OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : J. W. Hasler

DATE: December 15, 1970

FROM : Thomas A. Steven

OME 674-2

SUBJECT: Renewed OME application from MK Exploration Company on their Spar City property

You have asked for an opinion concerning the new proposals for exploration by the MK Exploration Company in the Spar City district, Colorado. I have read the proposals hurriedly, but have not checked out the property situation, proposed methods of exploration, costs, or even details of geology. The opinions given here are thus based on broad geologic considerations only, and are strictly preliminary. The chief factors used in reaching these opinions are:

1. I have never been impressed with Mr. Kelley's evidence for persistent structures and/or veins in the northern part of the properties held by them. The exploration to date (DD holes 1-4, 4,200 feet of drifting and cross-cutting) has failed to prove any of these in the block west of the DJS fault where most of the fracturing appears to be minor and discontinuous.

2. All positive evidence for significant mineralization known to date has been in the southern part of the area, from the DJS shaft south through the Bird Creek Mine area to the Emma Mine. A pertinent question -- is there any significant mineralization northwest of the DJS fault?

It appears to me that all the work to date has supported the conclusion we reached in discussions many years ago when the first application from MK was received -- the most favorable place to explore is within the area of known mineralization. The Phase I work now being proposed by MK Exploration would test this area, and seems to me should have been done at the inception of exploration, before all the expensive dozing, drilling, and drifting that has been expended to date on the area to the north. Although I think exploration of this area is logical, and has a fair chance of success, I have no opinions concerning the relative merits of drilling vs opening the upper Bird Creek Tunnel. I do think that continuing the main lower heading south under this area would be prohibitively expensive unless the positive presence of sufficient ore to justify it can be demonstrated.

I am less optimistic concerning the Phase II proposal, inasmuch as most of the area to be tested is west of the DJS fault. I would like to have more positive evidence as to the existence of the so-called Smuggler vein in this area before agreeing to this proposal. Why not concentrate Phase II exploration on the DJS fault, whose existence seems fairly well established by surface and underground work, and which is known to be mineralized in the vicinity of the DJS shaft?

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

Phase III is quite logical if exploration in the Bird Creek Mine -- DJS shaft area proves the existence of sufficient ore.

3294 South
Denver, C
January 1

Mineral
Department of the
Washington,

John J. Kelly

MME Form 40
(Revised Nov. 68)

Budget Bureau No. 42-R1111
Approval expires Dec. 1971

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.)*	APPLICANT DO NOT USE THIS BLOCK
MK Exploration Company ~~2955 Cherrybridge Road~~ ~~Englewood, Colorado 80110~~ 3294 South Oneida Way Denver, Colorado 80222	DOCKET NUMBER DATE RECEIVED REGION DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

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

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Frank M. McKinley	(Same as Applicant)	President
Geraldine H. McKinley	" " "	Secretary
John J. Kelley	1801 Arapahoe Street Golden, Colorado	V. Pres.

STATE IN WHICH FIRM IS ORGANIZED: Colorado

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

ESTIMATED COST OF PROJECT: $31,265

PROPERTY NAME	LOCATION COUNTY	STATE
Spar City Mine	Mineral	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. II). 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 Department of the Interior, U.S. Geological Survey, Office of Minerals Exploration, 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.

January 15, 1971
DATED

BY *(Signature)*

President
TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

(c) For all land or mineral rights encumbered or not owned, submit five copies of Lien and Subordination Agreements signed by owner on MME Form 52. If the agreements cannot be obtained, state reasons and whether you can furnish a performance bond.

3. Physical Description:

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

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

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

(d) Describe known ore reserves, giving quantities and grades.

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

CONTENTS

		Page
I.	FINANCIAL ELIGIBILITY	1
II.	APPLICANT'S RIGHTS IN LAND	1
III.	PHYSICAL DESCRIPTION	2
IV.	ACCESSIBILITY OF PROPERTY	5
V.	EXPLORATION WORK	6
VI.	EXPERIENCE	7
VII.	ESTIMATE OF COSTS	7

EXHIBITS

1 - Correspondence with Credit Sources

2 - Claim Map

3 - Exploration Map

4 - Geologic Maps

5 - Reports of activity

6 - Becker CSR drill literature

7 - Geochemical Investigations Map

8 - Estimate of drilling cost

This application for OME [illegible]ance in exploring the Spar City property of MK Explor[illegible]on Company is a renewal of previous applications on file under docket number 6440 (recently 6742). Only those paragraphs of information in which there have been changes or additions are included.

I. FINANCIAL ELIGIBILITY

A. No change. New letters from commercial sources are in Exhibit 1.

B. No change.

C. MK Exploration Company will make available from private sources as required sufficient funds to carry Applicant's share of the project.

II. APPLICANT'S RIGHTS IN LAND

A. No change

B. One unpatented claim, B-1, has been located adjacent to the premises as described in previous applications. This claim was located to cover possible future dump expansion and access roads thereto:

Date of Location: May 1, 1968
Locator: Richard R. Lehman, Creede, Colorado
Recorded: Book 7-D, page 110, Mineral County Courthouse, Creede, Colorado.
Purchased by Applicant on August 15, 1968, Deed recorded in Book 11-B, page 556, Mineral County, Colorado.

This addition is shown on Claim Map as revised November 19, 1970, Exhibit 2, and is described by meets and bounds as follows:

Beginning at corner No. 1, whence USLM No. 7795 bears S 34° 47' E 2120 feet, thence N 84° E 1,500 feet to Cor. No. 2, thence N 22° W 600 feet to Cor. No. 3, thence S 84° W 1,500 feet to Cor. No. 4, thence S 22° E 600 feet to Cor. No. 1, the place of beginning. From Cor. No. 1 the SW Cor of Sec. 23, T. 40 N., R. 1 W. bears S 15° 35' E 2,400 feet.

C. Lien and Subordination Agreements with owners as required are on file with OME, having been filed with Renewal Application of June 18, 1968.

III. PHYSICAL DESCRIPTION

A. See Exploration Map dated October 20, 1969, Exhibit 3. This map shows all of the surface and underground exploration and development accomplished to date.

B. No change.

C. No change.

D. No change.

E. Geologic maps, sheets 1, 2 and 3 of the underground workings are in Exhibit 4.

F. Much has been written in Applicant's Application of April 2, 1965, Supplement of August 3, 1965, Amendment of March 17, 1966, Application of March 20, 1967, and Renewal Application of June 18, 1968, about the reasons for expecting to find ore in this property. Some additional pieces of information have been discovered to substantiate this claim (Exhibit 5) and a new drilling device has been developed that will aid in proving it.

Four newspaper articles between 1898 and March 25, 1904, make reference to the Smuggler vein on the property, two where it occurs in the World claim and three in the Upper Bird Creek. The Denver Times for May 3, 1900 says that on the World claim, "The ore which was taken from the breast of the tunnel runs from fifty-one to fifty-nine ounces silver, while that taken from a ten-inch streak in the vein assayed 128 ounces."

The Denver Times forDecember 4, 1901, gives assays from the Smuggler claim. These must have come from test pits or shallow shafts because the Upper Bird Creek tunnel was still 150 feet from the vein at the time of that writing. It must have encountered ore subsequently, however, because the Denver Republican for March 25, 1904, reported that the property was worked continuously during the previous two years. Three hundred feet of strike length of continuous ore had been developed in the tunnel workings at that time. A later, undated map shows 500 feet of drift in this upper level.

The Percent No. 12 and Percent No. 15 claims were surveyed for patent on November 1, 1913. This plat shows the Lower Bird Creek tunnel and two later references deal with it. "The Mines Handbook", 1922 ed, Vol XV, describes the

Bird Creek Mining Company as follows: "Operated the Spar, or Bird Creek silver, lead-zinc mine during 1920, and in 1921 continued development of ore reserves preparatory to erection of a concentrating mill." The same publication, 1925 ed, Vol. XVI, says in reference to Royal Arch Mining Company, incorporated in 1923: "Property: the Spar or Bird Creek mine near Creede, Mineral County, under option from Bird Creek Mining Company which during 1920 - 22 is reported to have opened a body of sufficient size to warrant a mill. Ore carries lead and zinc with silver."

Present access underground on the property is through a 3,400-foot adit driven between September, 1967 and October, 1969. A total of 4,200 feet of horizontal workings were developed. In the early stages of this work an effort was made to follow the structures encountered in anticipation that they would lead to the Smuggler vein as it had been projected from the old workings and interpreted from the core drilling project of 1966. Near Sta. 51 it appeared that the Smuggler had been cut, but all of these features proved to be discontinuous and after Sta. 60 the adit was driven on a survey heading to the projected position of the vein appearing in the Headlight shaft.

Visible mineralization was found in a 2-foot vein at Sta. 65 but probing along its strike seemed to indicate that it had little longitudinal extent at this horizon. It was decided that the adit should be continued in search of something better to explore on (the Headlight or DJS) and if not found a raise would be driven on this showing later.

A major fault was cut at Sta. 70 + 50' but no vein minerals were found in it, although galena and barite were seen in vugs in the wall rock on its footwall side. This feature was also a candidate for a raise but since the structure could not be correlated with a known vein, and because the heavy water flow would have made a raise very costly, the operator elected to continue the adit.

Abreast of the Headlight shaft no vein was encountered and the operator chose to drive No. 3 East and No. 2 West crosscuts with the intention of core drilling from the ends of these crosscuts upward to search out the mineralization produced from the Headlight and cut by DDH No. 1. As seen

on Sheet 3 of the geologic maps, a good deal of strong structure was found in the east crosscut but mineralization was absent. All but one of the faults failed to correlate with a known vein and the operator was further discouraged by the unavailability of a drilling contractor to carry out the drilling plan, as well as the expectation that core would not be recovered in vein zones anyhow.

The main heading was approaching Sta. 80 and the operator elected to continue it to the projected position of the Smuggler vein where it had been worked through the Bird Creek tunnels. By the time (October, 1969) it had reached its present position he decided to suspend operations for the winter and subsequently terminated the lease.

At that point the breast had entered another fault that was intensely altered and contained open fissures. Its full width was not exposed because of bad ground and insistence of the operator that the crew withdraw from the job. However, it correlates with the fault and flow contact found in the east crosscut and its projection up to surface puts its apex in the exact position of the DJS vein. Pieces of vein rock collected from the DJS shaft dump have assayed: 12.35 oz. silver, 9.02% lead and zero zinc per ton. (The zero zinc assay notwithstanding, however, sphalerite is present on that dump.) Unquestionably, the breast is beneath a very good exploration objective.

Had the operator permitted continuation of the project, the logical development would have been along the DJS to the Smuggler and then along the Smuggler southward, 800-1,000 feet of driving. If no ore was encountered at that point a raise on the Smuggler or DJS would be justified. Unfortunately, his decision to surrender the lease was caused by factors not related to this project.

Applicant recognizes that nearly $100,000 may yet have to be spent before entrance into the ore body is finally gained. An investment of such magnitude justifies pinpointing as accurately as possible the position and attitude of the target and, if possible, further confirmation of ore presence. While conventional core drilling might fulfill the location and attitude requirements, there is little hope that a vein sample can be recovered. Furthermore, the cost of core drilling has become unreasonable and to accomplish what is planned for Phases I and

II of this application by conventional core drilling would cost more than half as much as driving the heading. (In June of this year Applicant took proposals from two leading core drilling contractors for this project and found that the drilling alone, besides all the "extras" normally charged for, was $11.00 per foot.)

Applicant believes that the proper solution to this drilling problem is the use of a rotary drill which will collect a continuous chip sample through an inner tube of the double-walled drill pipe. With this device the drilling fluid is compressed air, with additives if needed, and all of the cuttings from the bit are blown back to a cyclone at the surface. There is no space for cuttings to get outside the outer wall of the tube and be lost in open fissures.

Besides recovering a complete sample, this type of drilling has other advantages over core drilling. The actual drilling cost is only about 70% of coring and the "extras" of coring are eliminated. There is no downhole casing used and cementing is seldom necessary. Progress is so rapid, about 10 feet per hour, the cost for professional supervision is materially reduced. Literature (Exhibit 6) statements indicate that coring is possible with this equipment but Applicant has been advised that this technique has not been sufficiently tested by the manufacturer to have his complete confidence.

Center sample rotary drilling isnot really new but until the Becker Drilling Company perfected its equipment it could not be done in an inclined hole. So far as Applicant can determine, no other contractor can provide this service and it will not be possible to present competitive bids in this application. Applicant believes that use of this equipment presents the only possibility of accomplishing the objectives of this project, and has planned the program to explore at the maximum hole depth capacity of the equipment available in the U. S., 500 feet.

G. No change.

IV. ACCESSIBILITY OF PROPERTY

A. OME representatives will be guided to the property by: John J. Kelley, Exploration Services, 16 W. 13th Avenue, Denver, Colorado 80204. Telephone (303) 222-4379.

The property will be snowed in until late May, 1971. At that time the workings will have to be ventilated for an examination. To accomplish this the electric generator

will have to be de-winterized, the blower re-installed and some sections of vent pipe re-hung, so if an underground inspection is to be made, ample notice will be necessary to accomplish these tasks.

B. No change.

V. EXPLORATION WORK

A. Applicant proposes to explore the area referred to as "Target Area No. 2" in previous applications to OME in three phases as follows:

Phase I Drill three rotary holes in the target area to secure a positive fix on the position and attitude of the Smuggler vein in that area and to prove the presence of ore there. These are shown as DH - 5, - 6 and - 7 on the Exploration Map, Exhibit 3, and also on the Geochemical Investigations Map, Exhibit 7.

Phase II Assuming success in proving ore presence in Phase I, drill DH - 8, - 9, and - 10 north of the target area as shown on Exhibit 3 to fix continuation of the vein in the direction of the present tunnel breast.

Phase III Continue underground development of the tunnel to the projected position of the vein as determined by two previous phases and, if necessary, raise into the ore.

Since Phase II is in effect a continuation of Phase I, utilizing the same equipment, personnel and mobilization, it should logically follow Phase I immediately if that phase is successful. Work contemplated under Phase III is totally different however, and the footage, etc. estimated for this work will be dependent upon the findings of the two earlier phases, especially Phase II. Plans and estimates for Phase III will be developed in an emendment to this application following completion of Phase II.

B. Drill sites for holes DH - 5, - 6, and - 7 are adjacent to an existing road and site preparation consists only of clearing and leveling the rough ground for drill truck positioning. It is to be noted in the drilling proposal (Exhibit 8) that Applicant will also be responsible for towing the drill truck to the drilling area. Because of the steepness of the existing access road from Lime Creek a dozer will be needed for this work. Together these will require a dozer of D-6 or D-7 size (or equivalent) for about 24 hours work.

However, charges will include time for moving the tractor in and out (about 12 hours) and it would be practical to construct the 800 feet of access trail required for holes DH - 8, - 9, and - 10 of Phase II at the same time. This would avoid paying the travel charges a second time as well as probable stand-by charges for the drill while trying to get a dozer in promptly at the end of Phase I. Applicant's experience in the area is that this equipment is not available immediately on request. It is estimated that 24 hours of dozer time will be required for the Phase II portion of dozer work.

Location of the Phase II trail and the 3 drill sites is shown on Exhibit 3.

C. Work can be commenced about June 1, 1970, depending upon depth of snow accumulated from the 1970-71 winter. Employment of the dozer will have to be coordinated with availability of drilling equipment and about 15 days will be required for actual drilling of the holes in Phase I. If Phase II is performed, an additional 15 days drilling time will be needed.

VI. EXPERIENCE

No change.

VII. ESTIMATE OF COSTS

PHASE I

A. Independent contracts.	
Dozer - 24 hrs. @ $12.50*	$300.00
Dozer - Ph. II performed in Ph. I	300.00
Drilling (see Exhibit 8) 1,450 feet @ $8.95	12,975.00
B. Personal services.	
Supervision, engineering and geological services, all by one professional engineer for entire proj. 20 days @ $100	2,000.00
Consulting geologist 2 days @$150	300.00
C. Operating materials and supplies.	
Sample containers and marking sup.	50.00

*Telephone quotation from Creede Excavating Co., the only earthmoving contractor in the area.

D., E. & F. None

G. Miscellaneous
Drafting, map reproduction, accounting, typing and stenographic work, telephone tolls, sample mailing to assayer and other incidental costs. $300.00

Analytical work: 10 samples per hole assayed for silver, lead, zinc, 30 @ $9.50* 285.00

TOTAL ESTIMATED COST, PHASE I $16,510.00

Estimated cost per foot $11.39

PHASE II

A. Independent contracts.
Drilling, 1,500 feet @ $8.17 $12,250.00

B. Personal services.
Supervision, engineering, etc.
17 days @ $100 1,700.00
Consulting geologist 2 days @ $150 300.00

C. Operating materials and supplies.
Sample containers and marking sup. 20.00

D., E. & F. None

G. Miscellaneous.
Drafting, map reproduction, etc. 200.00
Analytical work, 30 @ $9.50 285.00

TOTAL ESTIMATED COST, PHASE II $14,755.00

Estimated cost per foot $9.84

*Current price of Root & Simpson, Inc., Denver, Colorado.

RECEIVED
FEB 9 X 1971
Denver, Colorado

3294 South Oneida Way
Denver, Colorado 80222
February 8, 1971

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
Department of the Interior
Washington, D. C. 20242

Re: OME-6742 (Silver-Lead-Zinc)
MK Exploration Company
Spar City Mine
Mineral County, Colorado

Dear Mr. Kirdemo:

Enclosed are two copies of replies from our credit sources to be inserted in Exhibit 1 of our January 15, 1971 Application to OME for the Spar City Mine.

I believe these documents complete the Application.

Sincerely yours,

John J. Kelley
Vice President
MK Exploration Company

JJK:k

Enclosures

cc - Mr. Frank M. McKinley

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

February 4, 1971

Mr. Frank McKinley
M K Exploration Company
3294 South Oneida Way
Denver, Colorado 80222

Dear Mr. McKinley:

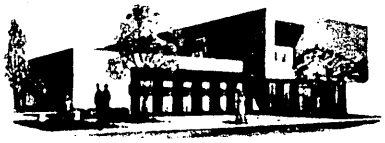
Colorado National Bank of Denver will be unable to accomodate the loan request of McKinley Exploration Company as outlined in your recent letter.

We feel that the present state of the development of the properties indicates a need for equity rather than borrowed funds.

Sincerely yours,

Robert L. Galloway
Vice President

RLG:fl



Peoples Bank & TRUST CO.
9635 MONTVIEW BLVD.
364-2621
AURORA, COLORADO 80010
Member F.D.I.C.

January 28, 1971

Mr. Frank McKinley, President
M K Exploration Company
3294 South Oneida Way
Denver, Colorado 80222

Dear Mr. McKinley:

We have reviewed your loan application of $23,500.00 to be used for exploration of a group of patented and unpatented mining claims in the Royal Arch Mining District near Spar City, Colorado.

We wish to advise you that we will be unable to provide you with any credit as the terms and conditions outlined in your application are not acceptable for a loan under our bank policy.

Very truly yours,

G. W. Klahn
Assistant Cashier

GWK:lme

3294 South Oneida Way
Denver, Colorado 80222
~~2355 Cherry Ridge Road~~
~~Englewood, Colorado 80110~~
January 8, 1971

Colorado National Bank of Denver
P. O. Box 5168 Terminal Annex
Denver, Colorado 80217

Gentlemen:

We hereby submit for your consideration our application for a loan in the amount of $23,500.

The loan proceeds would be used for exploration of a group of patented and unpatented mining claims in the Royal Arch Mining District near Spar City, about 14 miles south of Creede, Colorado, known as the Spar City Mine. Preliminary core drilling and geological and geophysical investigations have been made, and we would undertake further drilling to confirm the geologic inferences obtained. The program contemplated is estimated to cost $31,265, of which $23,500 would be provided by the loan and $7,765 would be from equity capital to be raised by us. The loan proceeds would be advanced as required to carry out the project, but only as our own funds are made available.

Inasmuch as we would not be in a position to repay the loan except out of production from the property in the event the exploration is successful, we would ask that there be no corporate liability for the loan, but that principal and interest be repayable only out of some reasonable percentage of the first net smelter returns on ore produced from the property. In this connection we are advised that the property owners would subordinate their interests in the property to the loan.

Please advise us whether or not you would be interested in considering a loan upon terms as outlined above. We will be glad to provide you with further information as to the description of the property, present geological information, and our specific exploration plans. We would also want to discuss with you the interest rate and the appropriate percentage of net smelter returns to be committed for payment of the loan.

Very truly yours,

MK EXPLORATION COMPANY

President

F. McKinley/jjk

3294 South Oneida Way
Denver, Colorado 80222
~~2955 Cherryridge Road~~
~~Englewood, Colorado 80110~~
January 8, 1971

The Peoples Bank & Trust
9635 Montview Boulevard
Aurora, Colorado 80010

Gentlemen:

We hereby submit for your consideration our application for a loan in the amount of $23,500.

The loan proceeds would be used for exploration of a group of patented and unpatented mining claims in the Royal Arch Mining District near Spar City, about 14 miles south of Creede, Colorado, known as the Spar City Mine. Preliminary core drilling and geological and geophysical investigations have been made, and we would undertake further drilling to confirm the geologic inferences obtained. The program contemplated is estimated to cost $31,265, of which $23,500 would be provided by the loan and $7,765 would be from equity capital to be raised by us. The loan proceeds would be advanced as required to carry out the project, but only as our own funds are made available.

Inasmuch as we would not be in a position to repay the loan except out of production from the property in the event the exploration is successful, we would ask that there be no corporate liability for the loan, but that principal and interest be repayable only out of some reasonable percentage of the first net smelter returns on ore produced from the property. In this connection we are advised that the property owners would subordinate their interests in the property to the loan.

Please advise us whether or not you would be interested in considering a loan upon terms as outlined above. We will be glad to provide you with further information as to the description of the property, present geological information, and our specific exploration plans. We would also want to discuss with you the interest rate and the appropriate percentage of net smelter returns to be committed for payment of the loan.

Very truly yours,

MK EXPLORATION COMPANY

President

F. McKinley/jjk

Exhibit 2

Exhibit 4

SPAR DISTRICT IS MAKING A SHOWING

SEVERAL COMPANIES OPERATING IN THAT SECTION HAVE OPENED UP ORE BODIES THAT WILL MAKE THEIR MINES REGULAR PRODUCERS.

3-27-04

CREEDE, Colo., March 24.—(Special.)—The Spar district, which is located 12 miles south of Creede, is receiving considerable attention from local mining men. This district was first prospected in 1892 and a number of very good claims were patented. When the panic came the district was practically abandoned, leaving only a few of the early prospectors who were not financially able to patent their properties, and were compelled to perform the annual labor in order to protect their rights.

The properties worthy of mention are the claims of the Rio Grande Mining & Milling company, 17 in number, five of which are patented. They were originally located by Henry Brandt and Thaddeus Elliott. Mr. Elliott sold his interest to the company which was incorporated by W. M. Thompson of Burlingame, Kan., who is president of the company. C. A. Ryker, treasurer of Reno county, Kansas, is secretary. W. M. Irwin of Peabody, Kan., is treasurer and Henry Brandt is general manager.

The property has been worked continuously during the past two years, and the development work consists of a number of shafts along the apex of the vein of a depth from 50 to 75 feet.

At present the work is being prosecuted through a cross-cut tunnel which intersects the vein at a point of 150 feet from its portal and has been continued along the vein a distance of 300 feet on a continuous ore body, the character of which is heavy sulphide, containing lead, zinc, iron, gold and silver, with a small per cent of copper.

A great portion of this ore will be concentrated upon the property, as it is the intention of the company to erect a mill as soon as the extent of the ore body is deemed sufficient to determine the capacity of the mill necessary. The wagon haul of 12 miles is a great detriment. If the property was situated as favorably as a number of Creede mines it would be a dividend payer at the present time.

Several other properties in the Spar district show a great improvement over the previous conditions of last year, and two more new companies have commenced operations in this district, which will increase the mineral production of the county during the present year.

The Fissure M. M. & T. Co. has a force of men engaged in driving the Judson tunnel, which has encountered a large body of low grade ore. The officers of the company, who reside in New York, will visit the property about April 1, when plans will be considered for the erection of a mill for the treatment of ores from the property and the prosecution of development work upon adjoining claims owned by the company.

CREEDE A PROSPEROUS CAMP

Daily Payroll to Miners and Teamsters Now Is Not Less Than $1,500.

Denver Republican 1-13-98

Production of the Camp and the Amount of Work Will Soon Be Increased.

CREEDE, Colo., Jan. 12.—(Special.)—The new year at Creede witnesses about 500 men employed in mining and ore hauling, the latter number about 50 and are paid $3.50 per day. The minimum wages paid to miners is $3 per day. This makes a pay roll of $1,500 per day or $45,000 per month.

The average output up to date for January has been 350 tons per day, or a monthly average of over 10,000 tons.

The prospect for this average is good to continue for the year, and at the same time the Commodore is not shipping anything under $40 ore, but is preparing to put in reduction works to treat their low grade ores, similar to the concentrating mill now in operation on the Ridge property, which is giving good satisfaction, and paying its lessees, Wilson & Coombs, large dividends.

The increase in the mining output, as well as all other business of the camp, is having a telling effect on the Denver & Rio Grande Railroad Company. The road has been required to increase the number of the switch crews at this place and the division superintendent informed The Republican correspondent that the business has recently increased about 40 per cent.

The Happy Thought Lessees.

The Creede Co-Operative Milling, Mining & Leasing Company has its new reduction works building under cover and most of the machinery in place. On the Happy Thought claim, which, as mentioned in The Republican's New Year's edition, had been leased by this company from the United Mines Company to the 700-foot station, and as soon as the mill is in running order, which will be in the course of a very few weeks, the Happy Thought claim will be a producer again. This time it is in the hands of lessees that have taken hold of it for the purpose of making it pay and have no other ax to grind. There is no question but that it will in the very near future be one of the leading producers of the camp.

The present glowing outlook has prompted a general line of prospecting and working assessments. Even the Spar district has been receiving its share of attention during the winter. The Big Per Cent. tunnel has been driven 200 feet by its owners, Henry Brandt and E. Elliott. The tunnel has been well timbered and they have timber enough at the mouth of the tunnel for 400 feet more. The Leadville Nos. 1 and 2 is being worked by Roe & Wells through a tunnel, with the expectation of cutting the Emma vein.

The Independence claim is being worked by D. McDonald.

Benedick & Co. have been working the Polo Alto group and last week struck a 30-inch streak that runs from 40 to 80 ounces in silver.

George Derbyshire has been doing the assessment work on the Denver tunnel, and James Soward is doing similar work in the Razzle-Dazzle lode.

The old C. C. & I. claims have been relocated as the Colorado Nos. 1 and 2 by Richard Darling, who is backed by a Pennsylvania company, which has plenty of money to back the enterprise. They have let a contract to Hy Lang to run a tunnel to cut the vein.

The Soward brothers and Dr. A. N. Simpson have resumed work on the Copper.

The Deep Creek Mining, Milling & Tunnel Company assessment work has just been completed by Pettitt & Lair.

The Ballarac Tunnel Company, whose property is located on Shallow creek, has also done its assessment work under the direction of John Poole of Denver, the manager of the company.

Trout Creek and Mammoth Mt.

Capt. Picket of Salida is looking after his Sulphur property on Trout creek, upon which there is a natural deposit of sulphur. Rock from this ledge will burn like a candle when lit by a match.

Several new enterprises have been started on Mammoth mountain, among them the New Year tunnel, which is driving to cut the contact which well informed mining men predict is in close proximity to the breast of the tunnel. The Molly S., Rio Grande and Revenue tunnels are all being worked.

The Nelson tunnel is progressing as rapidly as ever, working three eight-hour shifts per day and driving at the rate of 200 feet a month, which is one of the requirements of their contract, a violation of which calls for a big forfeiture to the Bachelor mountain mining companies that have property located on the vein.

CREEDE IS STILL ALIVE

QUITE A NUMBER OF PROPERTIES SHIPPING SILVER AND LEAD.

Times

Completion of Big Humphreys Mill Will Give Great Impetus to Operations—Taking Care of Spar District Properties—In Sunnyside.

12-4-06

Henry Brandt, ex-county commissioner of Mineral county and one of the pioneers of the Spar district of Creede camp, has been in the city for several days attending the sessions of the state land board while it has been considering the sulphur bed lease controversy. Mr. Brandt is still loyal to his section and believes that great riches await those who will hold onto their interests. He and his partner, Thad Elliott, have several very promising locations at Spar, which have every indication of development into paying silver-lead mines. In their opinion the ore bodies lie in a contact of block porphyry and gray lime. They are giving most attention to driving a crosscut on their Big Per Cent claim to get to the lead on their Smuggler claim, assays from which have returned seventy-four ounces silver, 44 per cent lead and $5 in gold to the ton. The tunnel is in 450 feet and they will have to drive 150 feet more before they reach the lead, according to their calculations. They are now in a gray lime, and also find considerable talc with rich kidneys of ore that run high in silver and lead. It is their belief, also, that when they reach the vein it will show a considerable increase in gold values. Everything looks very encouraging for a realization of their hopes.

After a Rich Vein.

Robinson, Benedict & Sanger have started a 500-foot tunnel to crosscut a vein they have opened on the surface, which has assayed eighty to 100 ounces silver to the ton, with some lead and gold values.

Charles Orton, Joseph Theobold and Lute Chapman are taking care of the Emma lode and have developed three to four feet of lead-silver ore at the bottom of a 300-foot shaft, that assays well, and the owners are satisfied with the showing.

The World lode, owned by M. Donnelly, A. L. Miller, Charles Cramer and others, is a promising property, showing considerable galena in broken masses. With silver values so low and so much expensive development work necessary, there is not much encouragement for the operators, so they have ceased active work.

The Judson tunnel proposition is still going ahead, but what they are after it is hard to tell. The greatest depth they can possibly attain, according to the measurements of competent engineers, is 450 feet. No ore bodies have as yet been encountered and the bore is in near 1,000 feet.

Creede's Heavy Shipments.

In Creede camp proper quite considerable work is going on. The shipments for the month of November reached 5,000 tons, making for the eleven months of the year a total of 73,340 tons. Most of this has come from properties on Bachelor mountain, the Amethyst, New York-Chance, and Happy Thought. Some from Nelson mountain, the Ridge and Solomon; some from the Mollie S. and Eunice on Mammoth mountain, and some from the Alpha mine and Corsair tunnel in the Sunnyside district.

The Bachelor mine is being worked on a lease by Bert Collins, William Sloan, Charles Webber and Hord and Todd. They are shipping from the upper workings and also sinking off the Nelson tunnel.

Farther north on the same mountain the greatest work is being done on the Happy Thought mine. The shaft has been sunk clear to the floor of the Wooster tunnel, which is run off from the Nelson. The mine has developed into a great gold, lead, silver and zinc proposition. The smelting ore is shipped out and the mill ore will be treated in the new mill now near completion, the biggest enterprise in the way of a mill that the camp has ever had. The Wooster tunnel will be extended on into the Park [illegible]

C. J. HUGHES OF DENVER BUYS ON BACHELOR HILL

Times 5-3-00

Creede, Colo., May 3.—(Special.)—The ore shipments for last week were 118 cars, or 2,360 tons.

The mining claim, the World, located at Spar City, some fifteen or eighteen miles from Creede, has recently been leased by M. G. Woodruff and some other parties unknown. It is leased from Charles Cramer and A. L. Miller, who purchased the property but a short time ago. The claim is a very promising one and it is predicted that with a small amount of developing work it will become a good mine. The ore which was taken from the breast of the tunnel runs from fifty-one to fifty-nine ounces silver, while that taken from a ten-inch streak in the vein assayed 128 ounces.

C. J. Hughes of Denver has purchased the Grab Root lode on Bachelor mountain. Messrs. Born, Long and O'Laughlin, who each owned one-tenth interest in the property, sold their interests for $1,500 each. This is the property over which so much litigation has been going on with the Antlers-Park Regent.

A. S. Overholt, who is a stockholder in the Nelson tunnel, visited Creede one day last week. Mr. Overholt is from Pennsylvania.

THE LATEST ADDITION TO THE BECKER LINE OF SPECIALIZED DRILLS

becker CSR DRILL

CENTER SAMPLE ROTARY

WHAT IS IT?

A new **"BECKER CSR"** drill utilizing a reverse circulation system combined with top drive rotation, capable of chip sampling or coring both vertical and incline holes. Primarily designed to produce continuous and uncontaminated samples for accurate geological information. Ideally suited for sampling fractured formations and in low sample recovery areas.

HOW IT WORKS

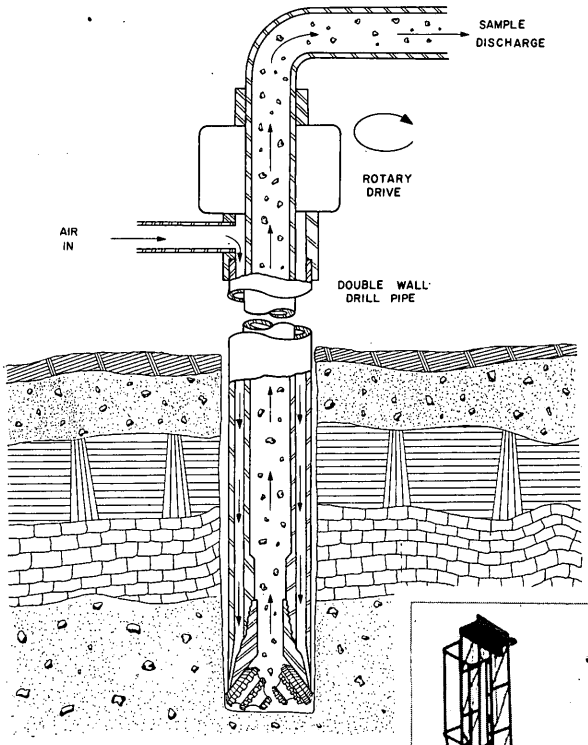
The **"BECKER CSR"** reverse circulation is achieved by using a double wall drill pipe. With this method of drilling the double wall drill pipe is rotated, while air or water, under pressure, is forced down the annulus of the drill pipe and is returned up the center pipe, bringing either cores cut by the core bit or chip samples cut by a standard tri-cone rotary rock bit. To eliminate circulation of the drilling fluid from between the drill pipe and the hole, the formation is cut with a minimum of clearance.

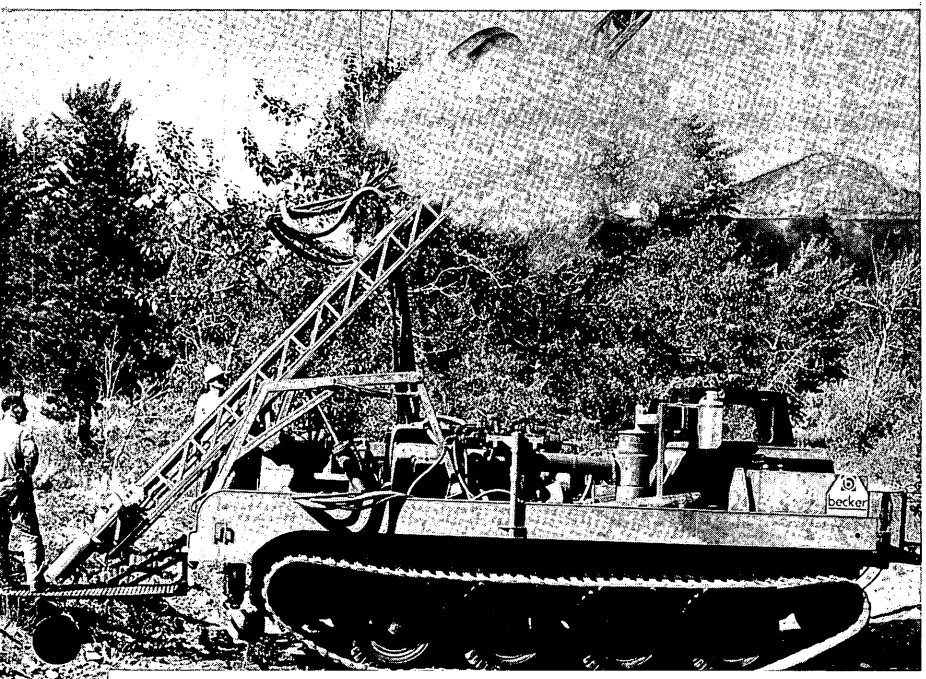
With the **"BECKER"** method of forcing the samples to the surface through the center of the double wall drill pipe, rather than through the annulus of the hole, contamination by caving formations or by particles eroded from the wall of the hole is eliminated. The danger of losing samples or sludge into voids and fissures is also avoided.

The **"BECKER CSR"** method of sampling is a fast and economical means of determining the grade of an ore body.

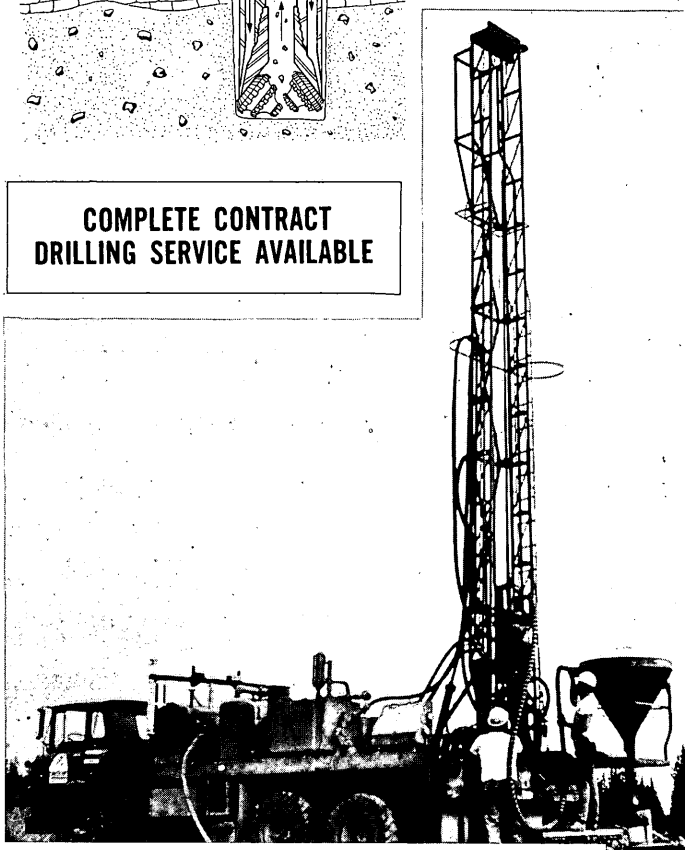
WHERE IT WORKS

The **"BECKER CSR"** is particularly well suited for mineral investigations as it is designed to drill both vertical and incline holes and provides continuous uncontaminated samples in fractured formations.





COMPLETE CONTRACT DRILLING SERVICE AVAILABLE



BECKER DRILLS INC.

8145 EAST 39th AVENUE, DENVER, COLORADO 80207

TELEPHONE (303) 388-0829

becker

SPECIFICATIONS

FOR

BECKER CSR-500 DRILL

I. MOUNTING

A. Truck: Standard truck mounting requires tandem axle chassis with G.V.W. rating of approximately 40,000 pounds and 163" cab-to-rear axle measurement. Diesel truck engine rated at approximately 209 H.P. at 2100 R.P.M., 13-speed transmission, 10:00 x 20 tires. Approximate gross weight of drill and truck is 36,000 pounds including 150 feet of drill pipe.

B. Steel Track: Cleveland Trencher steel-tracked unit, powered by 6N71 Detroit Diesel engine. Unit is hydraulically driven.

C. Soft Track:

1. FN-240: Flexible rubber-tracked carrier. Available only with 6N71 Detroit Diesel engine. Ground pressure of unit loaded is approximately 3.5 P.S.I.

2. 10T-Foremost: Flexible rubber tracked carrier. Diesel powered. Ground pressure of unit loaded is approximately 3.5 P.S.I.

II. DRILL UNIT, CONSISTING OF:

A. Air Compressor: Atlas Copco DT-4 air cooled, 2 stage compressor delivering 600 C.F.M. at 125 P.S.I.

B. Water Injection Pump: Hydraulic powered 2-cylinder, piston pump ranging from 4 to 10 G.P.M. with a maximum of 400 P.S.I.

C. Power Swivel: 3-speed hydraulic powered rotary complete with top and bottom swivels. Rated at 14,000 pounds maximum pull-down pressure. Rotary produces a maximum torque of approximately 5,000 ft. lbs. at 2,000 P.S.I.

D. Pull-Down: Automatic constant pressure, hydraulically driven pull-down system. 1½" roller chains.

E. Power Slips and Break Out: Hydraulic powered slips are positioned in the mast for clamping the pipe when break out. Break-out tongs are located immediately under the power swivel for additional assistance and time-saver.

F. Blow-Out Preventer: Positioned at the base of the mast, this unit is pressed into the surface of the earth to seal circulation of the drilling media from escaping from the annulus of the hole. The blow-out preventer is equipped with bearings for prolonged life of the sealing rubbers.

...2

becker

G. Mast: 26 feet long, four-way parallel design. Raised and lowered by two hydraulic cylinders. 35,000 pound capacity.

H. Sandline: Winch assembly with a maximum of 20,000 pounds pulling capacity, and 9/16" non-rotating wire rope for vertical drilling. Optional is a pipe-handling boom which is hydraulically controlled to enable incline drilling. Boom will position drill pipe in mast and onto pipe rack.

I. Steady Jacks: Two hydraulically activated jacks are located on the rear of all units and one additional jack is on the front of the truck-mounted units.

J. Hydraulic System: Consists of two single hydraulic oil pumps and one double pump. Also includes twin filters, guages, controls, and a 110 gallon capacity hydraulic oil tank.

K. Cyclone: Complete assembly with hose designed to separate the compressed air from the geological sample.

L. Transfer Case: Delivers power from the transmission to the air compressor and hydraulic oil pumps.

III. DOUBLE WALL DRILL PIPE

Becker offers three optional pipe sizes to choose from. All sizes are fabricated in 15 foot lengths. Pipe sizes with their approximate weights are:

5 1/2"OD x 3 1/4"ID -- 20 lbs./foot
4 1/2"OD x 2 3/8"ID -- 18 lbs./foot
3 1/2"OD x 1 3/4"ID -- 14 lbs./foot

IV. RATED DEPTH CAPACITY

The rated depth capacity for the Becker CSR-500 Drill is 500 feet using any of the three above pipe sizes.

Exhibit 7

Exhibit 8

APPLICA[illegible]

[illegible]d on Applicant's kno[illegible]
[illegible]lling crew, wh[illegible] the [illegible]
since he has not seen to [illegible] allowan[illegible]
for this item should be do[illegible] Applicant [illegible]
1,450 feet of drilling in Phase [illegible] than 1,400 [illegible]
as estimated by the contractor. [illegible]ntractor's est[illegible]
mate of the drilling cost in the [illegible] revised by App[illegible]
cant as follows for 10 feet per [illegible]ogress:

[illegible]	[illegible]SE I	PHASE II
Mob. & Demob.	[illegible]00	------
Travelling Time		
[illegible] days [illegible] hrs./day [illegible] $25	[illegible]750	[illegible]
Drilling [illegible]		
[illegible] hrs. [illegible] hr.	8,075	
[illegible] hrs. [illegible] hr.		[illegible]
1,[illegible] ft. [illegible] foot	4,350	
1,500 ft. [illegible]		[illegible]
Bits		
[illegible]	[illegible]	[illegible]
Surface Casing	[illegible]	[illegible]
Additives	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

December 4, 1970

Mr. John J. Kelley
MK Exploration Company
c/o Exploration Services
16 West 13th Avenue
Denver, Colorado 80204

Dear Mr. Kelley:

Attached is our quotation No. 47-A along with an estimated cost sheet for your proposed work near Creede, Colorado.

I sincerely hope this quotation and estimate are satisfactory, however, in the event you have any questions whatsoever, or should some part not be correct, please let me know.

Thank you.

Yours very truly,

W. R. Becker
Sales Representative

WRB/lro

Enclosures

be

QU

A. Location: Approximately se

B. Access: All drill location
ment. MK Exploration C
ss roads and clearing of
ll as a
which might be required.

C. Formation: Weathered volcanic rock with
ns of soft clay.

D. Extent of Work: Three bore holes and po
bly more. However,
should sampling not prove to be satisfact
, drilling may cease
as directed by, and without penalty to MK Exploration Company.

Purpose of Drilling: Sampling for silver, lead and zinc.

Hole Angle: 50°, 45°, and 64° off vertical.

Hole Depth: Two holes to 500 feet and one to 400 feet.

Drilling Procedure: The Becker Center Sample Rotary method, using
½"OD double wall drill pipe and reverse circulation air-flow, bring-
ng up a continuous sample of the formation penetrated through the
enter of the pipe. Tri-cone rock bits will be used for the drill-
ng. Water injection will also be used if required.

Equipment: Becker will supply one truck-mounted Becker CSR Drill
mplete with 500 feet of double wall drill pipe and all accessories.
ecker will also furnish one service truck for transporting water
d drilling supplies. A 4x4 pick-up will also be furnished to
ansport the drilling crew to the drill site each day.

Personnel: Becker will supply a driller and two drill helpers to
erate the equipment on a single shift basis consisting of approx-
ately ten hours per day, six days per week.

Supplies: Becker will provide all drilling supplies pertinent to
drilling operation, however, MK Exploration Company will pay
all bits consumed, and surface casing left in holes.

Sampling: Becker will provide a cyclone and buckets for collect-
the samples. MK Exploration Company's representative will be
onsible for logging the soil formations as well as bagging,
ing and handling the samples, however, the Becker crew will
st whenever possible. MK Exploration Company will supply the
le bags and/or containers.

mmodations: Becker will be responsible for providing food and
ing for the Becker crew at Creede, Colorado.

becker

Bre[illegible]own: No charges wi[illegible]
are [illegible]pended due to brea[illegible]

[illegible]rill[illegible] Bits: Becker will [illegible]
Explor[illegible]tion Company will rei[illegible]
[illegible]e.

P. [illegible]face Casing: MK Explorati[illegible] Becker th[illegible]
[illegible]s ten percent for all surf[illegible]e holes.

Q. Drilling Additives: Bentonit[illegible]nd lost circulation [illegible]terial
[illegible] required, will be at cost p[illegible]rcent.

R. Drill Report Approval: Becker will [illegible] daily drill report e[illegible]
day. MK Exploration Company's auth[illegible]entative will approve
[illegible]his report by signing. Upon sig[illegible]ities of the report
[illegible]hall become binding on both parties.

S. Payment: All invoices rendered are due upon receipt. A one percent per month interest charge will apply to all balances remaining unpaid on the tenth of the month following receipt of invoice.

T. Commencement: Approximately June 1, 1971.

Becker will be pleased to undertake this work at the following rates:

1. Mobilization and Demobilization: For all equipment and personnel at a lump sum of $1,100.00.

2. Drilling and Sampling: At the rate of $35.00 per hour plus $3.00 per foot drilled. The hourly rate will apply from start of shift until that shift is complete, with the exception of breakdown or standby time.

3. Standby: (awaiting instructions from client, towing, etc., which is beyond the control of Becker.) at the rate of $45.00 per hour not to exceed eight hours in any one day.

4. Travelling: For time driving to and from the drill site each day, the rate of $25.00 per hour will apply.

Becker Drills Inc.

W. R. Becker, Sales Rep[illegible]sentati[illegible]

becker

COST

QUOTATION

	@ 8 ft./h	hr	@ 12 ft./hr.
Mob. & Demob.	$ 1,100.	$ 1,10	$ 1,100.
Travelling Time:			
18 days @ 1 hr./day @ $25.			
14 days @ 1 hr./day @ $25.			
12 days @ 1 hr./day @ $25.			
Drilling and Sampling:			
175 hr. @ $35./hr.	6,125		
[illegible] @ $35./hr.		4,900	
[illegible] $35./hr.			4,095.
[illegible] $3.00/ft.	4,200	4,200.	4,200.
Bits			
@ $1.00/ft.	1,400.	1,400.	1,400.
Surface Casing	100.	100.	100.
Additives	150.	150.	150.
TOTAL COSTS	$13,555.	$12,200.	$11,345.
Total cost/ft.	$9.68	$8.71	$8.10

PLAN

EXPLANATION

- SURVEY STATION
- GEOCHEMICAL SAMPLE SITE
- j JASPER
- m MnO_2
- b BARITE
- s SPHALERITE
- g GALENA

LINE 1

LINE 2

EXHIBIT 7

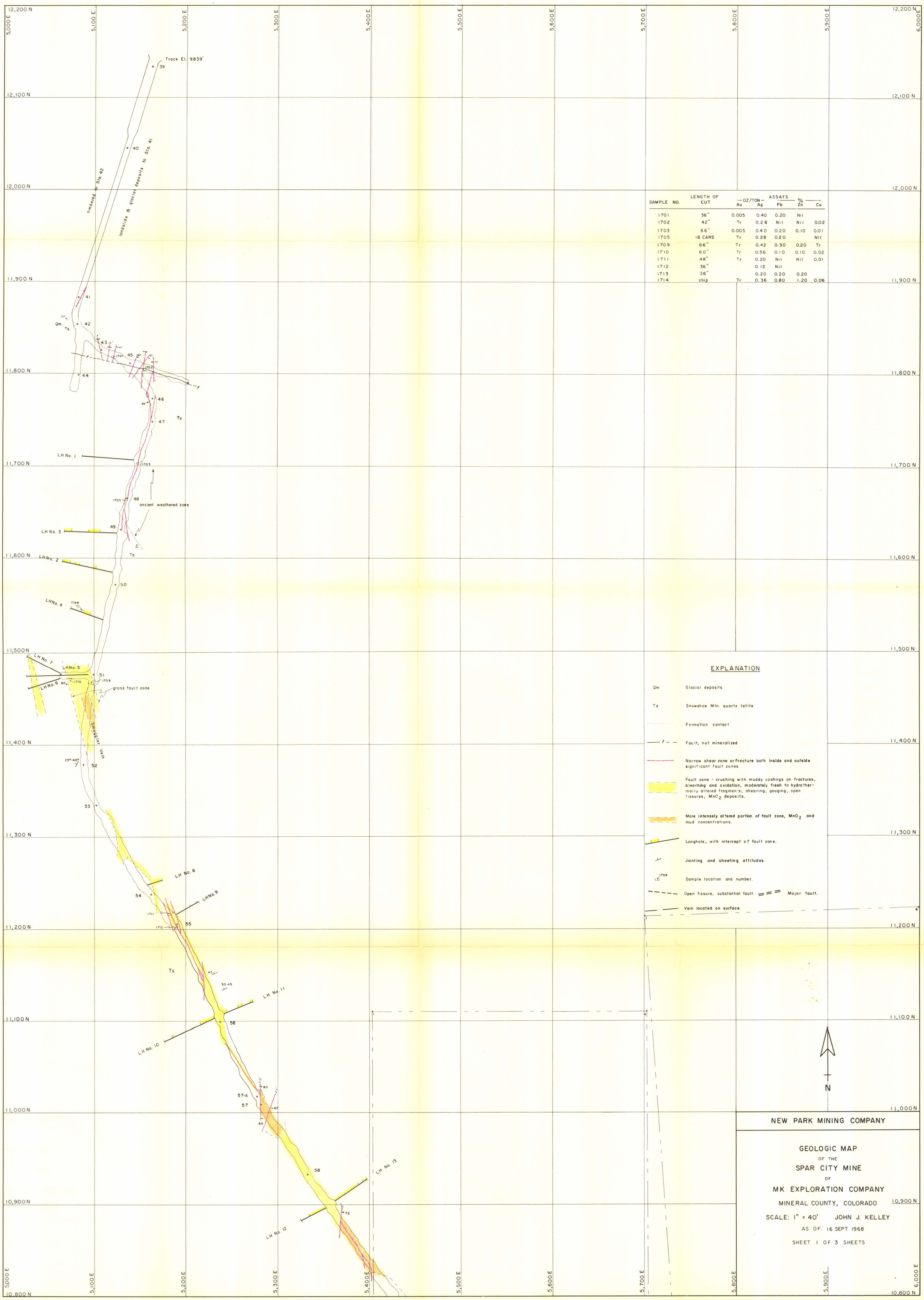
GEOCHEMICAL INVESTIGATIONS IN TARGET AREA NO. 2

SPAR CITY MINE
OF
MK EXPLORATION COMPANY

MINERAL COUNTY, COLORADO

SCALES: HORIZONTAL, 1" = 100'
VERTICAL, AS SHOWN

JOHN J. KELLEY JUNE, 1967



SAMPLE NO.	LENGTH OF CUT	ASSAYS — OZ/TON — Au	Ag	— % — Pb	Zn	Cu
1701	36"	0.005	0.40	0.20	Nil	
1702	42"	Tr	0.28	Nil	Nil	0.02
1703	66"	0.005	0.40	0.20	0.10	0.01
1705	18 CARS	Tr	0.28	0.20		Nil
1709	66"	Tr	0.42	0.30	0.20	Tr
1710	60"	Tr	0.56	0.10	0.10	0.02
1711	48"	Tr	0.20	Nil	Nil	0.01
1712	36"		0.12	Nil		
1713	36"		0.20	0.20	0.20	
1714	chip	Tr	0.36	0.80	1.20	0.06

NEW PARK MINING COMPANY

GEOLOGIC MAP
OF THE
SPAR CITY MINE
OF
MK EXPLORATION COMPANY

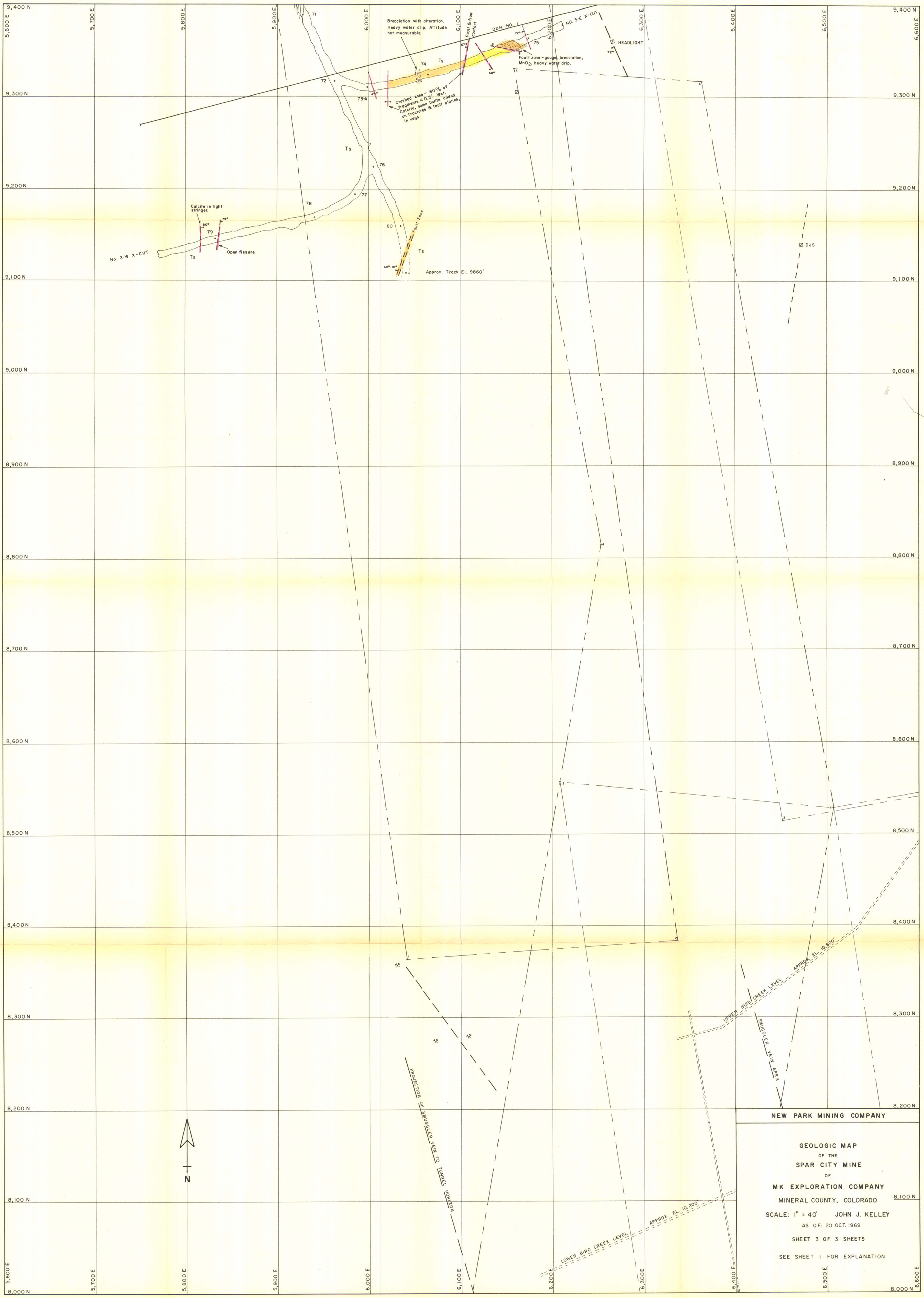
MINERAL COUNTY, COLORADO

SCALE: 1" = 40' JOHN J. KELLEY

AS OF: JUNE 14, 1969

SHEET 2 OF 3 SHEETS

SEE SHEET 1 FOR EXPLANATION



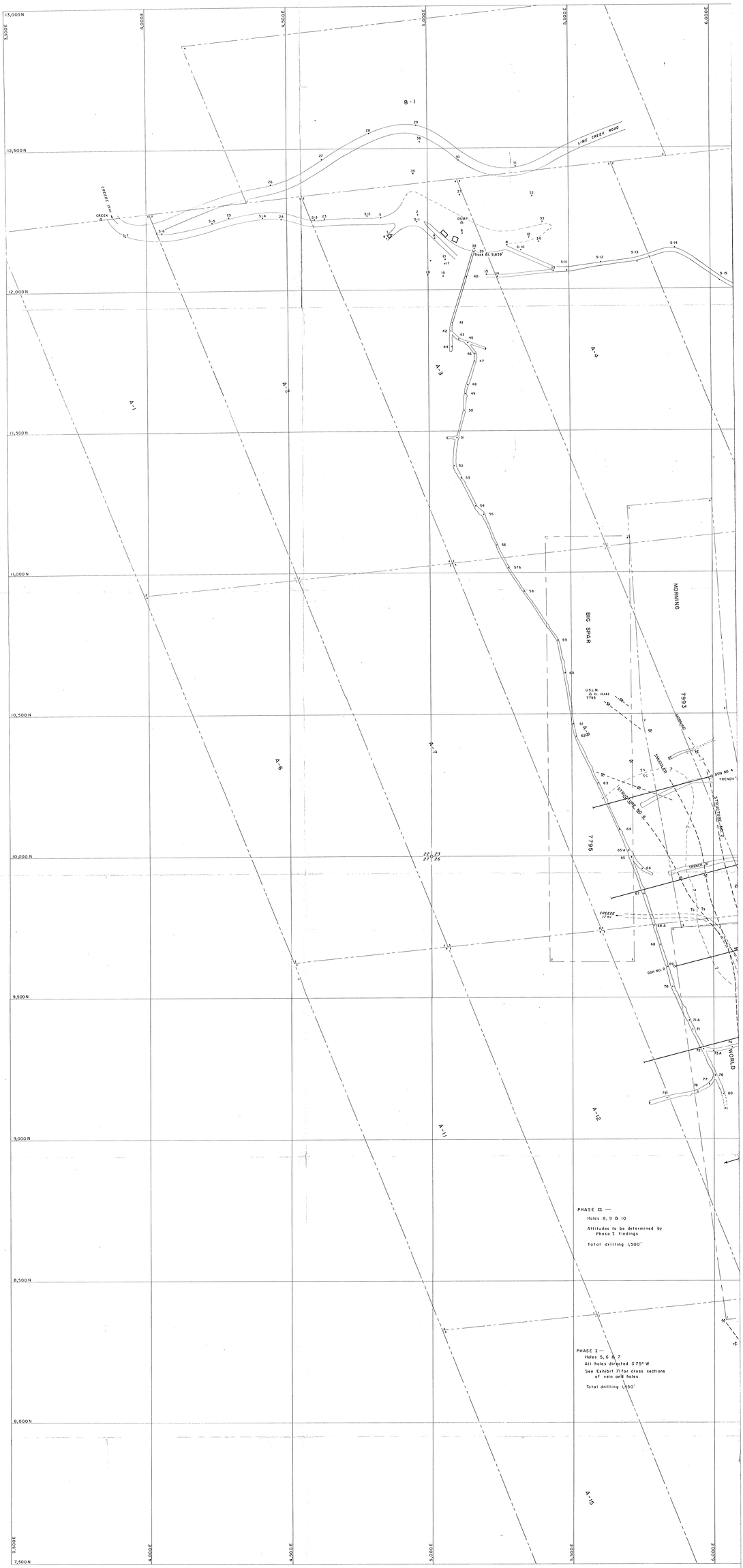
NEW PARK MINING COMPANY

GEOLOGIC MAP
OF THE
SPAR CITY MINE
OF
MK EXPLORATION COMPANY
MINERAL COUNTY, COLORADO

SCALE: 1" = 40' JOHN J. KELLEY
AS OF: 20 OCT. 1969

SHEET 3 OF 3 SHEETS

SEE SHEET 1 FOR EXPLANATION



EXPLANATION

Tc	Creede formation
Ts	Snowshoe Mtn. formation
— — —	Vein apex - observed or inferred from drilling and geochemical surveys
==========	Tunnels and drifts, from Mineral Survey Plats
	Developments by New Park Mining Co.
——— — — ———	Property line, patented claim
——— — — ———	Property line, unpatented claim

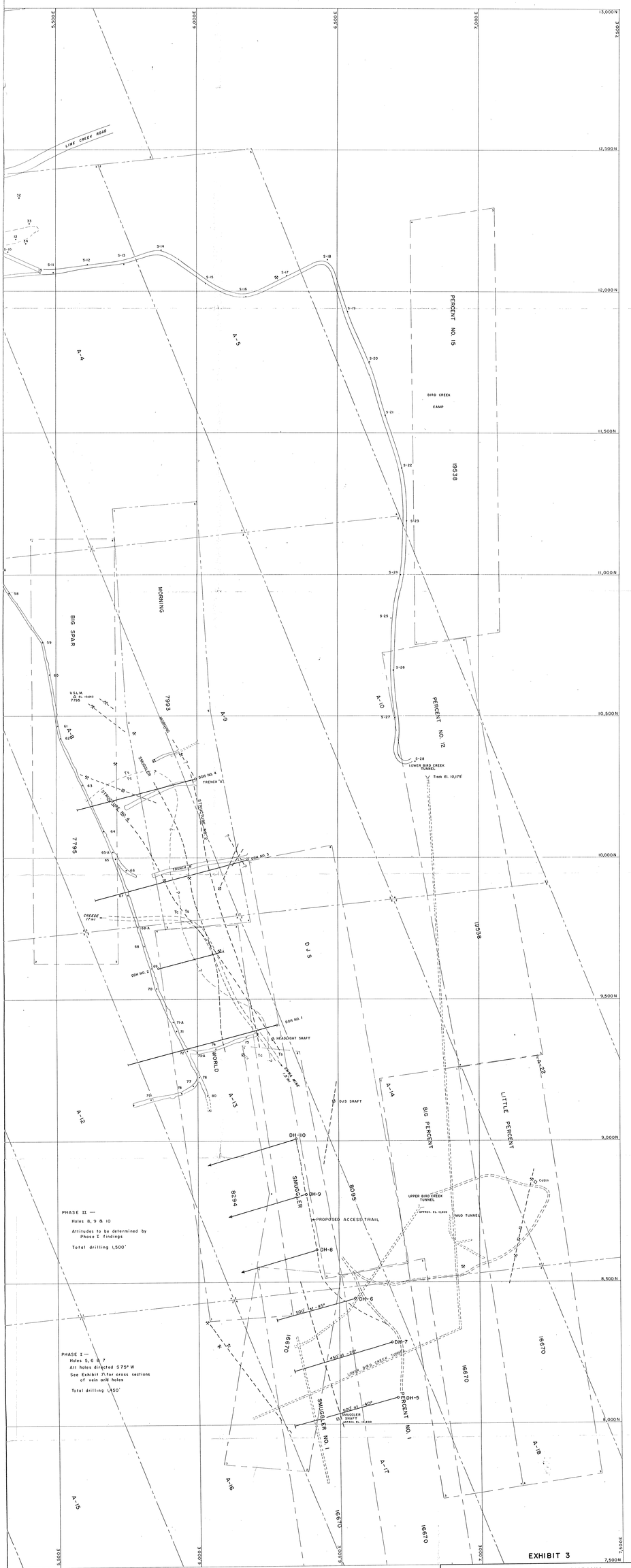


EXHIBIT 3

NEW PARK MINING COMPANY

EXPLORATION MAP

SPAR CITY MINE

OF THE

MK EXPLORATION COMPANY

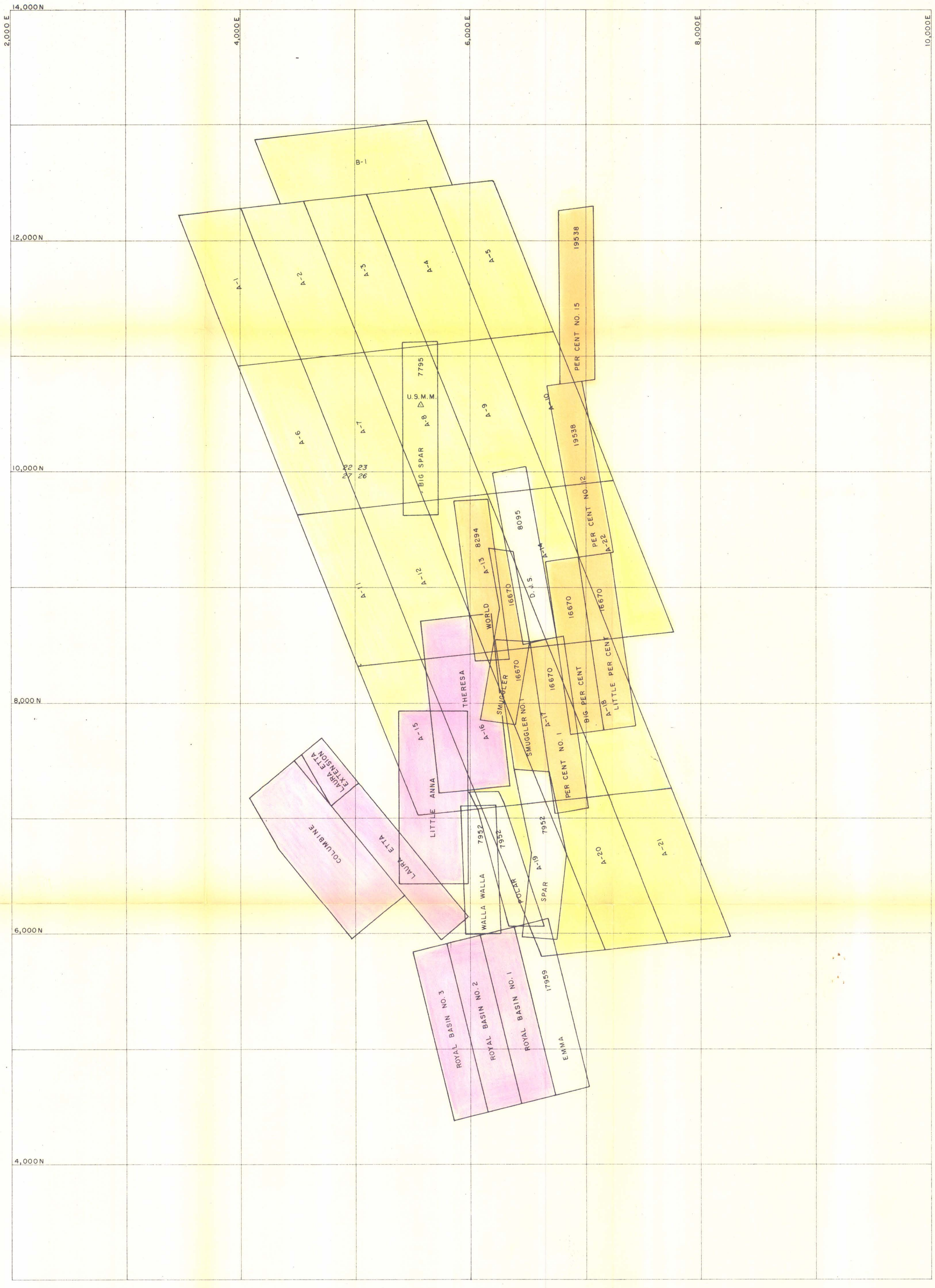
MINERAL COUNTY, COLORADO

T. 40 N., R. 1 W., N.M.P.M.

DATED: 20 OCT. 1969

SHEET 1 OF 1 SHEETS JOHN J. KELLEY

100 0 100 200 300 FEET



MINERAL COUNTY MINING & MILLING COMPANY GROUP

MK EXPLORATION COMPANY PROPERTY

HARRY E. & MARY L. LARSON GROUP

N

TO ACCOMPANY REPORT OF J. J. KELLEY TO MK EXPLORATION COMPANY, DATED JANUARY 15, 1965

REVISED NOVEMBER 19, 1970

EXHIBIT 2
PLATE II

CLAIM MAP
OF THE
SPAR CITY AREA
MINERAL COUNTY, COLORADO
SCALE: 1" = 500'

500 0 500 1000
FEET