. Limited sampling of old dumps, and recent trenching has shown values in the Red Mountain No. 3 area that averaged 0.071 oz. Au, 5.89 oz. Ag, 6.58% Cu, 1.41% Pb and 0.26% Zn. Two samples in the Cora Belle area assayed as high as 0.06 oz. Au, 15.44 oz. Ag, 16.68% Cu, 1.04% Pb and 0.50% zinc. The limited sampling was done merely to indicate the nature of the mineralization in the pipe rather than to make a

complete picture by sampling, as this would not be representative under the current geologic conditions.

Results of a resistivity survey in 1967 in the Red Mountain No. 3 area, Plate I shows high resistivity values between stations 1S-2S, which is in the vicinity of two old shafts and a nearby breccia zone, as well as between stations 1S-0, 0-1N, 1N on through 9N. These areas are in and near the breccia zones, the highest reading of 2,580 ohms/foot is near the shaft where a sample was taken that assayed 0.07 oz. Au, 4.73 oz. Ag., 5.77% Cu, 0.52% Pb and 0.25% Zn. It is questionable that the anomaly shown by the applicant between stations 3S - 5S is as favorable anomaly as the areas between station 0 - 9N. Certainly the values are not as high in the southern portion of the breccia pipe. Results of a resistivity survey across the Cora Belle pipe, Plate 1, from southwest to northeast, shows resistivity "highs" near a sulfide zone south of the Guston, and moderate values ranging from 2,267.1 to 3,625.0 ohm/foot in the Burns latite northward toward the Cora Belle Shaft, then an extremely high reading of 50,607.5 ohm/foot was obtained west of the Cora Belle shaft in the landslide debris, with continued high values between stations 30, 31 and 32 ranging from 19,059.5 to 47,084.8 ohm/ft, also in the landslide debris, indicating possibly thin cover and possible mineralization below. Somewhat moderate to increasing values were then obtained in the Burns latite from station 32, through 40. Between stations 40, 41 and 42 in an argillized zone values of 6,122.7 ohm/ft. were obtained. These values were also obtained in the Burns latite. High resistivity values were not obtained between stations 43 and 48 in landslide debris;

however increased values were obtained in a breccia zone containing sulfide mineralization between stations 48 through 54 that ranged from 144.4 ohm/ft. to as much as 88,548.0 ohm/ft. Values dropped off eastward into the Burns latite, and apparently beyond the confines of the Cora Belle breccia pipe.

In resume, the resistivity surveys across the Red Mountain No. 3, and the Cora Belle breccia pipes indicated high anomalies in areas of chloritic alteration, especially in the brecciated areas, as well as in some areas containing sulfide mineralization, although some areas of sulfide mineralization did not yield high resistivity values. Areas near known workings, however, showed high resistivity.

Results of the resistivity surveys indicate that other areas within the breccia pipes should also be tested for other anomalies by completing additional resistivity work across the pipes. If the additional geophysical work proves encouraging, then diamond drilling should be done to test the most promising areas. A two-stage program would adequately test the two areas. The first stage should include the resistivity surveys as outlined by the applicant, and Stage 2 should consist of diamond drilling.

Conclusions and Recommendations

It is concluded that geophysical surveys conducted by the applicant in the Red Mountain No. 3 area, and the Cora Belle area, as well as limited sampling in each of these areas have resulted in anomalies that could be considered good target areas for continued exploration for gold, silver, and copper. It is therefore recommended

that a contract be prepared to complete the work herein outlined to explore for gold, silver and copper. The possible discovery of these mineral commodities is indicated from previous early day production, and more recent geologic study and exploration.

Recommended Exploration

Description of Work

General provisions should include the following three paragraphs:

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

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

The Government will not participate in the cost of any uncompleted item of work, whether it be a diamond drill hole or an approved geophysical survey line. The proposed geophysical lines shall be accurately surveyed, and the data obtained from the Electrical Resistivity Survey shall be supplied the Government with geologic interpretation, so as to enable the government to evaluate and to approve or deny the proposed Stage II diamond drilling.

Stage I

The Stage I work shall consist of surveying, and completing an Electrical Resistivity Survey in the Red Mountain No. 3 and the Cora Belle areas along the lines as shown on the accompanying map (Plate I). The work shall consist of completing an electrical resistivity survey along 5 lines (1 through 5) in the Red Mountain No. 3 area, and along 7 lines in the Cora Belle area, totaling an estimated 17,500 feet.

Cora Belle Resistivity Lines

Line No.	Bearing	Approximate Length in feet
1	S. 40° E.	1750'
2	S. 40° E.	1900'
3	S. 40° E.	1950'
4	S. 40° E.	1700'
5	N. 45 E.	1670'
6	N. 45° E.	1700'
7	N. 45° E.	1800'
	Total	12470

Red Mountain No. 3 Area

Line No.	Bearing	Approximate Length in feet
1	N. 84° E.	700'
2	S. 85° E.	760'
3	S. 82° E.	850'
4	N. 12° E. to N.	1320'
5	N. 5° E.	1400
		5030

Total geophysical footage 17500

Stage I

Estimated Costs

Electrical Resistivity*

Cora Belle Area

12,470 feet, 8 days @ $140./day----------$1,120.00

Red Mountain No. 3

5,030 feet, 4 days @ $140.00/day--------- 560.00

$1,680.00

*Electrical resistivity work will be conducted entirely by the

Operator and this figure is his total cost figure for the resistivity work, including equipment and labor but not including supervision and consulting.

Personal Services

Supervising Geologist-Engineer 1 month @ $750.00---$750.00

Consulting Geologist

2 days at $75.00/day ---------- 150.00

Travel Denver to project area and return:

700 miles x 2 = 1400 miles x $0.12/mile---------- 168.00

2 days per diem at $16.00/day---------- 32.00

Accounting 1 month at $50.00/month---------- 50.00

FICA, State Unemployment, Federal Unemployment,

Compensation Insurance and Group Insurance 10.4%---------- 78.00

2908.00

Total Stage I costs----------$4,588.00

Stage II

Estimated Costs

Diamond Drilling

Red Mountain Area

Diamond Core drilling 6,300 feet.

NXWL - surface to bedrock
6 holes at 10'/hole
60' @ $9.00/ft. cased----------$540.00

NXWL Bedrock - 500'
2,940' @ $6.45/foot----------$18,963.00

BXWL 500 - 1000'
300' @ $6.70/foot----------$20,100.00

BXWL 1000' - 1200'
300' @ $7.80/foot----------$2,340.00

Bulldozing-drill sites
60 hrs. @ $18.00/hr.---------- 1,080.00

Mobilization and demobilization 2 drills---------- 500.00

Casing, reaming, cementing
150 hrs. @ $14.00/hr.----------w---------- 2,100.00

$45,023.00

Diamond Drilling -- Cora Belle Area

Diamond Core Drilling 7,520'

Surface to Bedrock

8 holes, 10'/hole = 80' @ $9.00/foot---------- $720.00

NXWL Bedrock to 500'
3,920' @ $6.45/foot----------w---------- 25,284.00

BXWL 500 - 1000'
3,420 @ $6.70/foot----------w---------- 22,914.00

BXWL 1000' - 1200'
100' @ $7.80/foot----------w---------- 780.00

$ 49,698.00

Moving and setting up, 50 hours @ $10.00/hr.---------- 500.00

Lost casing in completed holes 600 feet

NX @ $3.00/foot--------w----------= 1800.00

BX @ $2.00/foot==----------

CORE DRILLING RATES

FOOTAGE	RATE PER FOOT		
	NXWL	BXWL	AXWL
Surface to bedrock, overburden @ $9.00 per foot cased			
Bedrock to 500 feet in depth @	$6.45	$5.80	$5.30
From 500 feet to 1,000 feet in depth	$7.90	6.70	6.00
From 1000 feet to 1200 feet in depth	$8.60	7.80	7.20

Cardboard Boxes	
600 @ $1.00	$600.00
Water Truck rental and driver, 12 months @ $190.00 mo.	2,280.00
6000 miles @ $0.12/mile	720.00
Personal Services	
Supervising Geologists	
Engineer 11 months @ $750.00/month	8,250.00
Payroll Taxes, FICA Insurance, etc. @ 10.4%	858.00
Assays for Au, and for Ag, Cu, Pb and Zn @ $4.00 x 1800	7,200.00
	$29,968.00
Stage II Total	$125,289.00
Total Stage I	4,588.00
Total Stage II	125,289.00
	$129,877.00

Government participation at 50% = $64,938.50

for copper, silver, gold.

Selected Bibliography

Emmons, S. F., Structural relations of ore deposits: Am. Inst. Min. Eng. Trans. vol. 16, pp. 833 - 834, 1888.

Schwarz, T. E., Notes on the ore occurrences of the Red Mountain district: Colorado Sci. Soc. Proc., vol. 3, pp. 77-85, 1888.

Ransome, F. L., Economic geology of the Silverton quadrangle: U. S. Geol. Survey Bull. 182, 1901.

Collins, G. E., Localization of ore bodies at Rico and Red Mountain, Colorado, as conditioned by geologic structure and history: Colorado Sci. Soc. Proc., vol. 12, p. 407-424, 1931.

Burbank, W. S., Op. cit., Colorado Sci. Soc., vol. 14, no. 5, p. 161-209,1941.

Burbank, W. S., and Robert G. Leudke, Geology of the Ironton Quadrangle Colorado, U. S. Geological Survey Map, GQ 291,1964

IN REPLY REFER TO:

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

September 6, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 8 1967

INITIALS	CODE
gla	120
JRL	110
EP	120

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6632 (Copper-Silver-Lead-Zinc)
Baumgartner Oil Co.
Red Mountain Mining District
Ouray County, Colorado

Enclosed is a copy of two claims staked by the applicant for inclusion in the subject file.

J. William Hasler
Field Officer, Region III

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

OME Region III
RECEIVED
SEP 8 - 1967
Denver, Colorado

September 5, 1967

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

Dear Bill:

Enclosed are copies of the last two claims that we staked in the Red Mountain area.

This should complete current requirements and should there be any questions, please do not hesitate to contact me.

Thank you very much for your consideration in this matter.

Yours very truly,

BAUMGARTNER OIL COMPANY

F. W. Baumgartner

F. W. BAUMGARTNER

FWB:ejc
Encl.

No. 112494 Filed for record at [illegible] o'clock [illegible], [illegible], 1967.
Duly recorded in Book 165, Page 174. [illegible]

No. 162. LOCATION CERTIFICATE—Lode Claim.—Bradford Publishing Co., 1824-46 Stout Street, Denver, Colorado

KNOW ALL MEN BY THESE PRESENTS, That F. W. Baumgartner 737 Grant St. Denver, Colo. has located the Windjammer #2 lode mining claim, and by this certificate, and by right of discovery and location, claim 1500 feet, linear and horizontal measurement along the vein thereof, with all its dips, angles and variations as allowed by law 1475 feet on said vein running S23W from the center of the discovery post and 25 feet running N23E from the center of the discovery post, 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 Mining District, County of Ouray, and State of Colo. and described by metes and bounds as follows, to wit:

Beginning at Corner No. 1 (NW)
Thence, S23W, 750' to center of ~~east~~ west sideline
Thence, S23W, 750' to corner 2 (SW)
Thence, S67E, 600' to corner 3 (SE)
Thence, N23E, 750' to center of east sideline
Thence, N23E, 750' to corner 4 (NE)
Thence, N67W, 600' to corner 1, place of beginning.

Said lode was discovered on the 27 day of August, 1967
and located on the 27 day of August, 1967
Dated this 27 day of August, 1967

F. W. Baumgartner [SEAL]
By [signature] [SEAL]
[SEAL]
[SEAL]
[SEAL]
[SEAL]

No. 11246

LOCATION CERTIFICATE

On the Lindbergh #2 Lode

Mining Claim, in Red Mountain
Mining District.

Ouray County

F. M. Kumpartner
Locator

STATE OF Colorado
County of Ouray } ss.

I hereby certify that this Location Certificate was filed for record in my office at 9:31 o'clock A. M., August 29, 19 67, and is duly recorded in Book 165, Page 174

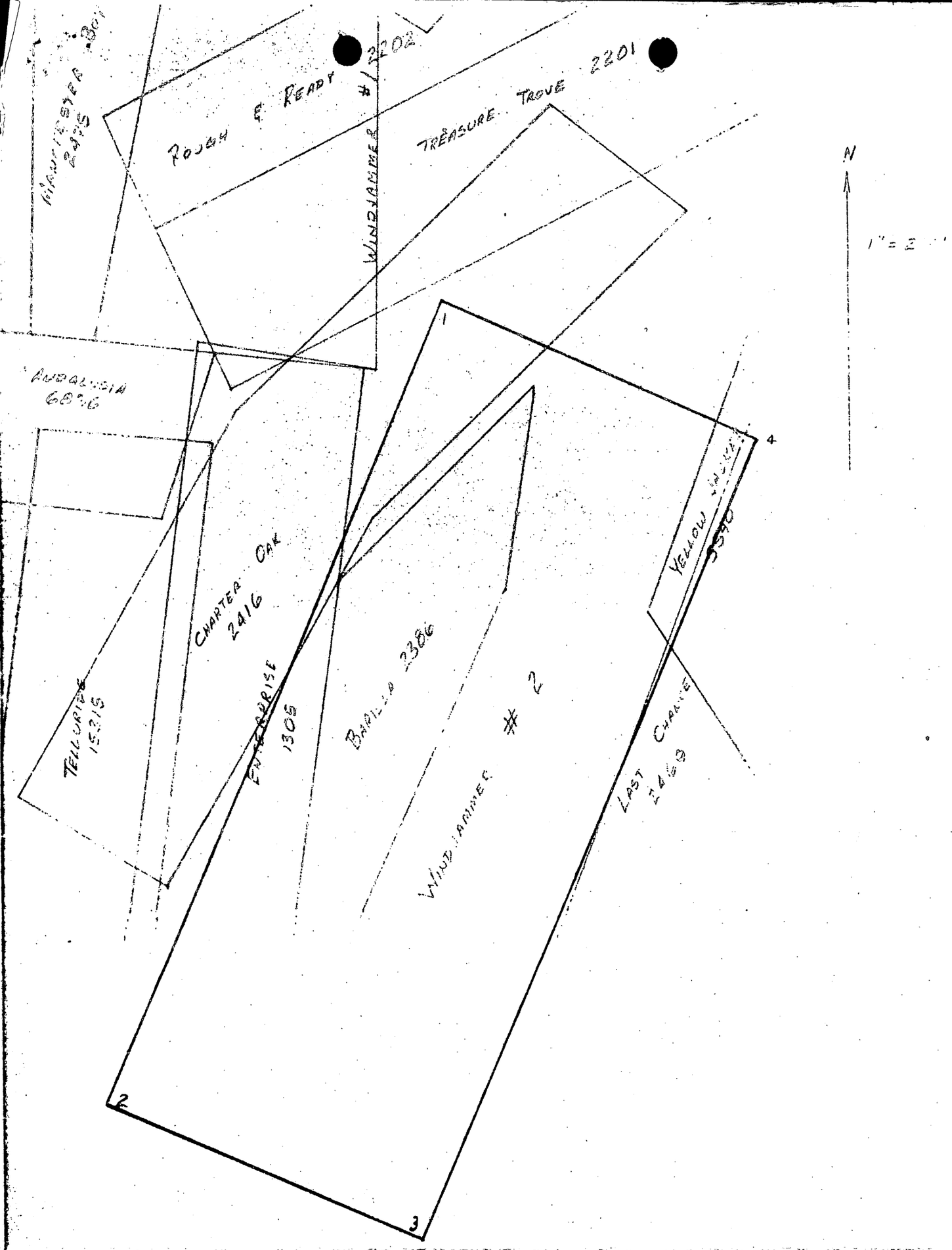
Adele A. Dias
Recorder.

Deputy.

Fees, $ 1.50

Indexed

3-67 BRADFORD PUBLISHING CO., DENVER



No. **112494**

Filed for record at 9:31 o'clock A.M., August 29, 1967.
Duly recorded in Book 165, Page 174. Addie A. Sim, Recorder

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/2/67	Peters	120
6/2/67	Kirkemo	120
		110
		220
		120M

AIRMAIL

Baumgartner Oil Company
737 Grant Street
Denver, Colorado

Re: OME-6632 (Silver)
Baumgartner Oil Company
Cora Belle - Red Mountain No. 3 Areas
Ouray County, Colorado

Gentlemen:

Your application for exploration assistance has been reviewed by the Washington Office.

Although further information may be needed, including submittal of the required Lien and Subordination Agreements, we are referring the application for further consideration to Mr. J. William Hasler, Field Officer, Region III, Office of Minerals Exploration, U. S. Geological Survey, Building 25, Denver Federal Center, Denver, Colorado 80225.

Mr. Hasler will contact you if he requires additional information and to arrange for an on-site examination of the property, if necessary.

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. Peterson

ECPeterson/gla 6-2-67

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/2/67	Peterson	120
6/2/67	Kirkham	120
		110
		220
		120M

Memorandum

JUN 8 1967

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6632 (Silver)
Baumgartner Oil Company
Cora Belle - Red Mountain No. 3 Areas
Ouray County, Colorado

We are referring the subject application to you for further consideration, a field examination if warranted, and recommendations.

Enclosed is a copy of a report prepared by Mr. Robert C. Luedke, Geologist, USGS, who reviewed the geologic aspects of the proposal for us. It is noted that he suggests an exploration project consisting of geophysical and geochemical work rather than the proposed drilling program. However, in this case, Mr. Luedke's proposal by itself is not feasible and can only be considered as a preliminary stage prior to drilling.

As yet, the Applicant has not submitted the required Lien and Subordination Agreements covering the 31 claims being leased.

FRANK E. JOHNSON

(FEJ)

Frank E. Johnson

Enclosure

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
Mr. Peterson
130

ECPeterson/gla 6-2-67

23263

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

May 29, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 1 1967
INITIALS CODE
120 m
120

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

Attention: Mr. Frank E. Johnson

RE: OME -6632

Dear Mr. Johnson:

I have noted on Form MME 40 covering our Red Mountain project that we had applied for copper, silver, lead and zinc. This is in error as we are applying for silver only.

I would appreciate your changing your records to reflect this discrepancy.

Yours very truly,

BAUMGARTNER OIL COMPANY

F. W. Baumgartner

F. W. BAUMGARTNER

FWB:ejc
cc: Mr. J. William Hasler

BAUMGARTNER OIL COMPANY
737 GRANT STREET
DENVER, COLORADO 80203
PHONE 222-1719

Cable Address
BAUMGAROIL

May 29, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 1 1967
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gla | 120 m
fig | 110
g | 120

Mr. Frank Johnson
United States Department of the Interior
Washington, D. C.

RE: OME-6632

Dear Mr. Johnson:

Regarding the above application in the Red Mountain District of Silverton, Colorado, I wonder if it would be possible for Mr. Hasler to inspect this area at the same time that he inspects our Ophir property which is near Telluride, Colorado and has been assigned Docket No. OME-6618. I have made a definite appointment with Mr. Hasler to inspect the Ophir Area on June 8th and if it would be possible to inspect the Red Mountain Area at the same time, it might save an extra trip to this area. yes

I am offering this as a suggestion which might be time saving for your office and staff.

Yours very truly,

BAUMGARTNER OIL COMPANY

F. W. Baumgartner

F. W. BAUMGARTNER

FWB:ejc
cc: Mr. J. William Hasler

OME Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

May 24, 1967

Memorandum

To: Harold Kirkemo, Office of Minerals Exploration

From: Robert G. Luedke, Geologist, U. S. Geological Survey

Subject: Review of Docket OME-6632 (Baumgartner Oil Company, Red Mountain Mining District, Ouray County, Colorado)

The subject docket was discussed briefly with Mr. William Hasler, as stated in his transmittal memo of May 19; the geologic setting as discussed is here restated.

The two properties concerned occur near the inner margin of more than a mile-wide zone of extremely fractured and faulted rocks composing part of the compound western ring-fracture zone of both the older San Juan volcanic depression (cauldron) and the younger Silverton cauldron, a 10-mile diameter volcanic subsidence structure of Tertiary age. The country rock is mostly thick porphyritic rhyodacitic lava flows with minor interbedded tuffs assigned to the Burns Formation of the Silverton Volcanic Group. This part of the ring fracture zone, the Red Mountains vicinity, has been intensely altered and leached solfatarically with later local superimposed hydrothermal alteration near so-called "ore breaks" (mineralized fractures) and "chimneys" (volcanic pipes) of the miners.

Early reports concerning these chimney deposits, before most closed down in the 1890's, state the rich silver ore occurred in isolated pockets or discontinuous pods in the upper few hundreds of feet but becoming more disseminated and lower in grade with depth. The mines "bottomed" or were no longer worked when the ore consisted mostly of massive pyrite and enargite; this pyrite-enargite horizon apparently is near the present surface at the Red Mountain No. 3 site but plunges in depth going northward to the vicinity of the Cora Belle site. The vertical zoning described in the Applicant's report generally agrees with old reports, but the so-called walls of these pipes, as shown in attached figures, are believed not to funnel or converge with depth but flare and gradually become indistinguishable with silicified country rock.

The likelihood of a drill hole exploratory program, consisting of only a few holes, is highly questionable, particularly with the hope of proving a site worthy of sustaining a long and active mining program.

cy to R-III carried by Ed Peterson on trip

I am unfamiliar with the significance of electrical resistivity exploratory methods, particularly in structurally broken and altered country rock of this type. The past and present prominence of pyrite masses that have and are undergoing oxidation processes must be taken into account. The thick mass of landslide at the one site and slope cover at both sites perhaps could have disadvantageous effects to this method of exploration. Much of the slopes in this general area have under the surface veneer a very hard rock-like cemented base or bottom crust which is not realized to be present unless recent exposures permit; the effect of this is unknown to geophysical methods but most certainly important to any geochemical methods. However, geophysical and geochemical exploration techniques are considered the best in preference to a drilling program.

Ore expected to be found would carry Pb, Zn, Cu, As, Sb, and only fair Ag (perhaps a few local richer silver-bearing pods may be bumped into); the area is not known for good Au values.

Robert G. Luedke by H.K.

Robert G. Luedke

May 22, 1967

Mr. Franklin W. Baumgartner
Baumgartner Oil Company
737 Grant Street
Denver, Colorado 80203

Subject: OME-6632

Dear Mr. Baumgartner:

Your application for exploration assistance, dated April 28, 1967, submitted to our office at Denver, Colorado, has been assigned Docket No. OME-6632.

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

Baumgartner Oil Co.
Red. Mtn Project

Hole No. CB-2
Date Started 7/9/65
Robert A. Larson
Page 1 of 5 pages

NX Core 0' to 56'

Silicification
Pyritization
Sericitization

Andesite
Latite
Faulted Area
Gouge
Breccia

Pyrite in Evidence
Calcite Stringers
Gypsum

7/9	7'	Limonite staining in fractures
	16.5'	Highly fractured
	19	Kaolinization
6.5/12	22	Some Pyrite
	25	
	28	Limonite staining
	31	
	35	
6/11.5	38.5	
	40.5	
6/6.5	42	Kaolinization is decreasing
	47	
5/5	48	
	51.5	
	52	
	53	
4/4	54.5	
	56	

BX Core 56' to 120'

	56	Limonite staining in fractures
8.5/15	61	
	66	Kaolinized
	71	
9/10	76	Highly fractured
	78	
	81	Limonite staining
	83	
9/10	89	Calcite Stringers
	91	
	96	Highly fractured
8/10	103	
	106	
	110	
111' —	111	
	115	
8/14.5	116	
	118.5	

Baumgartner Oil Co.
Red Mtn. Project

BX Core 120' to 300'

Hole No. CB-2
Date Started - 7/4/63
Robert A. Larson

8/14.5	120, 121, 125.5, 126, 130, 135, 139		Limonite staining in fractures
125.5' –			
8.5/13.5			Highly fractured
8/10.5	144, 145.5, 147, 149.5, 151, 152, 154, 157		3"-4" seams that have been kaolinized
9.5/11.5			Calcareous – but not as many stringers
7.5/13	161, 164, 169, 170, 174, 176.5, 179.5	Latite Breccia; Gouge	FAULT BRECCIA; Small amt. of mineralization
7.5/8			
7/15.5	182, 183, 188, 191, 194.5, 197.5, 199	Gouge	Kaolinized
8/11			Silicified Latite porphyry
7.5/12.5	201.5, 204.5, 207, 208.5, 210, 213, 216, 218, 219		Limonite staining in fractures. Silification minor
9/13	221, 224, 228, 234, 235, 237	Gouge; Andesite Breccia; Gouge	Kaolinization in fractures; FAULT BRECCIA Uncemented
7/20	242, 244, 248, 250, 254, 256.5, 257.5	Gouge; Gouge; Gouge	Quartz Flooding (No Direction); Heavy Pyrite
8/10			
7/8	260.5, 263.5, 267, 270, 271, 276.5, 279.5	Gouge	Some quartz flooding; Moderate silicification; Small amt. limonite staining; Silification Minor
8/9			
9/10	284.5, 288, 292, 296		Andesite becoming much less altered; Pyritization decreasing
8/9			
296 –			

K+E ALBANENE TRACING PAPER 74836

Baumgartner Oil Co.
Red Mtn. Project

Hole No. CB-2
Date Started - 7/9/68
Robert A. Larson
Page 3 of 5 pages

BX Core 300' to 480'

8/8	300.5 304 306.5				Relatively unaltered andesite.
307.5 – 9/10	311 316			Calcite Seam	Limonite staining
9/9	321 326				Calcite stringers
9/9	331				1/4" calcite stringers
9/9	336				Quartz flooding
10/10	341 345.5			Calcite crystals	Calcareous but not in stringers
9/9	350 355				Kaolinized Flooding of silica Porphyritic
8.5/8.5	360 364 368.5				
9/10	374 376		Porphyritic Andesite		Andesite flooded with gypsum Some limonite staining
9/9	381 386				Some alteration
9/10	390 395				Porphyritic Limonite staining
9/9	400 405				Becoming more silicious
9/9	410 415				Becoming less altered
9/10	420 425				Some limonite staining
8/8	429 431 433				Appears to be very silicified on the outside of core
8/9	437.5 440				
9/10	441 445 448				but is quite soft in fractures. Small amount of limonite staining
9/9	453 456.5				Calcite prevalent in fractures
8/9	461 464 467				Silicified Andesite
9/9	471 472 473 475 479.5				

K+E ALBANENE® TRACING PAPER 74638

Baumgartner Oil Co.
Red Mtn. Project

Hole No. CB-2
Date Started - 7/9/68
Robert A. Larson

BX Core 480' to 660'

482	484			Quite a lot of calcite
8/8	488			Limonite staining
	492			Small qtz. crystals
9/10	495.5			Some gouge.
	499	Gouge		
10/11	504			Limonite staining
	508.5			Flooding of calcite
8/9	511			
	516		Calcite Seam	
	520			
9/9	522			Calcite prevalent
	527			
	531			
9/9	536			Gypsum found in many fractures
	541			
10/10	546			Pyritization minor
	551			
8/9	555			Flooding of gypsum
				Larger phenocrysts
	560.5			
	561			Silicification minor
8/8	566			
	570			Relatively Unaltered
	574			
9/10	577			
	580			
	585			
8/9	589.5			Very few phenocrysts
	594.5			
8/9	598.5			Gypsum in fractures and stringers.
	601			
8/9	606		Calcite Seam	Some phenocrysts
	610.5			
9/10	615			Flooded with gypsum
	620			
8/8	624.5			Small amt. of limonite staining
	629.5			
	634			
8/9	636			
	639			
	641			
8/9	645.5			Some gypsum
	647.5			
	650.5			
9/9	652			
656	656			
8/9				

K+E ALBANENE® TRACING PAPER 74838

Baumgartner Oil Co.
Red Mtn. Project

BX Core 660' to 701'

Hole No. CB-2
Date Started - 7/9/63
Date Completed - 8/21/63
Robert A. Larson
Page 5 of 5 pages

8/9	661		
665 -	666		Calcite & Gypsum Stringers
9/13	671		
9/9	676		Other than in fractures, andesite relatively unaltered
9/9	681		
	686		
	691		Gypsum in fractures
7/9	696		
	701		

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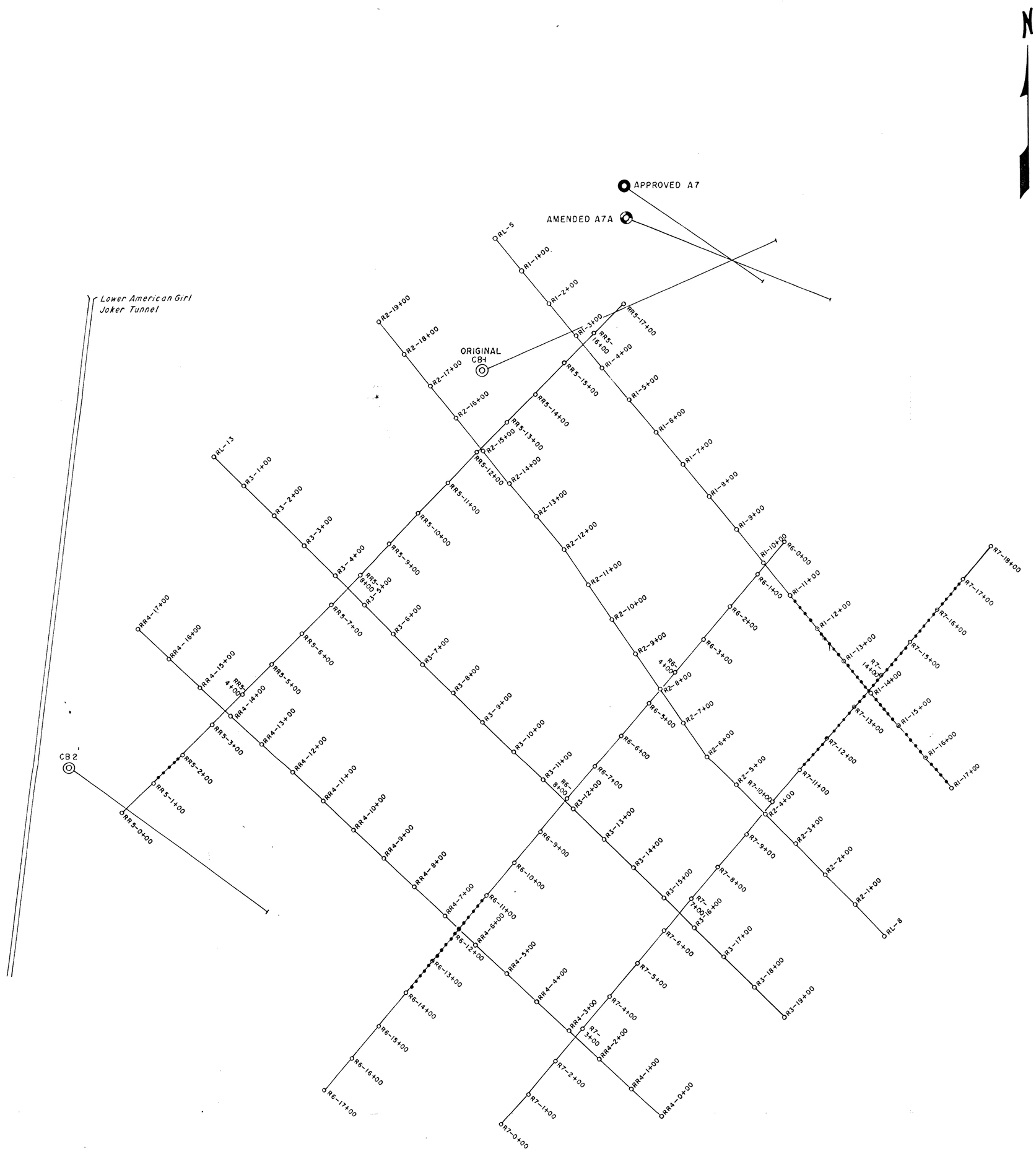


BAUMGARTNER OIL COMPANY

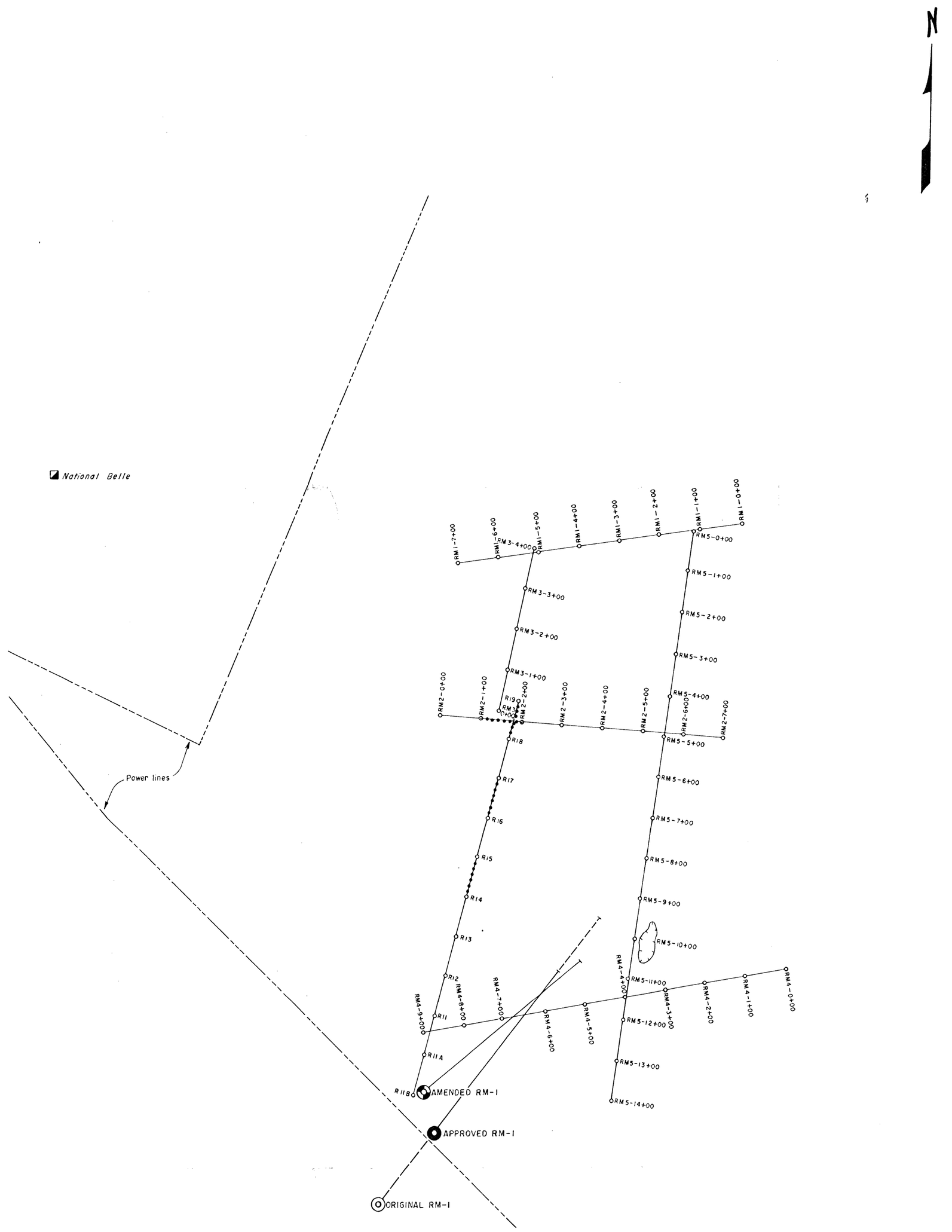
RESISTIVITY MAP
RED MTN. CORA BELLE AREA

OURAY COUNTY, COLORADO

Scale: 1"=200' October, 1968

OME DOCKET #6632

W.W. TYLER & ASSOC.
Geological Engineers



BAUMGARTNER OIL COMPANY

RESISTIVITY MAP
RED MOUNTAIN NO.3 AREA

OURAY COUNTY, COLORADO

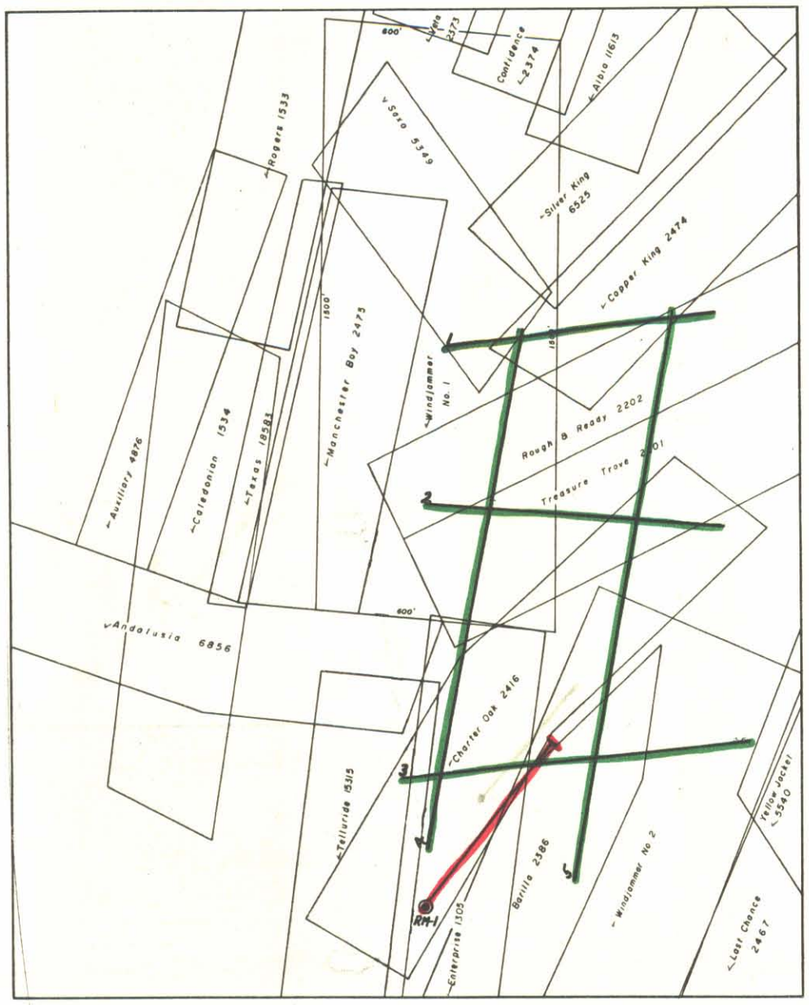
Scale: 1" = 200' October, 1968

OME DOCKET #6632

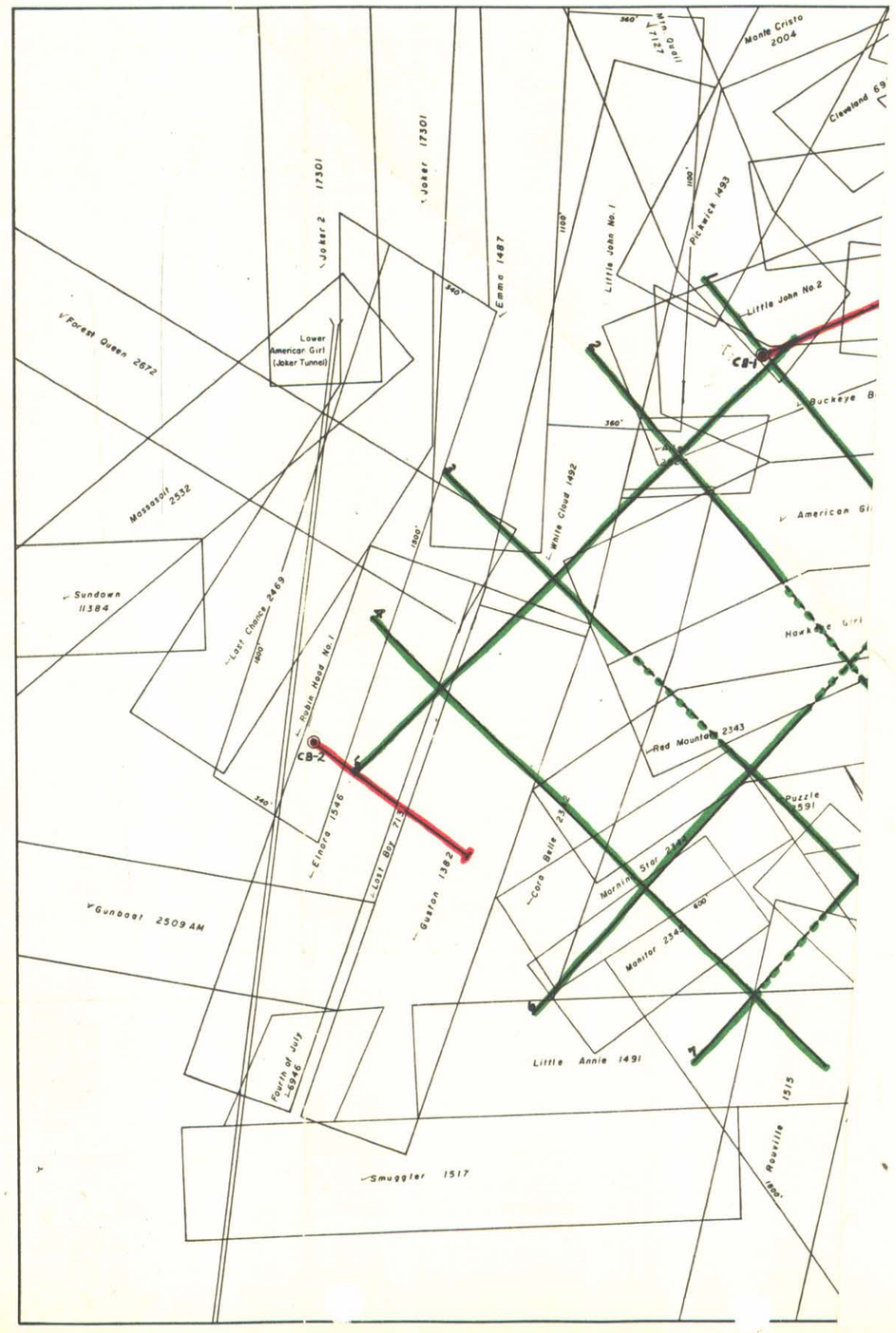
W.W. TYLER & ASSOC.
Geological Engineers

DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY

Baumgartner Oil Company



RED MOUNTAIN NO. 3 AREA



CORA BELLE AREA

N

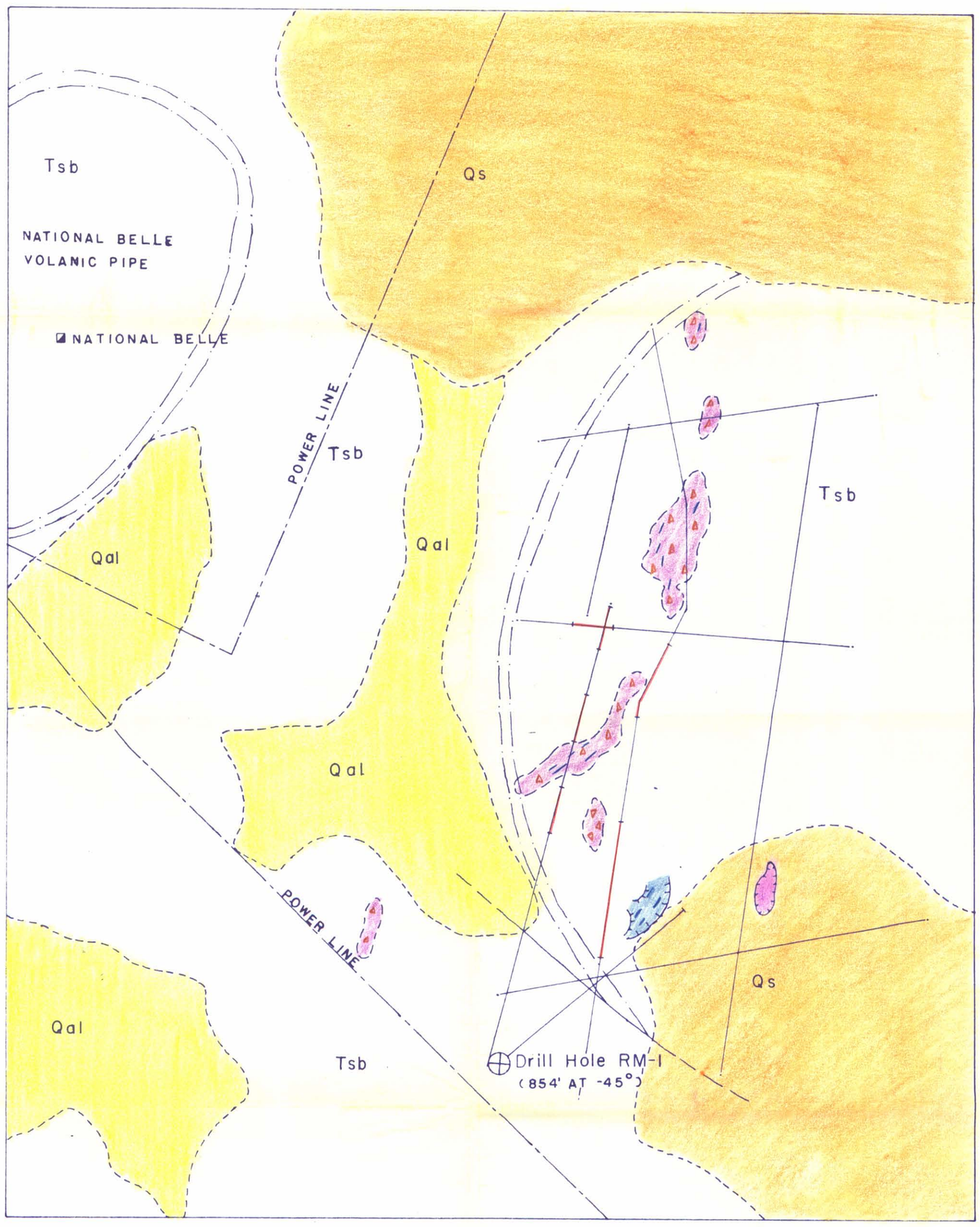
Stage I Exploration

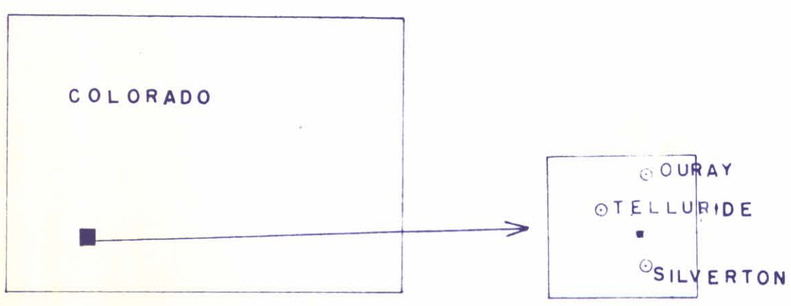
Geophysical survey lines

Diamond core drilling

Figure 2. Proposed Stage I Exploration, Cora Belle and Red Mountain No. 3 Areas

200 0 200 400 600 FEET





Qal	ALLUVIUM
Qs	LANDSLIDES & COLLUVIUM
Tsb	BURNS FORMATION
	SULFIDE MINERALIZATION
	SILICIC OR ARGILLIC ALTERATION
	BRECCIATION

PERIMETER OF BRECCIA PIPE OR RING STRUCTURE
FAULT
CUT
DRILL HOLE
RESISTIVITY LINE
RESISTIVITY ANOMALY
SHAFT

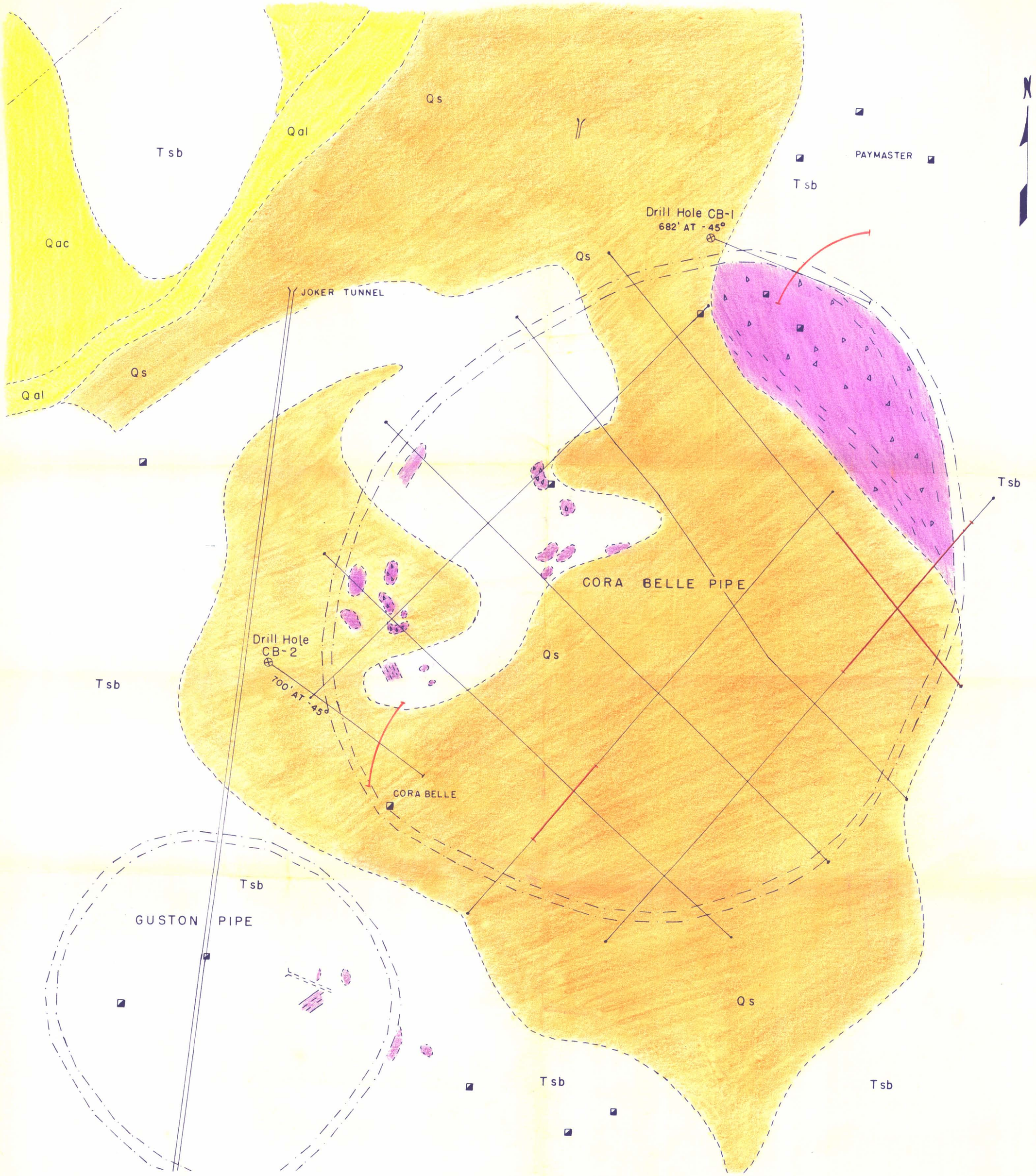
BAUMGARTNER OIL COMPANY

RED MOUNTAIN NO.3 AREA

OURAY COUNTY, COLO.

SCALE: 1"=200' JUNE, 1969

OME DOCKET #6632



Qal	ALLUVIUM
Qac	ALLUVIAL CONE DEPOSITS
Qs	LANDSLIDE DEPOSITS & COLLUVIUM
Tsb	BURNS FORMATION, MED. TO DARK, THICK MASSIVE FLOWS, FLOW BRECCIAS & TUFF, LOCALLY HIGHLY ALTERED

ARGILLIC OR SILICIC ALTERATION

BRECCIATION

RESISTIVITY ANOMALY

BAUMGARTNER OIL COMPANY
RED MTN. CORA BELLE AREA
OURAY COUNTY, COLORADO
SCALE: 1" = 200' JUNE, 1969
OME DOCKET # 6632