MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE

Contract No. _____ Docket No. 6771

Application
- [ ] Denied
- [x] Withdrawn

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

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [ ] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [ ] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [x] Application and Attachments Amended 5/5/69

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semiannual Report for Certified Project
- [ ] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam. Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports

- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

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

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

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty Material

72195-65

Only 1 copy received.
None for the Field Officer
5/21/69

Kirk:

As far as the legality is concerned nothing has changed in the structure of this application.

Everything Long opined regarding C.F.&I. is still true. Apparently they (the applicant) have ignored this part of your letter of April 22, 1969 citing our legal opinions.

Once again they have gummed up the total estimated cost.

WE

May 9, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 21 1969
INITIALS | CODE

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

Re: OME-6771 (Silver)
New Midwest Mining, Ltd.
Midwest Property
Mineral County, Colorado.

Dear Sir:

This will supplement Mr. R. L. Wahl's letter to you dated April 28, 1969 concerning the subject matter by enclosing an amended Application on behalf of New Midwest Mining, Ltd. dated May 5, 1969.

I call to your particular attention the revision in the estimated cost of the project and revised applications for a bank loan in the amount of $180,000.00 attached as Exhibit "A" to the application.

Under the terms of the Partnership Agreement the total cash committment of the contributing partners is $200,000.00 and in accordance with said Agreement and the laws of the State of Colorado their liability is limited to such amount.

It is requested that based upon
reconsider this entire matter. Please feel fr
if there are any questions relating to the App

Yours very

NEW MIDW

By: Gatewa
Gener

C. Kirk, Secretary

ED KEATING

SPECIAL REPRESENTATIVE
OF THE PRESIDENT
THE CF & I STEEL CORPORATION

1050
738 SHOREHAM BUILDING
WASHINGTON, D. C.
EX 3-2587

MME Form 40
Jan. 65

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 27 1969
INITIALS | CODE

AMENDED

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.)*

New Midwest Mining, Ltd.
650 17th Street, Suite 812
Denver, Colorado 80202

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER 6771

DATE RECEIVED 5/21/69

REGION

DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED Colorado

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Gateway Acces Corp.	Denver, Colo.	General Partner
CF&I Steel Corp.	Denver, Colo.	Limited Partners
Allan R. Phipps	Denver, Colo.	" "
Clara V. S. Phipps	Denver, Colo.	" "
Charles M. Steele	Creede, Colo.	" "
Charles A. Davlin	Denver, Colo.	" "
John R. Jackson	Creede, Colo.	" "

(See attached for additional Limited Partners)

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE
Silver

ESTIMATED COST OF PROJECT
$ 380,000.00

PROPERTY NAME	LOCATION COUNTY	STATE
Midwest	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. 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., 20240, 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.

May 5, 1969
DATED

New Midwest Mining, Ltd. - by
Gateway Access Corporation, General Partner
BY (Signature)

Attest: C. Kirk, Secretary

R. L. Wahl, Jr. TITLE President

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.

Amended application 5/5/69

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

Listed corporate officers or partners here, if applicable

Name	Address	Title
Cole D. Neff	Evergreen, Colo.	Limited Partners
Elwood N. Neff	Bremerton, Wash.	" "
Alfred M. Neff	San Carlos, Calif.	" "

INFORMATION FOR MME FORM 40
for
APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION
by
NEW MIDWEST MINING, LTD.

October , 1968

1. FINANCIAL ELIGIBILITY:

(a) See EXHIBIT A.
Copies of letters to and replies from:

Mr. Robert Specht	Mr. Edward A. Rhatican
First National Bank of Denver	Cherry Creek National Bank
Denver, Colorado 80203	Denver, Colorado 80206

(b) Interests in New Midwest Mining, Ltd.

(1) General Partner:

Gateway Access Corporation 650 17th Street - Suite 812 Denver, Colorado 80202	00 %

(2) Limited Partners:

CF&I Steel Corporation Continental Oil Building Denver, Colorado 80202	40.000%
Allan R. Phipps 650 17th Street - Suite 812 Denver, Colorado 80202	21.900%
Clara V. S. Phipps 650 17th Street - Suite 812 Denver, Colorado 80202	2.700%
Charles M. Steele Creede, Colorado 81130	5.400%
Charles A. Davlin 650 17th Steet - Suite 812 Denver, Colorado 80202	2.500%
John R. Jackson Creede, Colorado 81130	2.500%
Cole D. Neff Box 86 - Route 1 Evergreen, Colorado 80439	16.668%

1. FINANCIAL ELIGIBILITY (Con't):

(2) Limited Partners (Con't):

Elwood N. Neff 4.166%
2125 Parker Place
Bremerton, Washington 98310

Alfred M. Neff 4.166%
2840 Tramanto Drive
San Carlos, California 94070

(c) Applicant's share of cost will be made available, as required, from limited partners.

2. APPLICANT'S RIGHTS IN LAND:

(a) See EXHIBIT B.

(1) Rights are conveyed to the New Midwest Mining, Ltd., from the owners of the patented lode mining claims:

Name of Claim	Mineral Survey No.
Big Chief Lode Mining Claim	7386
Small Hope Lode Mining Claim	7386
Little Chief Lode Mining Claim	7386
Maid of Erin Lode Mining Claim	7386
Highland Chief Lode Mining Claim	7386
Ground Hog Lode Mining Claim	16305
Edith Lode Mining Claim	16300
Mogul Lode Mining Claim	7386

(2) Rights are conveyed to the New Midwest Mining, Ltd., from the Gateway Mines of located lode mining claims Gateway, Gateway 1 through 4 inclusive.

(3) Rights are conveyed to the New Midwest Mining, Ltd., by the location of the Gateways 5 through 10 inclusive, by the Gateway Access Corporation, general partner for the Midwest Mining, Ltd.

(b) See EXHIBIT C.
All patented and located lode mining claims are in Township 42 North, Range 1 West and involve parts of Sections 12 and 13.

The located lode mining claims are recorded at Creede, Mineral County, Colorado:

Gateway Lode	Book 4-C	Page 109
Gateway No. 1	Book 4-C	Page 109

2. APPLICANT'S RIGHTS IN LAND (Con't):

(b) See EXHIBIT C (Con't)

Gateway No. 2	Book 4-C	Page 120
Gateway No. 3	Book 6-E	Page 31
Gateway No. 4	Book 6-E	Page 32

Gateway No. 5 through No. 10 in the process of being recorded as of October 15, 1968.

All claims will be subject to government royalty and liens, although present exploration is limited to Gateway Lode, Gateway No. 1 and No. 2 unpatented claims and the 8 patented claims listed above.

3. PHYSICAL DESCRIPTION:

(a) See EXHIBIT D

The first work of record on the Midwest fault was done in the 1890's near what is now known as the Edith shaft. A shipment was made from the structure assaying 28 oz. in silver, 1.5 oz. in gold; this ore came from a shallow shaft. In the years following a shaft was sunk on the Edith lode and the Knauss tunnel was driven to intersect the structure at a lower depth and connect with the Edith shaft. There was no production from this tunnel and assays from this highly altered zone are low in value. In the early 1920's Elwood Neff drove a tunnel from Nelson Creek drainage at 10,460' elevation turning on the structur and developed a small body of sulfide ore but had no production from this tunnel. With this encouragement another tunnel was driven by the Midwest Mining Company at a depth 210' below the Neff tunnel and near Nelson Creek under the guidance of Mr. Elwood Neff. The portal of this tunnel entered the hanging wall of the fault, on a strike of 30° West of North, struck the footwall at approximately 150'. Then followed the footwall a distance of 900' with steadily increasing mineralization though at its furthest point still in a highly argillized structure. At this time, 1929, operations ceased and work of any nature on the structure has been sporadic and the main tunnel has not been further extended.

(b) No interest in the operations described in (a).

(c) No production reports are available. (Bureau of Mines has no record of the carbonate shaft shipment).

(d) There are no known ore reserves.

(e) See EXHIBIT E

The Midwest fault runs diagonally between the two most productive faults of the Creede area, the Amethyst fault to the West and the

3. PHYSICAL DESCRIPTION (Con't):

(e) See EXHIBIT E (Con't)
King Solomon fault to the East. It has been exposed through surface trenching and shallow shafts and tunnels a distance of nearly two miles. The crushed and faulted zone is wide and highly mineralized, where exposed, with barite, quartz and limestone the main vein gangue, (barite is a conspicuous mineral in all the high grade silver deposits in the Creede area). The fault has a northwest-southeast trend with the country rock or host rock being Campbell Mountain Rhyolite in all exposures. The displacement of the fault is not known as a contact with other flows is not exposed. The fracture produced by this fault is wide and brecciated allowing a generous passage for the mineralizing solutions. Silver values steadily increase in exposures to the North. The host rock, Campbell Mountain Rhyolite, is the host rock of all the deposits presently being developed in Bulldog Mountain and Emperius Mines property at this time.

(f) See EXHIBIT F
It is believed extending the Midwest tunnel Northwesterly on the structure will uncover an enriched silver zone of considerable scope under the Knauss tunnel, as all sampling points to increased enrichment with added depth. The Midwest tunnel is in a highly altered zone of the structure with a depth, at its furthest penetration, of slightly over 300'. It will gain depth steadily Northward and will be approximately 680' below the Knauss tunnel on completion of proposed exploration. Related structures, both East and West, have proven highly profitable beneath the argillize zones.

(g) See EXHIBIT G
No geologic reports or engineering reports are available other than the brief mention of the Colewood tunnel by Esper S. Larsen, "Recent Mining Developments in the Creede District, Colorado", pages 98 and 99. "Geology and Structural Control of Ore Deposition in the Creede District, San Juan Mountains, Colorado" by Thomas A. Steven and James C. Ratte', page 86.

4. ACCESSIBILITY OF PROPERTY:

(a) See EXHIBIT H
The Midwest property is located approximately 165 air miles Southwest of Denver, Colorado and 3½ miles North of Creede, Mineral County, Colorado.

John R. Jackson, Superintendent.

4. ACCESSIBILITY OF PROPERTY (Con't):

(a) See EXHIBIT H (Con't)
Gateway Access Corporation, P. O. Box 207, Creede, Colorado, phone 303-658-2477 will be available for furnishing directions and transportation to the property at the convenience of the OME representative.

Property and all mine workings are accessible, weather permitting.

(b) The shipping and supply point is Creede, Colorado, a distance of 3½ miles.

5. EXPLORATION WORK:

(a) See EXHIBIT I
Proposed exploration is indicated on Exhibit I by dotted red lines and numbers. Work would be undertaken in the following order:

(1) Construction of buildings and portal (2 months)
(2) Drifting (6' x 8' timbered) 100 feet to connect portal with the old Midwest tunnel (2 months)
(3) Renovating 500 feet of old Midwest tunnel to a 6' x 8' supported drift (3 months)
* (4) Drifting (6' x 8') 2800 feet maintaining 50 feet from and parallel to the fault (20 months)
* (5) Cross-cutting to the fault at 300 foot intervals for sampling, control and development - 450 feet (4 months)
* (6) 3800 feet of core drilling to determine the ore zone at depth (6 months)

* O.M.E. loan participation

(b) All roads are completed and will be maintained by Mineral County.

(c) Work is now in progress in preparation for winter. Upon execution of OME contract would be accelerated to complete in thirty-six (36) months.

6. EXPERIENCE:

Roy L. Wahl, Jr. - 47 years old, excellent health and character. B.S. degree in Mining Engineering. 26 years experience in all phases of the mining industry.

Clyde H. Mathews - 40 years old, excellent health and character. B.S. degree in Geological Engineering. 16 years experience in exploration geology.

6. EXPERIENCE (Con't):

John Jackson - 42 years old, excellent health and character; has 25 years experience in hard rock mining including leasing, contracting and managing.

7. ESTIMATE OF COSTS:

(a) INDEPENDENT CONTRACTS:

See EXHIBIT J
Estimate 3800 feet of core drilling $ 86,306

(b) PERSONAL SERVICES:

All services are available and estimated cost is based on estimate of twenty-four (24) months for completion.

1900 feet of 6' x 8' haulage drift	= 14 months	
450 feet of 6' x 8' X-cut drift	= 4 months	
Core drilling	= 6 months	
Geological & Engineering Consultants:		
Two (2) days per month @ $75.00 per/day		$ 5,280
$16.00 per diem 12¢/mile - $220.00/month 24 months		
Direct Supervision:		
$1050.00/month @ 24 months		$ 25,200
Miners (2) @ $4.35/hour/miner $1960.00/month @ 18 months		$ 35,280
Outside Labor:		
One (1) @ $2.50/hr. $350.00/mo. @ 18 months		$ 6,300
Plus 15% tax & insurance on $66,780		$ 10,017
TOTAL PERSONAL SERVICES (b)		$ 82,077

(c) OPERATING MATERIALS AND SUPPLIES:

Actual invoice costs on operations to date have been summarized and converted to cost per foot as itemized on following page:

7. ESTIMATE OF COSTS (Con't):

(c) OPERATING MATERIALS AND SUPPLIES (Con't):

Track - Inc. splice bars, bolts & spikes	$ 2.31
Timber - based on 30% of total footage	1.25
Explosives	5.80
Air Line - 4"	.86
Water Line - 3"	.56
Vent Tubing	2.59
Drill Steel	.75
** Repairs & Maintenance (see g)	3.25
Fuel-diesel, gasoline, lube, oil, etc.	1.63
Hand Tools-hose, pipe fittings, nails, etc.	1.00
Total cost per foot	$20.00

2350 feet of drifts @$20.00/foot = $47,000

TOTAL OPERATING MATERIALS AND SUPPLIES (c) $ 47,000

(d) OPERATING EQUIPMENT:

Furnished by applicant and at the property:

1 - Compressor 450 cfm	used	$12,000
1 - 2½ Ton Diesel Trammer	used	7,000
1 - 12-B Mucker	used	4,000
7 - 2 Ton Cars	used	4,900
1 - 5000 cfm Fan	new	2,600
2 - Jacklegs	(new	1,300
	(used	600
1 - Arc Welder	new	700
1 - Acety-Oxy Welder	new	300
1 - Pickup Hvy Duty 4-WD	new	4,100
Equipment costs market value		$37,400

OPERATING EQUIPMENT (d)
$37,400 X 1/60 month X 24 months $ 14,960

(e) INITIAL REHABILITATION AND REPAIRS:

Completed by applicant. $ 2,400

(f) NEW BUILDINGS, FIXTURES & INSTALLATIONS:

See EXHIBIT K

7. ESTIMATE OF COSTS (Con't):

(f) NEW BUILDINGS, FIXTURES & INSTALLATIONS (Con't):

Shop, supply buildings, clearing, leveling site, roads, trestle, etc. (Completed by applicant)	$ 9,700	
Portal, outside trackage & 1400 feet of 6' x 8' drift completed by applicant prior to O.M.E. participation.	$127,900	
TOTAL NEW BUILDINGS, ETC. (f)		$137,600

(g) MISCELLANEOUS:

** 1. Repairs & maintenance estimated in 7 (c)		
2. Analytical work-600 samples Assay for silver, lead, zinc $4.00 per sample	$ 2,400	
3. Accounting, office rent, typing, telephone $300.00/month @ 24 months	$ 7,200	
TOTAL MISCELLANEOUS (g)		$ 9,600

Summary of estimated costs for drifting and drilling:

(a) Independent Contracts	$ 86,306	
(b) Personal Services	82,077	
(c) Operating Materials and Supplies	47,000	
(d) Operating Equipment	14,960	
(e) Initial Rehabilitation and Repairs	2,400	
(f) New Buildings, Fixtures and Installations	137,600	
(g) Miscellaneous	9,600	
TOTAL ESTIMATE OF COSTS		$379,943
Applicants expenditure prior to O.M.E. participation		$140,000
Balance of estimated project costs		$239,943
Additional expenditure by applicant		$ 60,000
O.M.E. Loan Applied For		$179,943 ?

Exhibit A

NEW MIDWEST MINING, LTD.
650 - 17th St., Suite 812
Denver, Colorado 80202

April 29, 1969

Mr. E. A. Rhatican, Vice President
Cherry Creek National Bank
East 1st Ave. at St. Paul St.
Denver, Colorado 80206

Dear Mr. Rhatican:

I would appreciate your considering this revised application for a loan in the amount of $180,000. Time and progress to date has resulted in a downward revision of our previous request dated January 27, 1969.

The purpose of the loan is for mineral exploration of a group of patented and unpatented mining claims now under lease that are located approximately five miles north of Creede, Colorado, in a proven mineralized zone. To date we are expending a total of $200,000 to develop an adit and structures necessary for the exploration venture. The total cost is estimated at $380,000 prior to production. Loan proceeds would be advanced over a period of thirty months as required.

The C.F.& I.Steel Corp. and Allan R. Phipps are the major cash contributors of the $200,000 limiting the corporate and individual liability to this specific amount through New Midwest Mining, Ltd.

The collateral offered is a lien on all equipment, material, real and personal property of New Midwest Mining, Ltd. which has an approximate value of $55,000. In addition, we would offer a lien on all production.

We respectfully request a ten-year term with no principal payments being made for the first two years, and after two years, paying 10% of all net smelter returns on ore produced from the property.

Very truly yours,

NEW MIDWEST MINING, LTD.
By: GATEWAY ACCESS CORPORATION
General Partner

By Charles A. Warlin
Asst. Treasurer

CAD//c

CHERRY CREEK NATIONAL BANK
OF DENVER
EAST FIRST AVENUE AT ST. PAUL STREET 388-4331
DENVER, COLORADO 80206

May 1, 1969

MAY 2 REC'D

New Midwest Mining, Ltd.
650 - 17th Street, Suite 812
Denver, Colorado 80202

Attention: Mr. Charles A. Davlin

Gentlemen:

Your revised application of April 29, 1969 for a loan of $180,000.00 to be used for exploration of patented mining claims has been carefully considered by our Committee. It was felt that the purpose was too risky to qualify for a loan with our Bank. Your application was, therefore, declined.

We are very sorry that we are unable to assist you in this matter.

Very truly yours,

E. A. Rhatican
Vice President

mp

NEW MIDWEST MINING, LTD.

650 - 17th St., Suite 812
Denver, Colorado 80202

April 29, 1969

Mr. Robert W. Specht, Vice President
The First National Bank of Denver
P. O. Box 5808
Denver, Colorado 80217

Dear Mr. Specht:

I would appreciate your considering this revised application for a loan in the amount of $180,000. Time and progress to date has resulted in a downward revision of our previous request dated January 27, 1969.

The purpose of the loan is for mineral exploration of a group of patented and unpatented mining claims now under lease that are located approximately five miles north of Creede, Colorado, in a proven mineralized zone. To date we are expending a total of $200,000 to develop an adit and structures necessary for the exploration venture. The total cost is estimated at $380,000 prior to production. Loan proceeds would be advanced over a period of thirty months as required.

The C.F.& I. Steel Corp. and Allan R. Phipps are the major cash contributors of the $200,000 limiting the corporate and individual liability to this specific amount through New Midwest Mining, Ltd.

The collateral offered is a lien on all equipment, material, real and personal property of New Midwest Mining, Ltd. which has an approximate value of $55,000. In addition, we would offer a lien on all production.

We respectfully request a ten-year term with no principal payments being made for the first two years, and after two years, paying 10% of all net smelter returns on ore produced from the property.

Very truly yours,

NEW MIDWEST MINING, LTD.
By: GATEWAY ACCESS CORPORATION
General Partner

By Charles A. Dawkins
Asst. Treasurer

CAD/c

THE FIRST NATIONAL BANK OF DENVER

P. O. BOX 5808 TELEPHONE 303-266-2211

DENVER, COLORADO 80217

BRYAN J. WILLIAMS
VICE PRESIDENT

April 29, 1969

Mr. Charles A. Davlin
Assistant Treasurer
Gateway Access Corporation
650 - 17th Street
Denver, Colorado 80202

Re: Loan application -
New Midwest Mining, Ltd.

Dear Mr. Davlin:

Your application of April 29 on the above described loan has been reviewed by the Bank. While the mining claims which you refer to may well be valuable, we are not in a position to evaluate their worth and therefore, we must decline your loan application.

Very truly yours,

Bryan J. Williams
Vice President

BJW/da

Exhibit B

MINING DEED

THIS DEED made this 17th day of August, 1968, between COLE D. NEFF, ELWOOD N. NEFF and ALFRED M. NEFF (hereinafter referred to as "Grantor", whether one or more) and NEW MIDWEST MINING, LIMITED, a limited partnership of Denver, Colorado (hereinafter referred to as "Grantee");

WITNESSETH:

That the grantor for and in consideration of Ten Dollars and other valuable considerations, receipt of which is hereby acknowledged, does hereby sell and convey to the grantee all of those certain mining claims situated in the King Solomon Mining District, Mineral County, State of Colorado, to-wit:

Name of Claim	Mineral Survey Number
Big Chief Lode Mining Claim	U.S.M.S. No. 7386
Small Hope Lode Mining Claim	U.S.M.S. No. 7386
Little Chief Lode Mining Claim	U.S.M.S. No. 7386
Maid of Erin Lode Mining Claim	U.S.M.S. No. 7386
Highland Chief Lode Mining Claim	U.S.M.S. No. 7386
Ground Hog Lode Mining Claim	U.S.M.S. No. 16305
Edith Lode Mining Claim	U.S.M.S. No. 16300
Mogul Lode Mining Claim	U.S.M.S. No. 7386

TOGETHER with all and singular the mines and minerals within the lines of said claims, their dips, spurs and extra-lateral lines, and all dumps, severed ore, fixtures, improvements, rights and appurtenances thereunto in anywise pertaining.

STATE OF Colorado)
) ss.
COUNTY OF Jefferson)

Subscribed and sworn to before me by the aforesaid COLE D. NEFF this 17th day of August, 1968.
Witness my hand and seal.
My commission expires December 29, 1969.

Raymond J. Behr
Notary Public

STATE OF WASHINGTON)
) ss.
COUNTY OF KITSAP)

Subscribed and sworn to before me by the aforesaid ELWOOD N. NEFF this 21st day of AUGUST, 1968.
Witness my hand and seal.
My commission expires 7/25/70.

Arthur W. Fritz
Notary Public

STATE OF Calif)
) ss.
COUNTY OF San Mateo)

Subscribed and sworn to before me by the aforesaid ALFRED M. NEFF this 6th day of AUGUST, 1968.
Witness my hand and seal.
My commission expires 4-11-71.

Edward J. McDonald
Notary Public

ASSIGNMENT OF MINING LEASE

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, Charles A. Davlin of Denver, Colorado (hereinafter referred to as "Assignor") for and in consideration of the sum of Ten and More Dollars in hand paid by New Midwest Mining Limited, a limited partnership having offices in Denver, Colorado, (hereinafter referred to as "Assignee"), does hereby sell, assign, transfer, set over and convey unto the said assignee all of assignor's right, title and interest in and to that certain mining lease dated October 1, 1967 by and between John R. Jackson, et al. and assignor and pertaining to and describing the following mining claims situated in the King Solomon Mining District, Mineral County, State of Colorado, to-wit:

GATEWAY	recorded in Book	4-C	Page 109[1]
GATEWAY #1	recorded in Book	4-C	Page 109[2]
GATEWAY #2	recorded in Book	4-C	Page 120
GATEWAY #3	recorded in Book	6-E	Page 31
GATEWAY #4	recorded in Book	6-E	Page 32

together with any and all rights that the said assignor may have or claim in and to said lease or said mining claims and any equipment, fixtures or improvements situated upon or appurtenant to said mining claims.

TO HAVE and to hold the interest herein assigned unto assignee, its successors and assigns forever subject only to the terms and provisions set forth in the Articles of Limited Partnership pertaining to assignee and relating to assignor's rights to a reassignment of the hereinabove described mining lease and mining claims.

IN WITNESS WHEREOF, assignor has executed this assignment as of this 20th day of August, 1968.

Charles A. Davlin
CHARLES A. DAVLIN

STATE OF COLORADO)
) ss.
COUNTY OF Mineral)

Subscribed and sworn to before me by the aforesaid CHARLES A. DAVLIN this 20 day of Aug., 1968.
Witness my hand and seal
My commission expires . My Commission expires April 14, 1969

C Elae Rogers
Notary Public

M I N I N G L E A S E

THIS AGREEMENT, made and entered into as of the 1st day of October, 1967, by and between JOHN R. JACKSON AND INEZ M. JACKSON, DBA GATEWAY MINES, whose address is Creede, Colorado, Owners of premises hereinafter leased, parties of the first part (hereinafter referred to collectively for all pusposes as "LESSORS") and CHARLES A. DAVLIN, whose address is Room 812, 650 Seventeenth Street, Denver, Colorado 80202, party of the second part (hereinafter referred to for all purposes as "LESSEE"),

W I T N E S S E T H:

THAT FOR AND IN CONSIDERATION of the sum of One Hundred Dollars ($100.00) paid by LESSEE TO LESSORS, the receipt and sufficiency of which is hereby acknowledged and admitted, and in consideration further of the covenants and agreements hereinafter set forth to be kept and faithfully performed by LESSEE, as hereinafter stated and reserved, LESSORS hereby LEASE, LET, GRANT and DEMISE unto LESSEE, and LESSEE'S assigns and successors insofar as permitted herein, the exclusive right and privilege to enter immediately upon, and take the sole and exclusive possession and control of the following mining property and premises situate in the King Solomon Mining District in the County of Mineral and State of Colorado, to-wit:

MINERAL COUNTY LODE LOCATION RECORDS

GATEWAY	recorded in book	4-C	Page 109^1
GATEWAY #1	recorded in book	4-C	Page 109^2
GATEWAY #2	recorded in book	4-C	Page 120
GATEWAY #3	recorded in book	6-E	Page 31
GATEWAY #4	recorded in book	6-E	Page 32

TOGETHER WITH, all and singular, the appurtenances thereto, including water rights, ways, easements, ditches and flumes used in connection therewith, and the ores, metals, and minerals therein or thereunder, or to which the right to mine and remove from ground beyond the boundaries thereof extends by law (all of which property is hereinafter referred to collectively as the "Leased Premises").

TO HAVE AND TO HOLD the Leased Premises unto the LESSEE for a TWENTY (20)-YEAR TERM commencing at noon on the 1st day of October, 1967, and expiring at noon on the 30th day of September, 1987, unless sooner surrendered, forfeited, cancelled, or otherwise terminated, as hereinafter permitted or required, for all purposes reasonably incident to exploration for, and sampling, developing, mining, handling, processing, and disposing of all ores, metals, and minerals (hereinafter sometimes referred to as the "Leased Deposits") which are or may be found therein or thereunder or which may be recovered from ground beyond the boundaries of the Leased Premises by virtue of the location, ownership and possession thereof according to law, TOGETHER WITH THE RIGHTS:

(A) To construct, improve, equip, repair, maintain, and operate all kinds of buildings, plants, works, structures and appliances as may be necessary or convenient for the development, mining, handling, processing and marketing of the Leased Deposits;

(B) To use the surface and subsurface of the Leased Premises in such manner and to such extent as may be necessary or convenient for the exercise of the rights and privileges herein granted;

(C) To use, so long as this Agreement shall be and remain in full force and effect, the surface, subsurface, and underground workings within or appurtenant to the Leased Premises to the extent necessary or convenient for the development, mining, handling and processing of ores, metals, and minerals from other properties then owned, leased,or otherwise controlled by LESSEE;

(D) To assign, sublease, or otherwise encumber or transfer LESSEE'S interest in this Agreement, provided, however, that LESSORS' written consent thereto is first obtained, in the manner hereinafter provided, specifically approving all terms and conditions of such assignment, sublease, or other encumbrance or transfer.

IN CONSIDERATION OF THE PREMISES, LESSEE hereby covenants and agrees with LESSORS, as follows:

1. Method of Work and Manner of Development. LESSEE will work and maintain the Leased Premises in the manner required by good and economical mining practice for the operation and preservation thereof for mining purposes during and throughout the TERM and existence of this Agreement, so as to take from each of the Leased Deposits mined the greatest amount of ore possible but with due consideration to the special covenants herein contained and with due care taken to develop and preserve the Leased Premises as a workable mining property upon termination of this Agreement. LESSEE shall do no underhand stoping below the level of any working level, shaft, or winze servicing such stope, and shall not do any stoping or breaking of ore or rock within twenty (20) feet of any working shaft, winze, or raise.

2. Size, Maintenance, and Timbering of Underground Openings. LESSEE agrees to make all working shafts at least four (4) feet by eight (8) feet in the clear, all drifts and tunnels at least three and one-half (3-1/2) by six and one-half (6-1/2) feet in the clear; and all winzes and raises at least three and one-half (3-1/2) by seven (7) feet in the clear, except that said shafts, winzes,and raises shall be divided by proper timbering into two

compartments, one of which shall be a manway provided with ladders in the manner required by law, and LESSEE will keep all shafts, tunnels, drifts, and other workings thoroughly drained, clear of projections, loose rock, waste and rubbish and otherwise in a safe and proper condition; provided, however, that LESSEE may fill all completed and closed stopes with waste material, in good and minerlike manner. LESSEE will timber all drifts, raises, shafts, tunnels, winzes, or other workings adequately as and where necessary and as safety requires, and will replace all timbers, where needed, in all shafts, tunnels and other workings of said property, except in "pulled" or shrinkage stopes.

3. Development Work Requirements. LESSEE shall be required to perform all initial site preparation, including construction of buildings, bulldozing, and all incidental work work required, and in addition thereto, LESSEE shall be required to complete adit to connect with the Midwest Tunnel as located upon adjacent property, owned by Cole D. Neff, et al, and currently leased by and on behalf of LESSEE. LESSEE shall not be required to perform development work on leased premises so long as LESSEE is diligently drifting, raising, sinking, or cross-cutting through adjacent property for the purpose of completion of Midwest Tunnel and raising to Knauss adit for ventilation. Upon completion of the stated development program, LESSEE shall be required to perform development work on these leased premises of not less than twenty (20) lineal feet of exploration per month, drifting, raising, or sinking to best develop the property. The development work herein contemplated shall be limited to the development of the specified underground workings, openings and access-ways and shall not be deemed to include drill-holes and similar exploratory openings which will not admit the entry of a person. In the event exploration or development work of any kind shall disclose a deposit or deposits of ores, metals or minerals in commercial quantities which can be economically mined, the LESSEE is obligated to mine any such deposit or deposits in the manner and within such period of time as will yield to LESSORS during the TERM of this Agreement the royalties contemplated as consideration for the granting of this Mining Lease, and (second) that exhaustion of any such deposit or deposits by mining operations shall not be deemed to relieve LESSEE from the obligation to continue underground development work thereafter as required in this paragraph.

4. Working of Adjacent or Nearby Properties.

LESSEE may work the Leased Premises by means of entries and workings on adjacent or nearby premises owned, leased or otherwise held by or in behalf of the LESSEE, and the LESSORS may therefore inspect, survey, or require information as hereinafter permitted pertaining to such adjacent or nearby premises.

In the event LESSEE owns, utilizes, leases, or acquires easements or unpatented mining claims through, across, or by means of which access is gained to the Leased Premises, LESSEE shall retain such easements and maintain such unpatented mining claims as required by law or contract or both, so that the benefit thereof shall not be lost to LESSEE during the TERM of this Agreement. LESSEE shall retain all rights and privileges of use of adit and surface developed through LESSOR'S property to adjacent claims in the event that exploration and development work as provided in Section 3 above should prove uneconomical and not feasible. Such decision as to feasibility shall be made only after consultation with LESSORS and independent,competent geological consultation.

5. Milling, Concentrating and Beneficiating of Ores. In the event that Leased Deposits are found to be of sufficient tonnage to justify milling, concentrating or other beneficiation or processing on or near the premises, to the mutual advantage of the parties, the construction, acquisition or leasing, and use of facilities for such purposes shall be the obligation of the LESSEE as a condition of this Agreement. Pending acquisition or completion thereof, low-grade ores mined will be stockpiled on or near the premises and title thereto shall remain and be protected by LESSEE in LESSORS, pending processing and marketing by LESSEE. In the event this Agreement shall terminate for any reason at a time when stockpiled ores remain unprocessed and marketed, title thereto shall continue in LESSORS AND LESSEE shall have no further right, title, or interest therein or thereto.

6. Commingling of Ores Prohibited. LESSEE shall not mix any ores, metals, or minerals produced from the Leased Premises with the ores, metals, minerals or products therefrom derived from any other property.

7. Royalties and Payments. LESSORS reserve and LESSEE shall pay to LESSORS, a royalty on all ores, metals, minerals, and mineral products, whether metallic or non-metallic, derived from the Leased Premises, and determined when the same are sold, transferred or conveyed to a purchaser, user, or consumer other than LESSEE according to the following schedule:

TO: Jacquelyn Van Buskirk Hosselkus. 555 West Palm, San Diego, California,
5% of net mill or smelter returns on all ores extracted from Gateway, Gateway #1 and Gateway #2 claims;

TO: John R. Jackson and Inez M. Jackson, dba Gateway Mines, Creede, Colorado,
5% of net mill or smelter returns on all ores extracted from Gateway, Gateway #1 and Gateway #2 claims, but in no instance less than Fifty (50¢) Cents per ton dry mill or smelter weight;

TO: John R. Jackson and Inez M. Jackson, dba Gateway Mines, Creede, Colorado,

Ten (10%) percent of net mill or smelter returns on all ores extracted from Gateway #3 and Gateway #4 claims, but in no instance less than Fifty (50¢) Cents per ton dry mill or smelter weight.

In addition to royalties above listed, payments shall be made:

TO: Jacquelyn Van Buskirk Hosselkus, 555 West Palm, San Diego, California,

A fee of Ten (10¢) Cents per ton, mill or smelter dry weight, on all ores transported through the Midwest Tunnel from claims other than Gateway, Gateway #1, and Gateway #2 claims. This tunnel royalty shall be paid only on ores treated, and shall not include marginal ores stockpiled or waste or debris.

As used herein, the term "Net Returns" means the gross returns realized by and paid or credited to LESSEE from sales of such ores, metals, minerals, and mineral products to a mill, smelter or other purchaser, user or consumer other than LESSEE, less actual costs of transportation (including freight, insurance, taxes, handling, port, demurrage, delay and forwarding expenses incurred by reason of such transportation) of such ores, metals, minerals, and mineral products from the Leased Premises to the mill, smelter, or other purchaser, user or consumer, if such costs are paid by LESSEE. Gross production, severance and other taxes payable by LESSEE shall also be deducted therefrom to the extent attributable to the LESSORS' foyalty interest, unless such taxes have been theretofore paid by LESSORS and will not be required to be paid by LESSEE.

If LESSEE shall beneficiate, mill, sort, concentrate and otherwise process the ores, metals, minerals or mineral products derived from the Leased Premises, not necessarily on the Leased Premises, prior to sale, transfer or conveyance to a purchaser, user or consumer other than LESSEE, LESSEE shall not be liable for mineral values lost in such processing under sound engineering practices. In the event mineral products are derived from the Leased Premises and used or consumed by or on behalf of LESSEE, or disposed of by LESSEE for use or consumption other than by arms-length sale, the royalty thereon shall be calculated on the basis of the fair market value of such mineral products, in the form as used or consumed, in the manner above provided for the determination of Net Value. The term "fair market value" as used herein shall mean the total market

value of all constituents of such mineral products paid for or required for the use or consumption made of the products at the price quotations for the month of such sale, use or consumption published in the Engineering and Mining Journal for the nearest market to the location of the Leased Premises.

In the event LESSEE has gross income attributable to or otherwise derived from the Leased Premises, as determined for Federal income tax purposes, other than from the sale or delivery of ores, metals, minerals, and mineral products subject to royalty as hereinabove provided, LESSEE shall pay to the LESSORS one-tenth (1/10) of any such gross income as so determined.

Any royalties payable to the LESSORS under this Agreement shall be payable monthly by check drawn by the LESSEE not later than fifteen (15) days after the close of each month for which royalties are due. Such check shall be drawn to the order of LESSORS and shall be mailed to the LESSORS at the address specified in paragraph 12 hereof.

LESSEE shall provide LESSORS, at the time of each payment of royalty, with a written statement summarizing the pertinent data on which the royalty is determined. LESSEE shall, with said statement, furnish LESSORS with duplicate copies of the mill or other purchaser's receipts and settlement sheets for the shipments as to which royalties are accounted for on said statement. As to shipments which were made in that month, but as to which LESSEE shall not have received settlement during said preceding month, the total tonnage of ore shipped from the Leased Premises shall also be shown. Unless LESSORS shall object within ninety (90) days from the mailing of the royalty and said statement, LESSEE shall not be liable to LESSORS in any manner in respect of the royalty for the month in question except by reason of LESSEE'S fraud or willful misconduct.

8. Information to be Furnished and Inspection to be Permitted. LESSEE, upon request of LESSORS, shall make available to LESSORS the books, assay reports, and records of LESSEE as the same relate to the performance by LESSEE of the covenants of this Agreement or in respect of the computation of the royalty due LESSORS. In Addition, upon any termination of this Agreement, LESSEE shall furnish LESSORS with copies of the then most recent mining map or maps of the Leased Premises and with copies of the drilling logs and assay results as to any drill holes which may have been drilled by LESSEE upon the Leased Premises.

LESSEE shall allow LESSORS or their agents to enter upon and into all parts of the Leased Premises from time to time, and at all reasonable times and hours, for the purpose of inspecting or surveying the same, or taking samples therefrom; and will render to LESSORS all proper assistance in connection therewith. Whether the Leased Premises are or may be entered from the surface thereof or through or by means of workings extending from other premises owned, leased, or otherwise held by the LESSEE, the

LESSORS shall have the right to enter upon and into any premises adjacent or near thereto, which may be owned, leased or held by the LESSEE, for the purpose of entry to the Leased Premises and for the purpose of inspecting and surveying the workings in or upon such adjacent or nearby premises.

LESSEE will furnish LESSORS with full, true and accurate information in response to any reasonable request in regard to the condition of underground workings of the Leased Premises, or any part thereof, or as to the general quality of ore exposed therein.

It is understood and agreed that LESSEE shall assume no responsibility for the safety of LESSORS or the agents of LESSORS when and while upon the Leased Premises for such purposes.

9. LESSEE'S Liability and Indemnification. LESSEE, in the operation and development of the Leased Premises, shall be subject to all applicable Federal enactments, the laws of the State of Colorado and all Federal or State rules and regulations regarding Employers' Liability, Workmen's Compensation, Social Security and Unemployment Compensation Insurance, and LESSEE covenants and agrees to indemnify and hold LESSORS harmless from and against the payment of any and all damages, claims, costs and expenses due to the existence of such enactments, and of any and all claims, costs and expenses in connection therewith under any claim of subrogation provided for by said enactments or otherwise; and LESSEE shall further indemnify and hold LESSORS harmless from and against any and all damages, claims, costs and expenses arising out of damages to property or any injuries to or death of the employees of LESSEE, or any other person whomsoever other than LESSORS and those acting under LESSORS, where such injury, death or damage occurs because of or in connection with the use, operation or development in any manner of the Leased Premises, whether such claims are based upon a right conferred by common law or by statute.

10. Property to be Kept Free of Liens and Notices of Non-Liability to be Posted. LESSEE shall pay and satisfy all claims for materials, supplies and labor in connection with the working of the Leased Premises, and shall keep the same free of liens or encumbrances of any and every kind, except such as might result from State and County tax assessments not required to be paid by LESSEE, or such as may result from the acts of others than LESSEE, LESSEE'S employees or those in privity with LESSEE.

LESSEE shall keep posted in conspicuous places about said Leased Premises where work is being conducted by LESSEE, and shall duly record, when required by laws of the State of Colorado, such notices as will inform whom it may concern that the same is operated under lease and that LESSORS shall not be liable for any of the expenses or charges of operation. If the LESSEE fails or refuses to post notices of non-liability as herein required, LESSORS shall have the right to do so at any time.

11. Taxes. The following general provisions shall govern the parties to this Agreement with respect to the apportionment of taxes between them:

(a) LESSORS shall pay all Federal, State and County income and other taxes of any kind assessed against LESSORS on account of the receipt by LESSORS of royalties herein provided to be paid to LESSORS by LESSEE.

(b) LESSEE shall pay all State and County tax assessments, if any, upon said Leased Premises, and upon any and all structures and other improvements, machinery, equipment, tools, supplies and personal property whatsoever used or placed upon the Leased Premises by LESSEE, and shall furnish LESSORS with evidence of the payment of such tax assessments.

(c) Such State and County taxes, if any, as may be measured by or assessed because of the severance or production by LESSEE of Leased Deposits shall be prorated between and shall be paid by LESSEE AND LESSORS in proportion to their respective participations in the proceeds thereof.

(d) LESSEE shall promptly pay any payroll and income taxes, liability for which might create a lien upon LESSEE'S interest in the Leased Premises.

12. Notices. Any notice, payment, or delivery to any party hereto pursuant to this Agreement shall be in writing and delivered in person or by registered mail as follows:

(a) To LESSORS: c/o JOHN R. JACKSON
Creede, Colorado 81130

(b) To LESSEE: CHARLES A. DAVLIN
812 - 650 Seventeenth Street
Denver, Colorado 80202

The above addresses may be changed by the specified party upon written notice to the other party, provided that not more than one address is specified, in care of one individual, for the party concerned. Service of notice by mail shall be deemed effective and complete upon the date of mailing in accordance herewith. Personal service of notice upon the designated addressee shall be deemed sufficient service of notice and no mailing of notice shall be necessary in case of such personal service.

In any case where the consent of LESSORS is requested by LESSEE pursuant to this Agreement, the individual specified in this paragraph 12 as the addressee for notices directed to LESSORS shall act as LESSORS' agent and attorney-in-fact with respect thereto, and the written consent of

said individual in behalf of LESSORS shall constitute LESSEE'S authority, as to matters specified therein, from each and every individual one of the LESSORS.

13. Termination of Agreement. This Agreement may be terminated, at the option of LESSORS, upon default by LESSEE in the performance of the obligations set forth herein by giving notice to LESSEE of LESSORS' election to forfeit the Agreement, and by specifying in such notice the matters in which LESSEE is in default; provided, however, that such forfeiture shall be inoperative if, within fifteen (15) days of the effective date of such notice, LESSEE remedies the matters of default specified by LESSORS. Upon forfeiture, LESSORS may re-enter and retake possession of the Leased Premises, subject to the further conditions of this paragraph 13.

LESSEE may cancel and surrender this Agreement as of the end of any month by delivery to LESSORS of a written notice to that effect at least sixty (60) days before the close of said month, provided all royalties and other sums due and payable to LESSORS are paid to the effective date of such surrender. LESSEE shall, on or before such effective date of surrender, deliver to LESSORS a recordable release and quit claim of all rights under this Agreement as to the Leased Premises. Upon complete surrender, LESSEE shall be relieved of all obligations hereunder, except that no surrender shall relieve LESSEE from its obligation to pay any royalty payments which were payable, but unpaid prior to the effective date of surrender. No surrender shall relieve LESSEE from its obligation to pay any royalties as to ores, metals or minerals mined and shipped or sold prior to the effective date of surrender, or from any obligation hereunder arising out of any act or omission of LESSEE prior to the effective date of surrender.

All permanent improvements, such as buildings and installed underground air and water lines, installed underground power lines and installed underground trackage (rails, plates, spikes and ties), now existing or installed by LESSEE at any time during the TERM of this Agreement, shall, upon termination, become the property of the LESSORS; but the LESSEE, at any time during the TERM of this Agreement and for a period of ninety (90) days after the termination hereof, shall have the right to remove all movable machinery and other personal property placed upon the Leased Premises by him during the TERM of this Agreement, subject to the other provisions of this paragraph 13. Underground supports shall not be removed.

The LESSEE shall keep all fixtures, improvements, and facilities or other assets of any kind in good repair at all times. Upon the termination of this Agreement by expiration, surrender or otherwise, LESSEE shall immediately restore the premises in good order and condition to LESSORS. LESSEE agrees to deliver and surrender said premises, together with buildings and improvements thereon, but exclusive of any and all movable machinery and equipment placed thereon by LESSEE, to LESSORS in such good condition as above stated

upon the expiration of this Agreement by lapse of time, without demand or notice, and deliver and surrender the same to the LESSORS upon any termination of this Agreement as herein provided.

It is further understood and agreed that in the event LESSEE shall be in default with respect to any provision of this Agreement, all personal property of LESSEE located within or upon the Leased Premises, and all buildings, machinery, equipment, and tools shall, in case of forfeiture, surrender or other termination of this Agreement, remain upon the Leased Premises, and be held as a guarantee in lieu of bond until all terms with respect to payment of royalties and the preservation of the property have been complied with. Upon such compliance with and performance of such conditions and obligations, LESSEE shall be entitled to, and may, within ninety (90) days after such termination or within such extension of time as may be granted by LESSORS, remove such property and improvements from the Leased Premises.

14. Miscellaneous Provisions. LESSEE will occupy and hold as the property of the LESSORS, all cross and parallel lodes, dips, spurs, angles and mineral deposits of every kind disclosed and discovered within the Leased Premises, subject to this Agreement, without regard to the identity of the person or persons disclosing or discovering the same.

If LESSORS own a less interest in the Leased Premises, or any part thereof, than the entire and undivided fee simple estate, then the royalties herein provided for shall be paid the LESSORS only in the proportion which their interest bears to the whole and undivided fee of that portion of the Leased Premises from which ore is extracted.

No transfer of any interest of LESSORS as to any portion or portions of the Leased Premises, which may hereafter occur by operation of law or otherwise, shall impose upon LESSEE any obligation of segregation of production or accounting.

This Agreement shall be subject to the laws of the State of Colorado and to the rules and regulations of the regulatory bodies of such State having jurisdiction thereof, and to all other applicable State and Federal Laws, rules and regulations.

All obligations of LESSEE shall be suspended while, but only as long as LESSEE is prevented from complying with such obligations in whole or in part by strikes, acts of God, unavoidable accidents, uncontrollable delays in transportation, inability to obtain or transport necessary materials or services in the open market, any State or Federal Law, regulation or order, or other matters, exclusive of financial inabilities of LESSEE, beyond the reasonable control of LESSEE, whether similar to the matters herein specifically enumerated or not; Provided, however,

that performance shall be resumed within a reasonable time after such cause has been removed; and Provided further, that LESSEE shall not be required, against LESSEE'S will, to adjust any labor dispute or to question the validity or to refrain from judicially testing the validity of any State or Federal order, regulation or law.

The failure of any party hereto to insist upon a strict performance of any of the terms, conditions and covenants herein, shall not be deemed a waiver of any rights or remedies that such party may have, and shall not be deemed a waiver of any subsequent breach or default in the terms, conditions and covenants herein contained. This Agreement may not be changed, modified or discharged orally.

The paragraph headings in this Agreement are inserted only as a matter of convenience and in no way define the scope of this Agreement or the intent of any provision thereof.

It is mutually understood and agreed that the covenants and agreements contained in this Agreement shall inure to the benefit of and be binding upon the parties hereto and upon their respective successors, heirs, assigns, executors and administrators, subject to the provisions hereof.

This Agreement shall be executed in form suitable for recording and may be recorded by any party hereto.

Definitions. As used in this Agreement, or as in this paragraph particularly specified, the following terms shall be defined and construed as in the following subparagraphs required:

(a) "Noon" as used in connection with the TERM of this Agreement, shall mean the hour of twelve o'clock meridian, local time, whether such local time shall then be standard or daylight time as prescribed by law.

(b) "Workshift" shall mean the labor of one (1) man for a total of eight (8) hours in any one (1) twenty-four (24) hour day.

(c) "Ton" shall mean a short ton of two thousand (2000) pounds.

IN WITNESS WHEREOF, LESSORS and LESSEE have respectively signed and sealed this Agreement as of the day and year first above written.

LESSORS:

John R. Jackson

John R. Jackson

Inez M. Jackson

Inez M. Jackson

LESSEE:

Charles A. Davlin

Charles A. Davlin

STATE OF COLORADO)
) SS.
COUNTY OF MINERAL)

The foregoing instrument was acknowledged before me this 16 day of October, 1967, by JOHN R. JACKSON, who resides at Creede, County of Mineral, and State of Colorado, as one of the LESSORS described therein.

Witness my hand and official seal.

My Commission expires My Commission expires April 14, 1969.

Ellie Rogers
Notary Public

STATE OF COLORADO)
) SS.
COUNTY OF MINERAL)

The foregoing instrument was acknowledged before me this 16 day of October, 1967, by INEZ M. JACKSON, who resides at Creede, County of Mineral, and State of Colorado, as one of the LESSORS described therein.

Witness my hand and official seal.

My commission expires My Commission expires April 14, 1969

Ellie Rogers
Notary Public

STATE OF COLORADO)
) S.S.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 12th day of October, 1967, by CHARLES A. DAVLIN, whose address is Room 812, 650 Seventeenth Street, City and County of Denver, and State of Colorado, the LESSEE described therein.

Witness my hand and official seal.

My Commission expires September 16, 1970.

Irene Schmidt
Notary Public

COPY

MINING DEED

THIS DEED made this 13th day of JANUARY, 1969, between GATEWAY ACCESS CORPORATION, a Colorado corporation, (hereinafter referred to as "Grantor") and NEW MIDWEST MINING, LTD., a limited partnership of Denver, Colorado (hereinafter referred to as "Grantee");

WITNESSETH:

That the grantor for and in consideration of Ten Dollars and other valuable considerations, receipt of which is hereby acknowledged, does hereby sell and convey to the grantee all of those certain mining claims situated in the King Solomon Mining District, Mineral County, State of Colorado, to-wit:

Name of Claim	Recording Data Book	Page
Gateway No. 5	7-E	21
Gateway No. 6	7-E	22
Gateway No. 7	7-E	34
Gateway No. 8	7-E	23
Gateway No. 9	7-E	24
Gateway No. 10	7-E	25
Gateway No. 11	7-E	26
Gateway No. 12	7-E	27
Gateway No. 13	7-E	28
Gateway No. 14	7-E	29
Gateway No. 15	7-E	30
Gateway No. 16	7-E	31
Gateway No. 17	7-E	32
Gateway No. 18	7-E	33

which mining claims were erroneously described as being located by Gateway Access, Inc. rather than by Gateway Access Corporation, the true owner thereof.

TOGETHER with all and singular the mines and minerals within the lines of said claims, their dips, spurs and extra-lateral lines, and all dumps, severed ore, fixtures, improvements, rights and appurtenances thereunto in anywise pertaining.

Grantor hereby covenants for itself, its successors and its assigns that the above described premises are free and clear of all liens and encumbrances.

IN WITNESS WHEREOF, grantor has executed this Mining Deed as of this 13th day of JANUARY, 1969.

GATEWAY ACCESS CORPORATION

ATTEST:

/s/ C. KIRK
C. Kirk, Secretary

By /s/ R. L. WAHL JR.
R. L. Wahl, President

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

The foregoing instrument was acknowledged before me this 13th day of JANUARY, 1969, by R. L. Wahl as President, and C. Kirk as Secretary, of Gateway Access Corporation.

Witness my hand and official seal.

My commission expires Feb. 2, 1969.

/s/ Ruth M. Mix
Notary Public

COPY

ARTICLES OF LIMITED PARTNERSHIP
FOR
NEW MIDWEST MINING, LTD.

THIS AGREEMENT, made and entered into as of the first day of June, 1968, by and between GATEWAY ACCESS CORPORATION, a Colorado corporation, hereinafter referred to as "General Partner", CF&I STEEL CORPORATION, a Colorado corporation, ALLAN R. PHIPPS of Denver, Colorado, CLARA V. S. PHIPPS of Denver, Colorado, CHARLES M. STEELE of Creede, Colorado, CHARLES A. DAVLIN of Denver, Colorado, JOHN R. JACKSON of Creede, Colorado, COLE D. NEFF of Evergreen, Colorado, ELWOOD N. NEFF of Bremerton, Washington, and ALFRED M. NEFF of San Carlos, California, all of whom shall sometimes hereinafter be referred to collectively as "Limited Partners";

WITNESSETH:

The parties hereto in consideration of the mutual covenants contained herein hereby form a limited partnership under the provisions of the Limited Partnership Act of the State of Colorado in accordance with the following terms and conditions:

ARTICLE I

Name of the Limited Partnership: The name of the limited partnership shall be New Midwest Mining, Ltd., with any changes thereof or variations therein which may be necessary to comply with statutory requirements in any of the states in which the limited partnership may do business.

ARTICLE II

Character of the Business of Partnership: The business of the partnership shall be the acquisition of mineral properties, mineral royalties and mineral leasehold interests, the exploration and testing of mineral properties by the construction of mine shafts or core drilling or by any other means, the development and operation of such properties in the event any of the same prove productive, and the production and marketing of all minerals of all kinds which may be produced from such properties, including the construction and operation of milling, smelting, or other processing facilities and the operation thereof, and the disposition of any mineral interest or properties or any produced mineral or any equipment or supplies acquired by the partnership and the doing of any and all things incident thereto. Without in any way limiting the foregoing, it shall be the primary and initial purpose of the limited partnership to explore and develop, by drilling, stoping and other means, the mining properties to be contributed by the limited partners of the second and third classes and to dedicate the capital contributions of the limited partners of the first class to the exploration and development of such properties. In any event the exploration and development of such properties shall be completed by June 1, 1972 or at such date as the agreed capital contributions of the limited partners of the first class have been totally expended, whichever date is first to occur.

ARTICLE III

Location and Principal Place of Business: The location of the principal place of business of the partnership shall be at Suite 812, 650 - 17th Street, Denver, Colorado 80202. Further,

the business of the corporation shall be conducted at and from such additional places of business as may be selected from time to time by the general partner.

ARTICLE IV

Names, Place of Residence and Designation of Partners: The name, place of residence and designation of the partners as a general or limited partner or, as among the limited partners, according to limited partnership classification, is as follows:

Name	Place of Residence	Type of Partner
A. General Partner		
Gateway Access Corporation	Suite 812 650 - 17th Street Denver, Colorado 80202	General
B. Limited Partners		
1. Limited Partners of the First Class		
CF&I Steel Corporation	Continental Oil Building Denver, Colorado 80202	Limited
Allan R. Phipps	Suite 812 650 - 17th Street Denver, Colorado 80202	Limited
Clara V. S. Phipps	Suite 812 650 - 17th Street Denver, Colorado 80202	Limited
Charles M. Steele	Creede, Colorado	Limited
2. Limited Partners of the Second Class		
Charles A. Davlin	Suite 812 650 - 17th Street Denver, Colorado 80202	Limited
John R. Jackson	Creede, Colorado	Limited
3. Limited Partners of the Third Class		
Cole D. Neff	Box 86, Route 1 Evergreen, Colorado 80439	Limited
Elwood N. Neff	2125 Parker Place Bremerton, Washington 98310	Limited
Alfred M. Neff	2840 Tramanto Drive San Carlos, California 94070	Limited

ARTICLE V

Term of Partnership: The term for which the limited partnership is to exist shall commence on June 1, 1968 and shall continue thereafter until June 1, 1988 unless earlier dissolved in accordance with the provisions of these Articles of Limited Partnership.

ARTICLE VI

Capital Contributions of the Partners: The partners hereby agree to make capital contributions to the partnership in the form of cash and property as follows:

A. The limited partners of the first class agree to make cash contributions to the limited partnership in the aggregate sum of $200,000, less any amounts which may be secured for the benefit of the partnership pursuant to funds obtained through the Office of Minerals Exploration of the Department of the Interior. As among the limited partners of the first class their agreed capital contributions shall be made on the basis of the limited partner CF&I Steel Corporation's paying the first $50,000 of required cash capital funds for the partnership business; by the limited partners Allan R. Phipps, Clara V. S. Phipps and Charles M. Steele paying the second $50,000 of any capital funds required for the partnership business on the basis of said Allan R. Phipps bearing 73% of such contributions, Clara V. S. Phipps bearing 9% of such contributions and Charles M. Steele bearing 18% of such contributions. As to capital funds in excess of $100,000 and up to the aggregate maximum of $200,000 to be contributed by the limited partners of the first class, such excess funds shall be contributed entirely by CF&I Steel Corporation, or, at the election of the remaining limited partners of the first class, one-half by the limited partner CF&I Steel Corporation, and one-half by the remaining partners of the first class, Allan R. Phipps, Clara V. S. Phipps and Charles M. Steele. If the said Allan R. Phipps, Clara V. S. Phipps and Charles M. Steele elect to contribute their one-half share of capital funds required in excess of $100,000, then the allocation of partnership income among the limited partners of the first class shall be as set forth hereinafter in Article IX of these Articles of Limited Partnership. In the event the said Allan R. Phipps, Clara V. S. Phipps and Charles M. Steele do not elect to contribute a one-half share of any capital requirements of the limited partnership in excess of $100,000, then as between the limited partners of the first class the allocation of partnership income shall be modified so that the limited partner of the first class, CF&I Steel Corporation, receives an increased percentage of partnership income, which shall be in the same proportion that the amount of capital investment made by the said limited partner CF&I Steel Corporation bears to the total of all capital contributions made by the limited partners of the first class. To illustrate the provisions of this contribution formula, if the limited partners of the first class have contributed their initial agreed capital contribution of $100,000 and if thereafter an additional $100,000 is required from them by reason of their commitment to contribute an aggregate of $200,000 to the capital needs of the partnership's business, then if the limited partner CF&I Steel Corporation contributes $50,000 of such additional capital funds, and the remaining limited partners of the first class also contribute $50,000 of such remaining capital funds, the limited partner CF&I Steel Corporation shall continue to own only a 40% share of partnership income as specified in Article IX below and the remaining limited partners of the first class shall continue to own an aggregate 30% of such partnership income. However, in the event the entire additional capital contribution of $100,000 is contributed solely by the limited partner CF&I Steel Corporation with the result that it has contributed an aggregate of 75% of the agreed capital contribution of the limited partners of the first class, then the partnership percentage incomes relating to the limited partners of the first class shall be adjusted so that the limited partner CF&I Steel Corporation is allocated 75% of 70% and the remaining limited partners of the first class will be allocated 25% of 70%.

B. The limited partners of the second class shall contribute property to the limited partnership consisting of an assignment of all right, title and interest in that certain mining lease of October 1, 1967 pertaining to the Gateway, Gateway No. 1, Gateway No. 2, Gateway No. 3 and Gateway No. 4 mining claims in the King Solomon Mining District, Mineral County, State of Colorado, which mining lease is by and between John R. Jackson and Inez M. Jackson, d/b/a Gateway Mines, as lessors, and Charles A. Davlin as lessee, and it is agreed that such contributed property shall be deemed to have a value for the purpose of this agreement of $15,000.

C. The limited partners of the third class shall contribute to the limited partnership property consisting of the patented mining claims Big Chief, Small Hope, Little Chief, Maid of Erin, Highland Chief, Ground Hog, Edith Lode and Mogul Lode, situated within the King Solomon Mining District, Mineral County, State of Colorado, and more further described in United States Mineral Survey No. 7386, No. 16305 and No. 16300, and having for the purposes of this agreement an agreed value of $75,000.

The contribution of the limited partner CF&I Steel Corporation shall be due and payable August 1, 1968 and the remaining capital contributions to be made by limited partners of the first class shall be payable as required by the capital needs of the limited partnership as determined by the general partner and at the times called for by the general partner. The property contributions to be made by the limited partners of the second and third class shall be made by the execution of assignments and mining deeds concurrent with the execution of these Articles of Limited Partnership.

ARTICLE VII

Additional Capital Contributions of Partners: No additional capital contributions shall be required by the partners unless such additional contributions shall be agreed to by all partners, it being understood that under no circumstances shall the limited partner CF&I Steel Corporation be firmly obligated to contribute in excess of $150,000 in cash to the partnership and that the remaining limited partners of the first class shall not be firmly obligated to contribute in excess of $50,000 to the partnership, and that the limited partners of the second and third classes shall not be obligated to contribute any cash or property to the partnership other than those property contributions hereinabove specified to be made by them.

ARTICLE VIII

Return of Partners' Capital Contribution: Subject to the rights of third party creditors of the partnership, and subject to the provisions of Article XVI providing for transfer of the partnership assets to a corporation for further development, the property contributions made by the limited partners of the second and third classes shall be returned to them upon dissolution of the partnership in the then existing condition of such properties with the partnership having the right to remove prior to the return of such properties any and all equipment, supplies and improvements which may theretofore have been made by the partnership and which have not become affixed to the respective properties. Prior to the return of such properties any partner holding an encumbrance against such properties by way of mortgage or otherwise shall release such encumbrance, whether the debt secured thereby be paid or unpaid. There shall be no distribution of any income from the business of the partnership, nor, in the event of dissolution, shall any cash funds then held by the partnership, be paid to any partners until

such time as there has been payment, to the extent possible, of the claims of third party creditors and following such payments and thereafter until limited partners of the first class have been reimbursed for the full amount of their actual cash contributions to the partnership.

ARTICLE IX

Distribution of Partnership Income: The profits, income, gain and credits of the partnership shall be allocated to the partners on the basis that initially all such profits, income, gains and credits shall be dedicated to reimbursing the limited partners of the first class for their capital cash contributions and following the time that such capital cash contributions of the limited partners of the first class have been repaid, then said profits, income, gains and credits shall be allocated to the general partner and to the limited partners in the following percentages:

Name of Partner	Share of Profits
Gateway Access Corporation	0.000%
CF&I Steel Corporation	40.000%
Allan R. Phipps	21.900%
Clara V. S. Phipps	2.700%
Charles M. Steele	5.400%
Charles A. Davlin	2.500%
John R. Jackson	2.500%
Cole D. Neff	16.668%
Elwood N. Neff	4.166%
Alfred M. Neff	4.166%
Total	100.000%

In the event any partner within a given class of limited partners fails to contribute any part of his capital contribution commitment, his proportionate share in profits, income, gain and credits shall be reduced proportionately and allocated to the remaining limited partners within his limited partnership class; provided, however, that nothing contained herein shall relieve any class of limited partners of their obligation to contribute all amounts due hereunder.

ARTICLE X

Losses, Expenses or Deductions: All losses, expenses or income tax deductions incurred by the partnership shall be allocated among the partners on the following basis: (a) first to the limited partners of the first class in proportion to their respective cash contributions until the total losses, expenses and deductions so allocated shall equal the total cash contributions of the limited partners of the first class; (b) then to all partners in accordance with the relative percentages set forth in Article IX above.

ARTICLE XI

Capital of the Partnership: A given partner's interest in the partnership capital shall be equal to his, her or its respective balances in such partner's capital account.

ARTICLE XII

Limitation of Liability of Limited Partners: Losses, expenses and deductions of the partnership shall be allocated among

the limited partners as set forth in Article X above pertaining to losses, expenses or deductions. Except to the extent of its or his interest in the partnership assets, and the unpaid balance of its or his capital contribution commitment, a limited partner shall have no liability for or on account of any losses of the partnership, and to the extent that losses of the partnership exceed its assets plus any unpaid balance of any limited partners' capital contribution commitment, such losses shall be borne solely by the general partner.

ARTICLE XIII

Partnership Funds: Funds of the partnership shall be deposited in The First National Bank of Denver, Denver, Colorado, and in such other banks as the general partner shall select and shall be subject to withdrawal upon check, draft or order signed by the general partner.

ARTICLE XIV

Books and Records: The general partner shall keep proper and usual books and records pertaining to the partnership's business, showing all of its assets and liabilities, receipts and disbursements, profits and losses, partners' capital contributions and distributions, and all transactions entered into by the partnership. The books and records and all files of the partnership shall be kept at its principal office (except such other records and files as are needed in the field or at other offices of the partnership), and all partners and their representatives shall at all reasonable times have free access thereto for the purpose of inspecting or copying the same. The books of the partnership shall be kept on a calendar year basis.

ARTICLE XV

Audits and Reports: The books of the partnership shall be audited as of the close of the fiscal year by Haskins & Sells, certified public accountants, and a copy of its certified audit reports, which shall include a statement of assets and liabilities as of the end of the calendar year and a statement of receipts and expenditures for such calendar year, shall be furnished by the general partner to each of the limited partners within sixty (60) days after the close of the calendar year.

ARTICLE XVI

Payment of Operating Expenses: In the event the cash contributions which are hereby obligated to be made by the limited partners of the first class are insufficient to permit the partnership to continue the business of the partnership, including the production and operation of any given mineral property, then the general partner shall notify all partners of such fact, giving at such time to each of said partners an estimate as to the amount of additional funds required for the purpose of carrying on the partnership business. If all of the limited partners elect to participate in contributing to the required amount of requested capital, they shall do so in proportion with their income percentages specified in Article IX above within fifteen (15) days from the date they receive such notification. In the event that not all limited partners elect to contribute ratably to such required funds, then any limited partner or partners may loan such funds to the partnership at their election but without being required to do so. In the event a given partner or a group of partners should elect to loan such funds to the partnership, such loaned funds

shall be on the basis of a one-year loan bearing interest at the rate of ten per cent (10%) per annum and shall be secured by a mortgage, pledge or lien against all of the partnership assets, but which shall be subordinate to any prior existing pledge, lien or mortgage as to such assets. In the event such a loan or loans are made by any partner or group of partners, it shall be conclusively presumed that all remaining partners have consented to the partnership's entering into such loan agreement on the terms and conditions herein outlined.

Further, if the general partner shall determine the existence of a commercial mineable ore body on any of the partnership properties and also determines that financing the development and mining of such ore body may be accomplished more advantageously by the establishment of a corporation organized for such purpose, then the general partner may transfer, without restriction, all of the partnership assets (including any properties contributed by limited partners of the second and third class) to a corporation which shall have as its principal purpose the future exploration, development and disposition of the mineral properties previously owned by the partnership. The partners shall also transfer their interests in this partnership to such corporation on a tax exempt basis in exchange for pro-rata stock interests in the corporation. The corporation shall be organized under article provisions authorizing pre-emptive rights of purchase by the shareholders in future stock issues and the initial ownership of stock in such corporation shall be upon the following stock basis:

(a) As to Class A stock which shall be a voting non-par common stock class:

CF&I Steel Corporation	75%
Allan R. Phipps	10%
Clara V. S. Phipps	5%
Charles M. Steele	10%

(b) As to Class B stock which shall be a non-voting non-par common stock class:

Each limited partner shall be entitled to receive from the corporation's initial stock issue that percentage of such stock as is equal to his percentage interest in this partnership as of the date the transfer of partnership interests is made to the corporation. The number of shares of this stock which shall be issued to any given limited partner who also has been issued Class A stock shall be reduced by the number of shares of Class A stock such partner was issued.

With respect to future stock issues of the corporation other than that made in exchange for the partners' interests the partners of the second and third classes shall have the right but not the obligation of purchasing their pre-emptive right shares of such issues by borrowing the funds for such purchase from partners of the first class the funds required for such purchase (and the partners of the first class agree to loan such funds), and by their executing and delivering to the lending partners non-interest bearing promissory notes for the purchase price of such shares. Such notes shall be payable primarily out of 60% of the earnings realized from dividends paid as to the shares purchased with the sums loaned under such promissory notes but shall be payable in full if and when such shares are sold or transferred. Such promissory notes shall also be secured by a pledge of the stock which is purchased by the sums loaned under such promissory notes.

ARTICLE XVII

Cost of Material and Personnel: The partnership shall pay to the general partner the sum of $25.00 per month as compensation for its services under the terms hereof. Expenditures may be made by the partnership for the labor, material, supplies and equipment and for transportation charges and for third party services, insurance, out-of-pocket travel and other expenses, taxes, supervisory costs and camp expenses only if such expenditures are made in connection with the costs of such items which inure directly to the benefit of properties owned by the partnership. Any material purchased from any one of the partners shall be purchased or paid for on the same basis as they would be purchased or paid for if obtained or furnished by some third party.

ARTICLE XVIII

Limitation on Assignability of Interests of Limited Partners: No limited partner shall have the right or power to assign, transfer or otherwise dispose of his interest in the partnership except: (1) to the wife, child or children of such limited partner, either in whole or in part; (2) to any other partner or partners; (3) to secure a bona fide borrowing; (4) by succession or testamentary disposition upon his death; or (5) with the written consent of the general partner; and with those exceptions each of the limited partners agrees with the others that he will not make any such assignment, transfer or other disposition. In the event a given limited partner desires to dispose of his interest, he shall notify all other partners of such fact and of the terms upon which he desires to dispose of such interest or as to the terms upon which he has received a bona fide offer for the purchase of his interest. The notified partners shall have the right to purchase such interest in proportion to their respective partnership percentages on such basis as they may then agree upon with the notifying partner. Any assignment, transfer or other disposition of any limited partner's interest in the partnership shall be subject to all of the terms, conditions, restrictions and obligations of this Agreement, and no assignment made under the provisions of this Article XVIII shall be effective for any purpose until the assignee has, in writing, assumed the obligations of paying his proportionate share of the unpaid capital contribution commitment of the limited partner who has assigned all or a share of his limited partner's interest, but nothing in this Article XVIII contained shall release the limited partner so assigning from his obligation to pay his original capital contribution commitment hereunder, in the event of a default by the assignee of such limited partner.

ARTICLE XIX

Powers and Responsibilities of the Partners: The management and control of the partnership's business shall rest exclusively with the general partner, who, except as herein otherwise provided, shall have all the rights and powers and be subject to all the restrictions and liabilities of a partner in a general partnership. The general partner shall obtain and maintain in force and effect for the benefit of the partnership and all of its partners full and sufficient Workmen's Compensation, Liability and Property Damage Insurance coverage. None of the limited partners shall have any voice or take any part in the control or management of the business of the partnership, nor shall any limited partner have any power or authority to act for or on behalf of the partnership in any respect whatsoever; provided, however, that nothing herein contained shall in any way affect the rights of the limited partners to dissolve the partnership as provided in Article XX hereof.

ARTICLE XX

Dissolution of the Partnership: The partnership shall be dissolved upon the expiration of the term of its existence as specified herein; upon the transfer of the partnership assets to an operating corporation as provided in Article XVI; or at the election of the limited partners of the first class following the time that they have contributed their entire committed capital contribution. In the event of the dissolution of the partnership, except where the partnership is dissolved and the assets transferred to an operating corporation as provided in Article XVI, the properties contributed by the limited partners of the second and third classes shall be reconveyed to their respective owners in accordance with the foregoing provisions of these articles, and all cash and assets then on hand shall be first dedicated to the payment of the debts of the partnership and then to the reimbursement of the limited partners of the first class or any sums which they have paid to the partnership as cash capital contributions and any remaining funds then on hand shall be divided among the limited partners in accordance with the percentages then in existence with respect to the division of income, gains and profits. The winding up of the partnership's affairs and the liquidation and distribution of its assets shall be conducted and managed by the general partner who is hereby authorized to do any and all things which it may deem necessary or convenient for such purposes.

ARTICLE XXI

Partnership Borrowings: The general partner shall have the right to borrow on behalf of the partnership such amounts as it may deem reasonably necessary to provide funds for the partnership business and specifically the general partner shall have the right to secure funds from the United States Government, acting through the Office of Minerals Exploration of the United States Department of the Interior, for the purpose of exploring those mining properties contributed by the limited partners of the second and third classes and all funds secured from any such loan shall be credited against and shall reduce the amount of the cash capital contribution commitment which the limited partners of the first class have herein committed themselves to make. To secure any borrowing the general partner shall have the right to encumber the partnership assets and the income therefrom.

ARTICLE XXII

Execution of Other Documents: The general partner and each limited partner shall sign any documents and do any and all things which may be required to accomplish the formation of the limited partnership contemplated by this Agreement and to assure its continued existence for the term hereinabove provided for and to comply with the statutory requirements of any states in which it may do business.

ARTICLE XXIII

Miscellany: This Agreement contains all representations among the parties hereto and shall not be amended except in writing signed by all the partners. It shall be construed in accordance with the laws of the State of Colorado.

ARTICLE XXIV

Successors and Assigns: Except as herein otherwise specifically provided, this Agreement shall inure to the benefit of and shall be binding upon the heirs, executors and administrators, or other legal representatives, assigns and successors of the parties hereto.

ARTICLE XXV

Construction: When necessary for proper construction, the masculine of any word used in this Agreement shall include the feminine and neuter gender thereof and the singular, the plural and vice versa.

ARTICLE XXVI

Counterparts: This instrument is prepared in multiple counterparts for convenience in execution and each counterpart shall be deemed as an original and when taken together the agreement of the parties.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

GENERAL PARTNER:

GATEWAY ACCESS CORPORATION

ATTEST:

Secretary

By

President

LIMITED PARTNERS:

CF&I STEEL CORPORATION

ATTEST:

Secretary

By

Vice President

Allan R. Phipps

Clara V. S. Phipps

Charles M. Steele

Charles A. Davlin

John R. Jackson

Cole D. Neff

Elwood N. Neff

Alfred M. Neff

Exhibit C

The following claims are recorded at Creede, Colorado:

Amended Location Certificate	Book	Page
Gateway No. 3	7-E	19
Gateway No. 4	7-E	20

Location Certificate	Book	Page
Gateway No. 5	7-E	21
Gateway No. 6	7-E	22
Gateway No. 7	7-E	34
Gateway No. 8	7-E	23
Gateway No. 9	7-E	24
Gateway No. 10	7-E	25
Gateway No. 11	7-E	26
Gateway No. 12	7-E	27
Gateway No. 13	7-E	28
Gateway No. 14	7-E	29
Gateway No. 15	7-E	30
Gateway No. 16	7-E	31
Gateway No. 17	7-E	32
Gateway No. 18	7-E	33

R.L.W.
1/13/69

Sec 12 T22N R19W
Sec 12 T22N R19W
Anchor U
16800
Three Crows
Doughtful
Mound City
Highland Chief
Major Ogrin
Big Chief
Small Hope
Ground Hog
Little Chief
Mogul
Argentine
8459

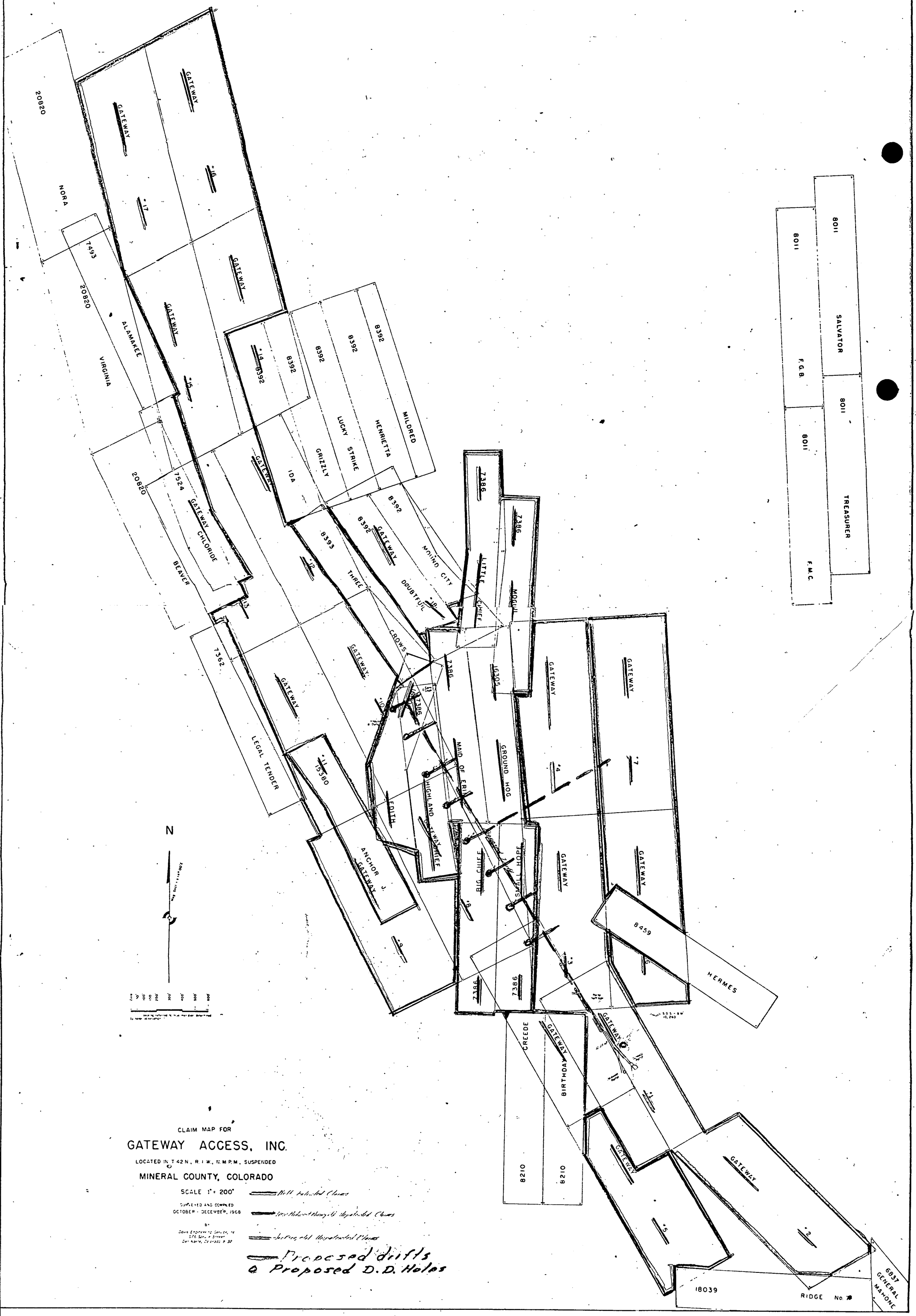
CLAIM MAP FOR
GATEWAY ACCESS, INC.
LOCATED IN T 42 N., R 1 W., N.M.P.M., SUSPENDED
MINERAL COUNTY, COLORADO
SCALE 1" = 200'
SURVEYED AND COMPILED
OCTOBER - DECEMBER, 1968
Proposed drifts
Proposed D.D. Holes
N
GATEWAY
SALVATOR
TREASURER
F.G.B.
F.M.C.
8011
NORA
ALAMAKEE
VIRGINIA
BEAVER
CHLORIDE
MILDRED
HENRIETTA
LUCKY STRIKE
GRIZZLY
IDA
THREE
DOUBTFUL
MOUND CITY
LITTLE CHIEF
MOGUL
CROWS
LEGAL TENDER
FOUTH
HIGHLAND CHIEF
MAID OF ERIN
GROUND HOG
BIG CHIEF
SOUTH LYNS
ANCHOR J.
HERMES
CREEDE
BIRTHDAY
RIDGE No. 7
GENERAL MAHONE
6837
18039
8210
8392
7386
7493
7524
7362
15380
16305
8459
8393
20820

Exhibit D

NEFF MINING PROPERTY
Nelson Mountain
Mineral County, Colorado

Property

The property consists of eight (8) patented claims situated on Nelson Mountain about four (4) miles north of Creede at an elevation of approximately 10,000 feet. The claims are:

Big Chief	#7386	Maid of Erin	#7386
Small Hopes	#7386	Mogul	#7386
Little Chief	#7386	Edith	#16300
Highland Chief	#7386	Ground Hog	#16305

Geology

Thru this property runs a very well defined contact vein between rhyolite and porphyry-rhyolite formations. (Steven* indicates two (2) parallel veins). The vein can be traced for nearly a mile, indicating it to be of major importance. The vein strikes diagonally across Nelson Mountain between the two major producing vein systems in the district...the Amethyst and the Solomon-Holy Moses. Nearly 2,000 feet of this vein is located on the Neff property and with the greatest depth of the vein. Ore, of the sulfide or oxidized types, has been found at points along the vein for 3,700 feet.

History

This vein was discovered by N. C. Creede and Charles Nelson in 1891 before Creede found the famous Amethyst vein. Creede gave up his Nelson Mountain holdings in favor of the rich Amethyst. In the winter of 1892, however, a Mr. Palmer found a rich pocket of ore at point 1 on the enclosed map. He shipped a carload of high grade lead sulfate ore which was reported to contain 1.5 oz. of gold and 28 oz. of silver. In order to better develop the vein, the Nause tunnel was driven at point 2. The vein at this level is well defined, eight to eighteen feet wide with considerable barite but little values. This, however, encouraged driving another tunnel farther down the hill at point 3. Financial difficulties stopped this work several hundred feet short of the vein.

In 1913 Elwood M. Neff became interested in the property. He decided to attack the vein where it outcropped in Nelson Creek, thus minimizing the expensive crosscutting. An old tunnel, at point 4, crossed the strike of the vein in the wash and did not discover it. Mr. Neff opened the vein with tunnel 5 and in 1921 discovered sulfide ore but not in commercial

quantities. In 1924 he leased to the Midwest Mining Company and the Colewood Tunnel, later called the Midwest, was driven at point 6. This tunnel cut the vein at 166 feet and followed it for 909 feet. Orein small quantities was found all along this vein and according to Larsen** contained galena, sphalerite, chalcopyrite and anglesite. The vein is from five to fifteen feet wide with the breast assaying 2% lead and 2 oz silver. Rich pockets along the vein, however, showed 20% lead, 12 oz. in silver and small amounts of zinc, copper and gold. Financial difficulties stopped work by Midwest and during the depression, Mr. Neff was forced to give up the unpatented Colewood claims. These are now owned by Mr. John Jackson and called the Gateways.

Development

This property can best be developed in conjunction with the Jackson claims. The objective of any development should be to gain depth. Steven* lists this vein as a promising prospect in his paper. He states that "... by analogy with other more thoroughly developed veins in the district, the vein here might be more persistent and higher in grade at depth below the zone of argillized wall rocks." The properties are ideally situated for gaining depth by tunneling rather than the more expensive sinking. The most obvious method would be extension of the Colewood Tunnel, or a parallel tunnel in the foot wall. This would give a depth of about 780 feet where the vein crosses the ridge. The ore body, by analogy with others in the area, could be expected to be 1,200 to 1,400 feet below the level of the Colewood Tunnel. Much of this depth could be mined by tunnels driven from East or West Willow Creeks.

Ownership

The Neff property is owned by:

Alfred M. Neff 2840 Tramanto Drive San Carlos, California 94070	1/6th interest
Cole D. Neff Route 1 - Box 117 Evergreen, Colorado 80439	4/6th interest
Elwood N. Neff 2125 Parker Place Bremerton, Washington 98312	1/6th interest

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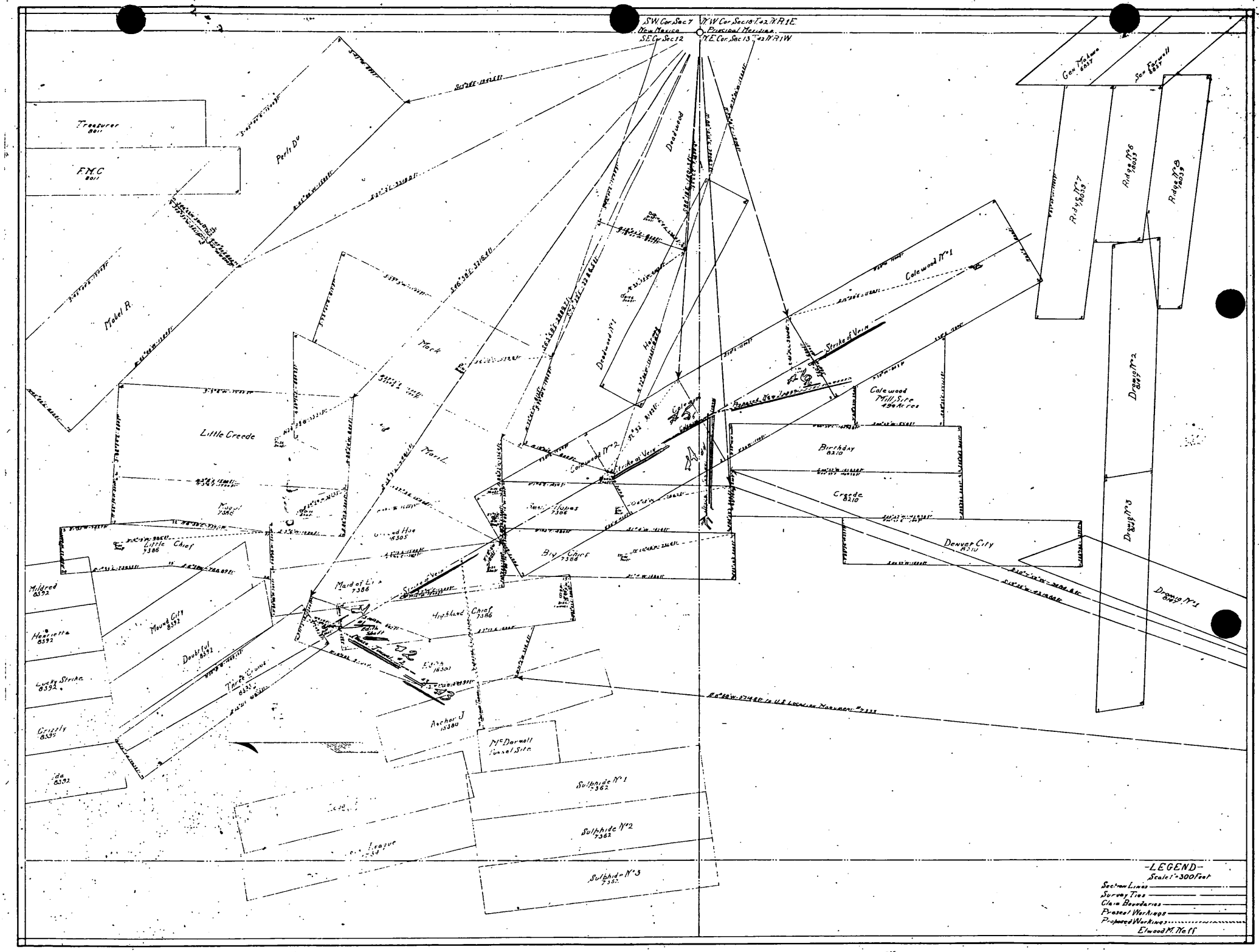
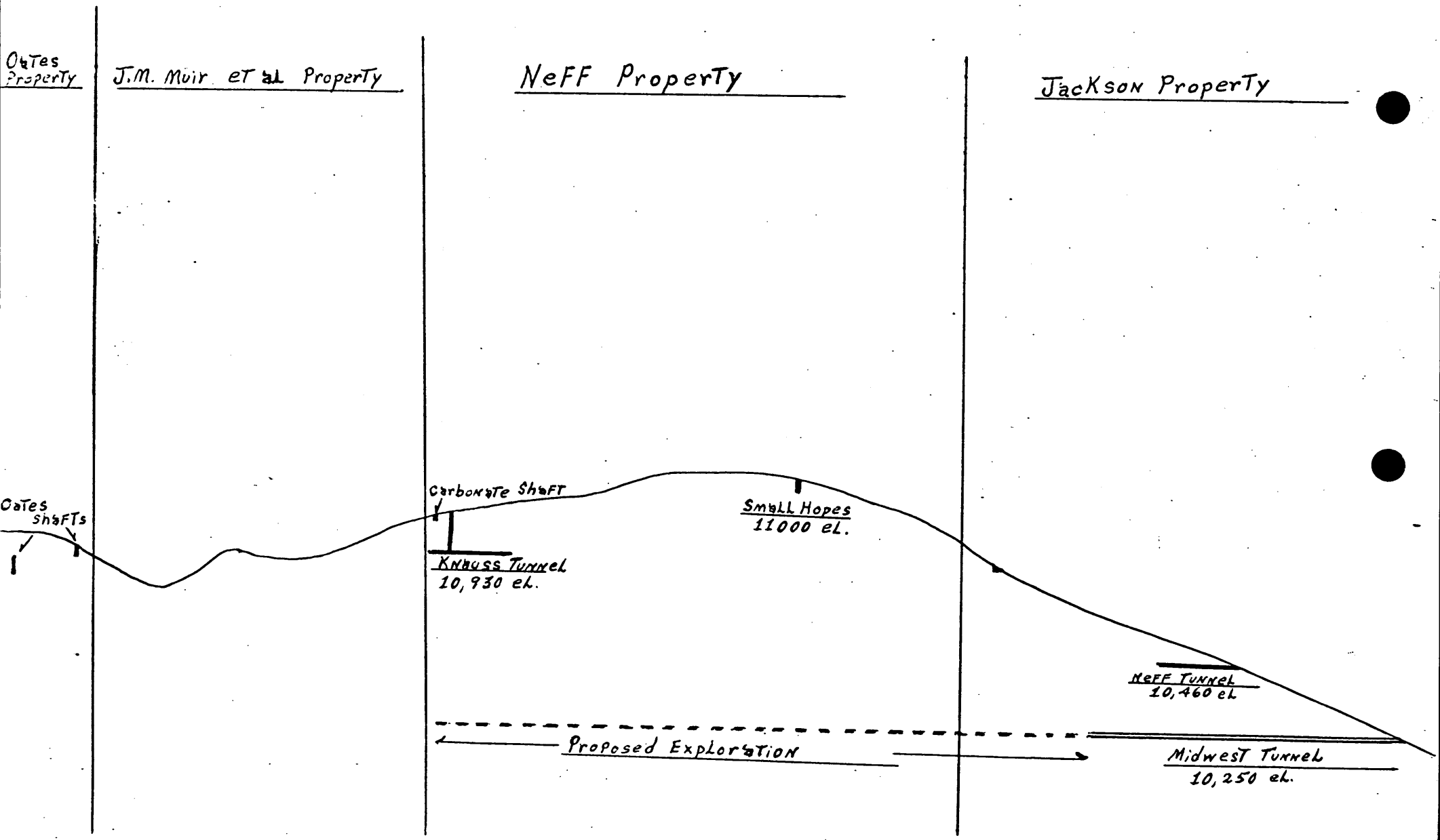
* Steven, T. A., and Ratte', J. C. Geology and Structural Control of Ore Deposition in the Creede District, San Juan Mountains, Colorado USGS Professional Paper 487

** Larsen, E. S., Recent Mining Developments in the Creede District, Colorado USGS Bulletin 811-B


S.W. Cor. Sec 7
New Mexico
S.E. Cor. Sec 12
N.W. Cor. Sec 18 T42 N R1E
Principal Meridian
N.E. Cor. Sec 13 T42 N R1W
Treasurer
F.M.C.
Perth Du
Model R.
Deadwood
Deadwood No 1
Mark
Little Creede
Maud
Little Chief
Mildred
Mound City
Henrietta
Doubtful
Lucky Strike
Grizzly
Ida
Maid of Lin
Highland Chief
Big Chief
Anchor J
McDermott Tunnel Site
Sulphide No 1
Sulphide No 2
Sulphide No 3
Colewood No 1
Colewood No 2
Colewood Mill Site 494 Acres
Birthday
Creede
Denver City
Dragon No 1
Dragon No 2
Dragon No 3
Ridge No 7
Ridge No 6
Ridge No 5
Gen Mahan
Gen Farwell
Strike of Vein
Project New Tunnel
Proposed Shaft
Proposed Winze
Proposed Raise
Proposed Stope
Proposed Tunnel
Proposed Drift
Proposed Cross Cut
Proposed Chute
Proposed Pump
Proposed Ventilation
Proposed Air Shaft
Proposed Ore Bin
Proposed Mill
Proposed Tramway
Proposed Trolley
Proposed Power Line
Proposed Water Line
Proposed Road
Proposed Bridge
Proposed Culvert
Proposed Fence
Proposed Gate
Proposed Cabin
Proposed Tent
Proposed Stable
Proposed Blacksmith Shop
Proposed Machine Shop
Proposed Office
Proposed Warehouse
Proposed Store
Proposed Hotel
Proposed Boarding House
Proposed Bunk House
Proposed Dwelling
Proposed Church
Proposed School
Proposed Post Office
Proposed Telegraph Line
Proposed Telephone Line
Proposed Electric Light Plant
Proposed Water Tank
Proposed Reservoir
Proposed Dam
Proposed Flume
Proposed Pipe Line
Proposed Air Compressor
Proposed Hoist
Proposed Engine
Proposed Boiler
Proposed Tool Shed
Proposed Powder Magazine
Proposed Blacksmith Shop
Proposed Machine Shop
Proposed Office
Proposed Warehouse
Proposed Store
Proposed Hotel
Proposed Boarding House
Proposed Bunk House
Proposed Dwelling
Proposed Church
Proposed School
Proposed Post Office
Proposed Telegraph Line
Proposed Telephone Line
Proposed Electric Light Plant
Proposed Water Tank
Proposed Reservoir
Proposed Dam
Proposed Flume
Proposed Pipe Line
Proposed Air Compressor
Proposed Hoist
Proposed Engine
Proposed Boiler
Proposed Tool Shed
Proposed Powder Magazine
-LEGEND-
Scale 1" = 300 Feet
Section Lines
Survey Ties
Claim Boundaries
Proposed Workings
Proposed Workings
Elwood M. Neff

Sketch of Properties and Tunnels - Shafts - elevations - relationships



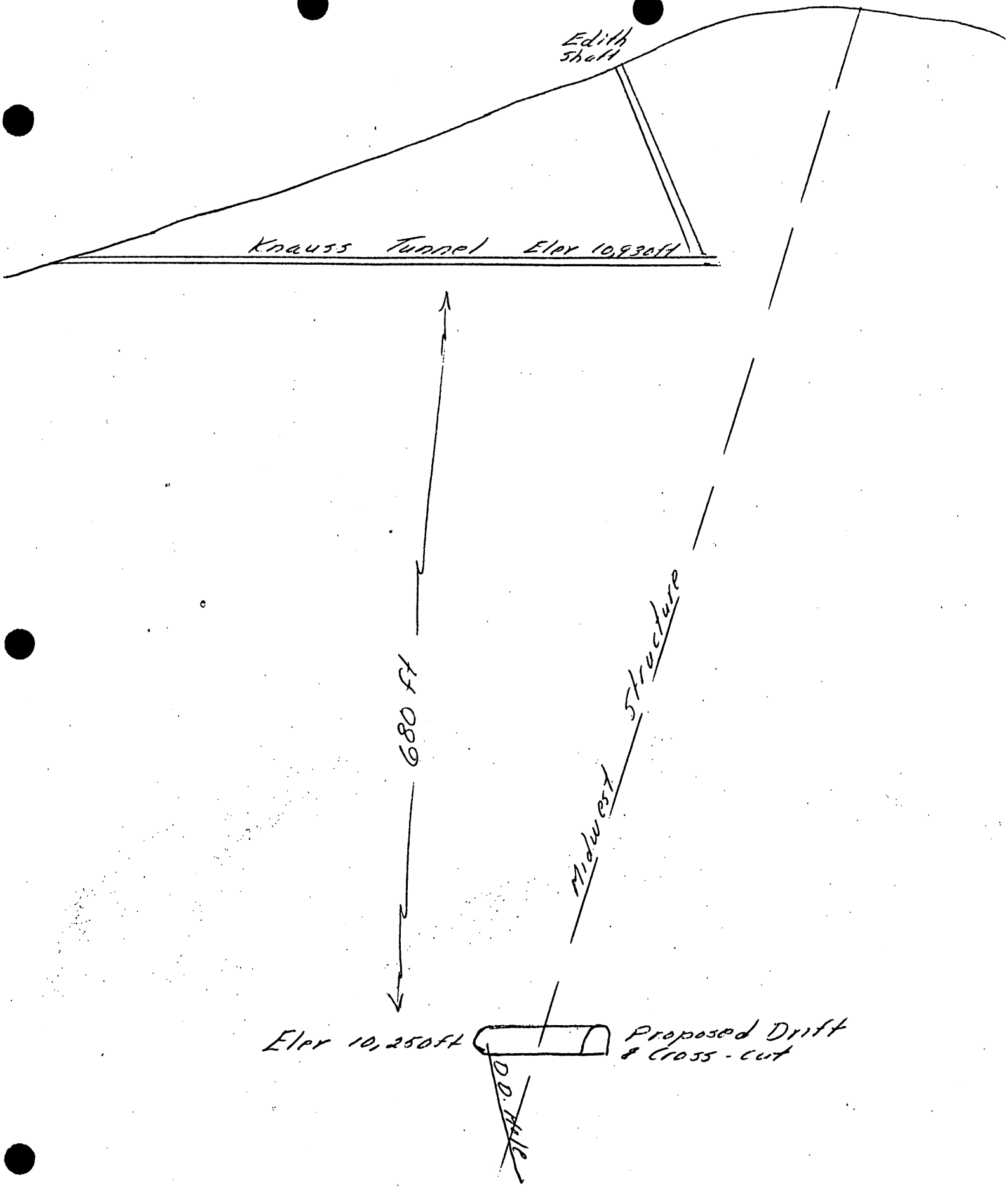
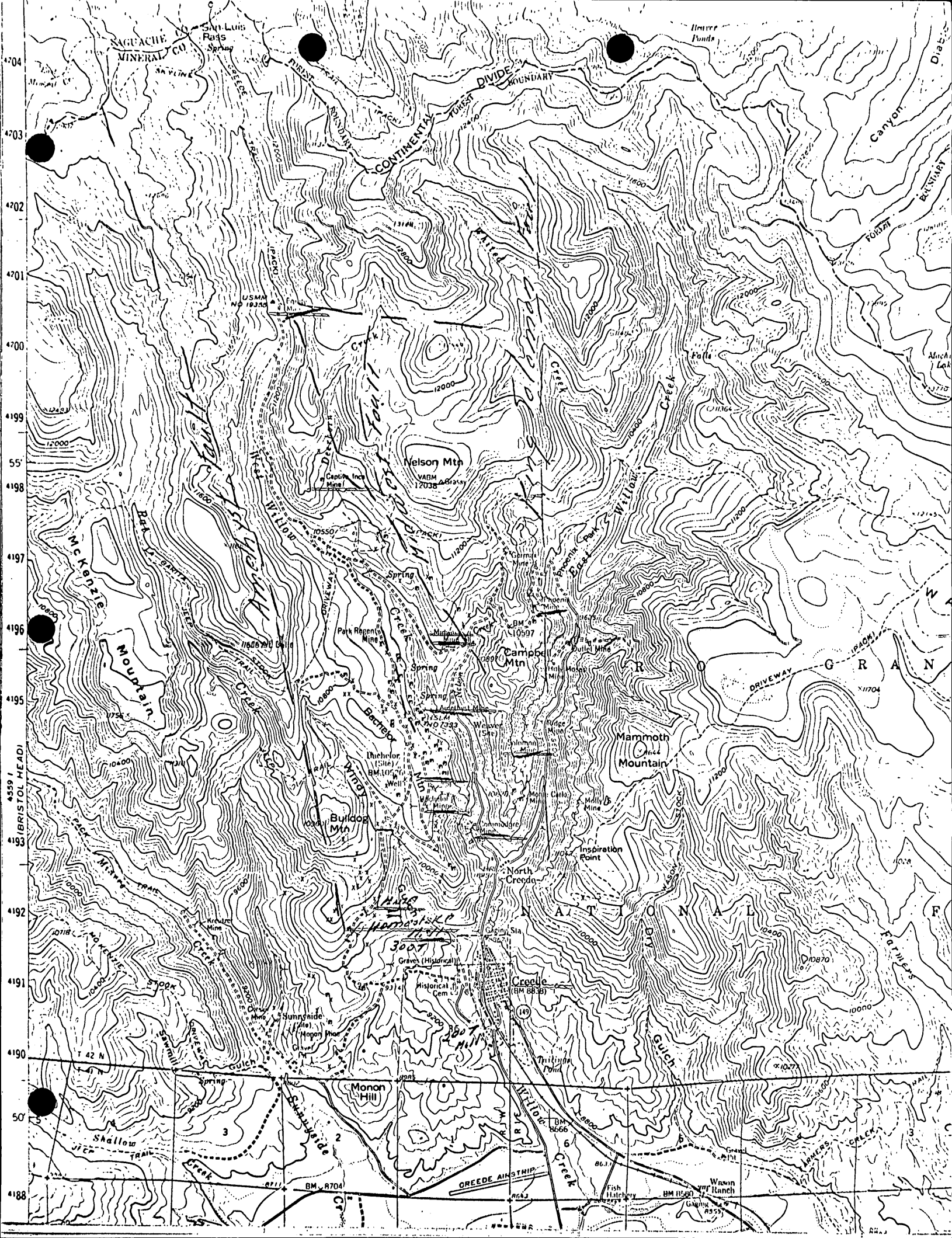

Edith Shaft
Knauss Tunnel Elev 10,930ft
680 ft
Midwest Structure
Elev 10,250ft
Proposed Drift & Cross-cut
D.D. Hole

Exhibit E


SAGUACHE CO
MINERAL CO
San Luis Pass
CONTINENTAL DIVIDE
FOREST BOUNDARY
Beaver Ponds
Canyon
Nelson Mtn
VABM 12038
Captive Inca Mine
West Willow Creek
Deadwood Creek
Willow Creek
Fault
Phoenix Park
East Willow Creek
Park Regents Mine
Campbell Mtn
Outlet Mine
Amethyst Mine
Weaver (Site)
Bachelor (Site)
Bachelor Mine
Mammoth Mountain
Bulldog Mtn
Inspiration Point
North Creede
Creede
Graves (Historical)
Historical Cem
Sunnyside (Site)
Monon Hill
Monon Mine
Thirteen Point
Shallow Creek
McKenzie Mountain
Rat Lake
Wingy Gulch
Farmers Gulch
Dry Gulch
Wason Ranch
Fish Hatchery
CREEDE AIRSTRIP
NATIONAL FOREST
RIO GRANDE
DRIVEWAY
JEEP TRAIL
PACK TRAIL
T 42 N
(BRISTOL HEAD)

Emperius Mining Co.
Homestake Mining Co.
McCulloch Oil Corp.
New Midwest Mining Ltd.
American Smelting & Refining Co.

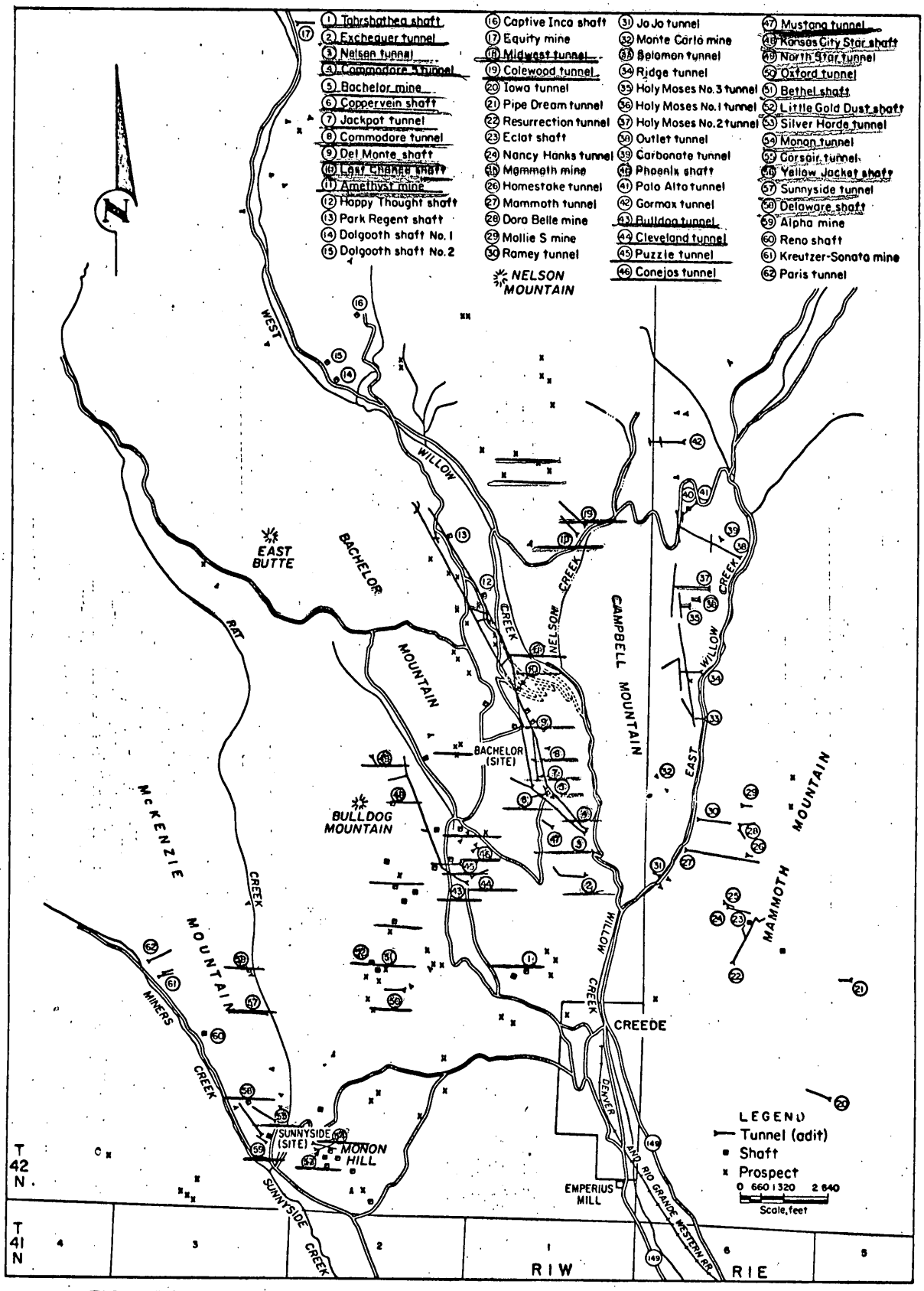
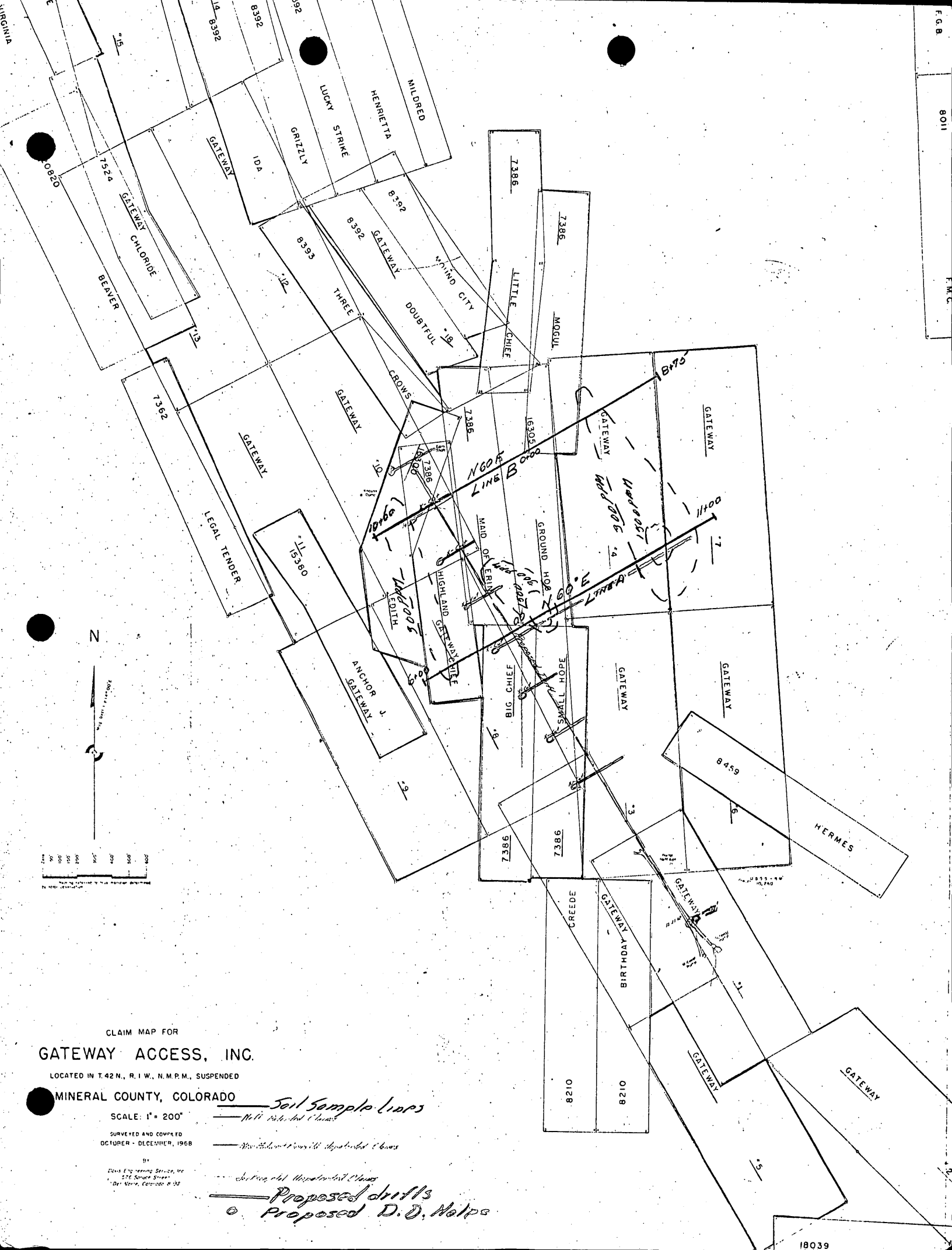
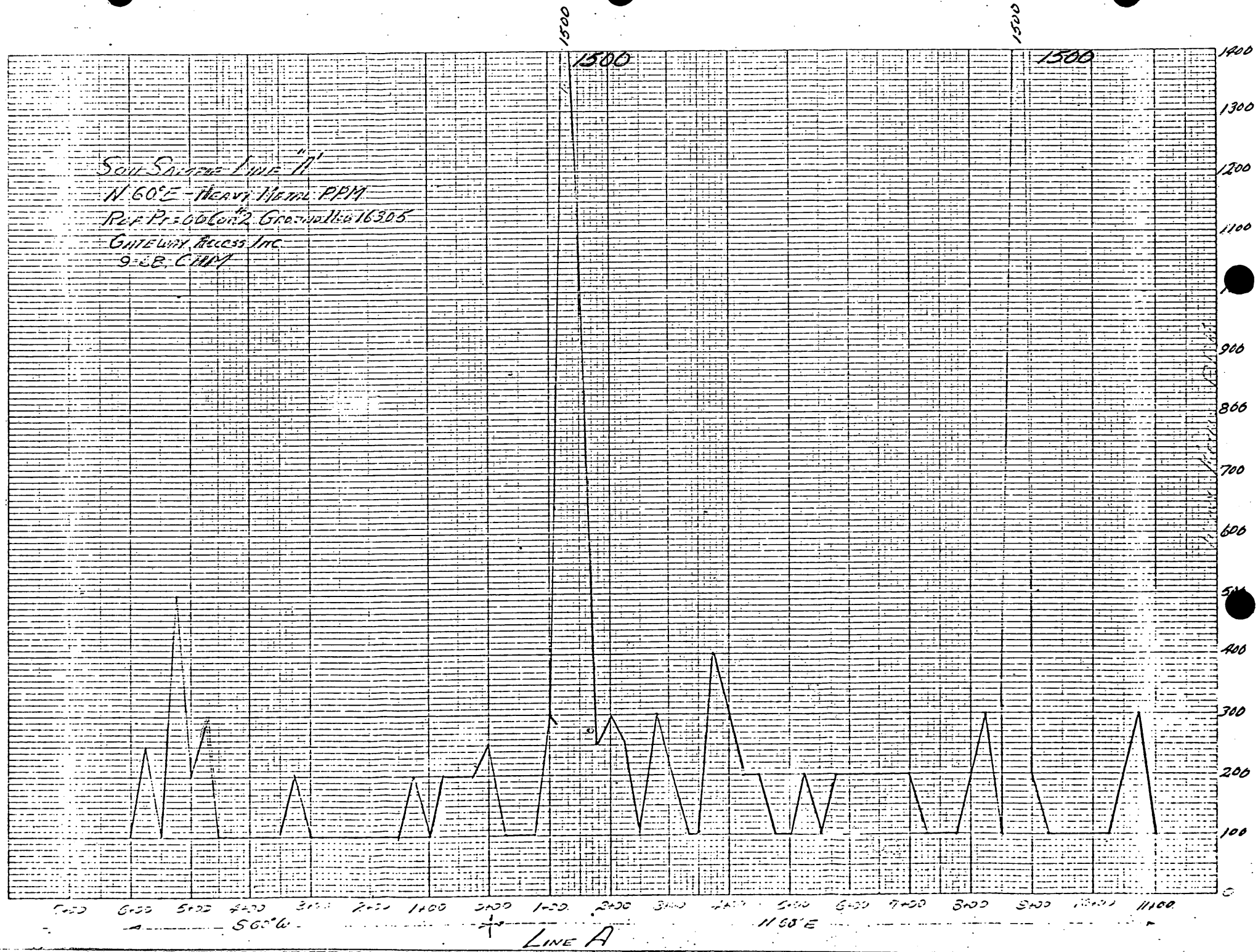


FIGURE 2. - Principal Mines and Prospects, Creede District, Mineral County, Colo.

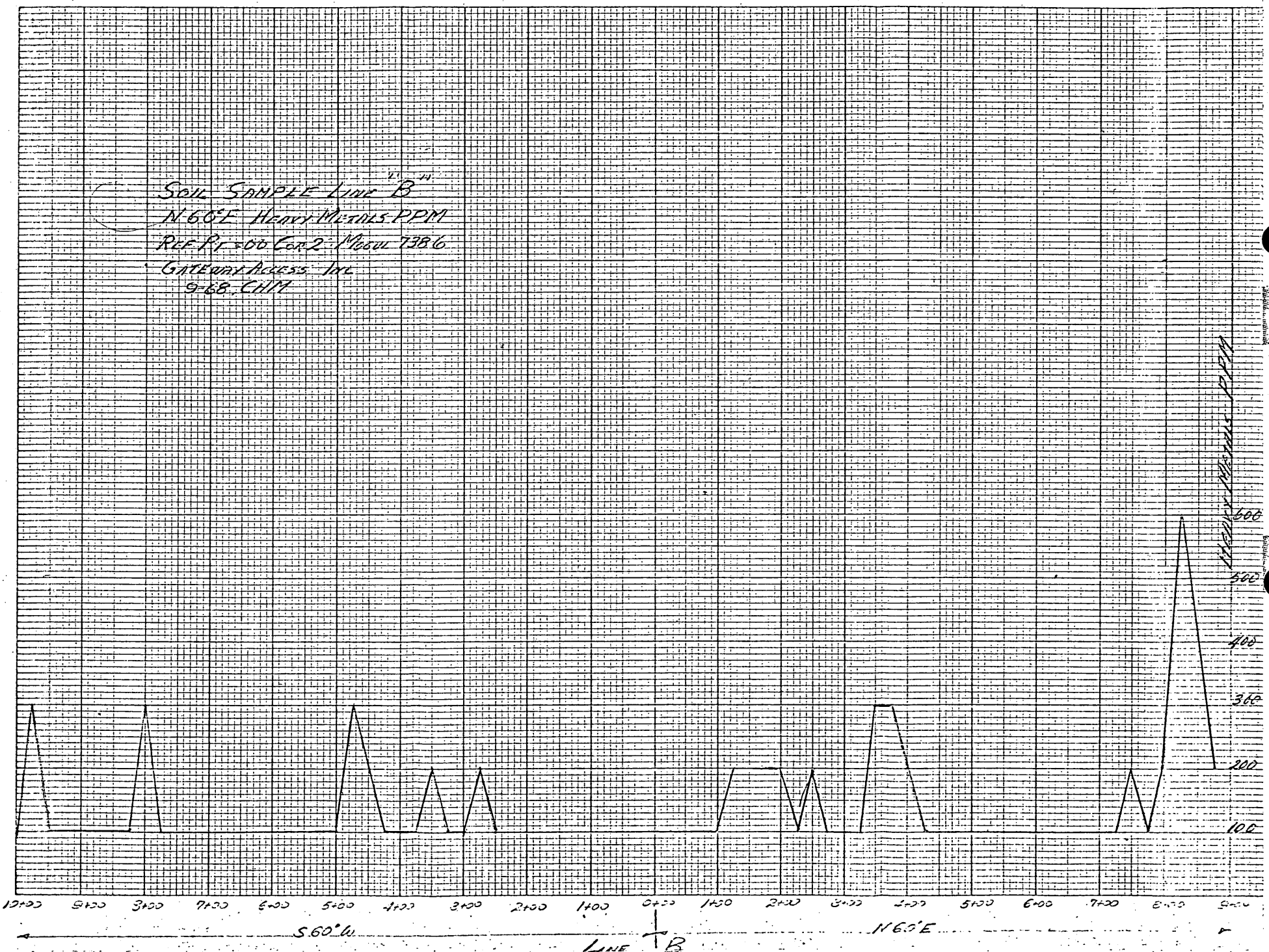
Exhibit F

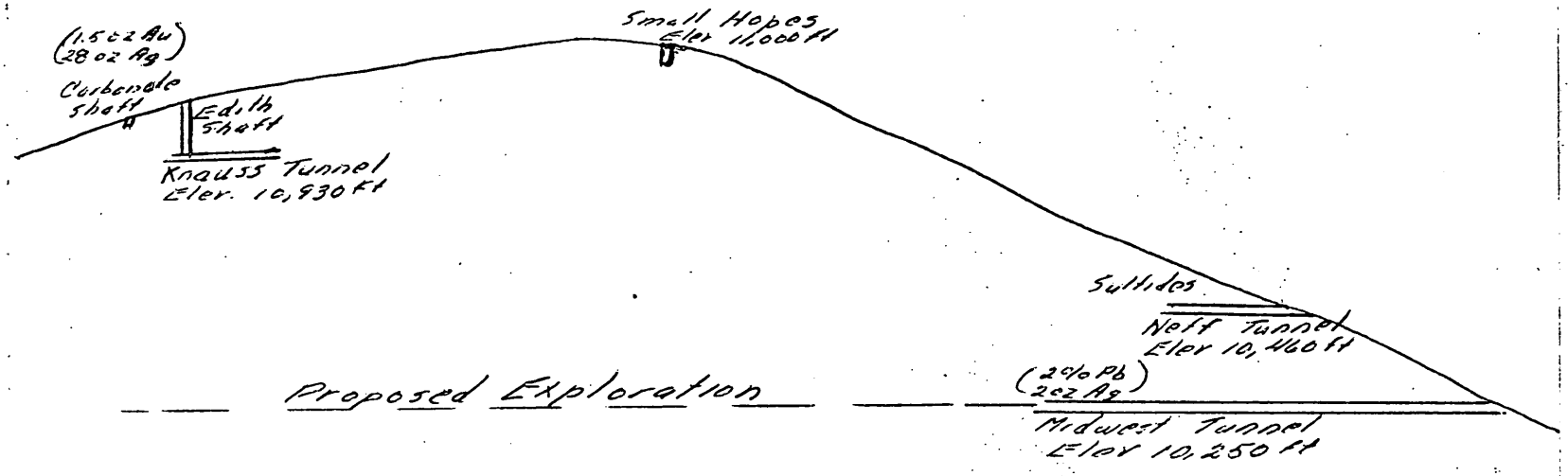

CLAIM MAP FOR
GATEWAY ACCESS, INC.
LOCATED IN T. 42 N., R. 1 W., N.M.P.M., SUSPENDED
MINERAL COUNTY, COLORADO
SCALE: 1" = 200'
SURVEYED AND COMPILED
OCTOBER - DECEMBER, 1968
Soil Sample lines
Proposed drills
Proposed D.D. Holes
N
BEAVER
CHLORIDE
GATEWAY
IDA
GRIZZLY
LUCKY STRIKE
HENRIETTA
MILDRED
THREE
DOUBTFUL
MOUND CITY
CROWS
LEGAL TENDER
ANCHOR J.
EDITH
HIGHLAND
MAID OF ERIN
GROUND HOG
LITTLE CHIEF
BIG CHIEF
SMALL HOPE
MOGUL
CREEDE
BIRTHDAY
HERMES
LINE B
LINE A
N60°E
B+75
11+00
10+60
7524
7362
7386
8392
8393
8459
8210
15380
16305
0820
18039

BRUNING 700-20
10 X 10 TO ½ INCH
CHARLES BRUNING COMPANY, Inc.
MADE IN U. S. A.



BRUNING 700-20
10 X 10 TO ½ INCH
CHARLES BRUNING COMPANY, Inc.
MADE IN U. S. A.




(1.5 oz Au)
(28 oz Ag)
Carbonate Shaft
Edith Shaft
Knauss Tunnel
Elev. 10,930 ft
Small Hopes
Elev 11,000 ft
Sulfides
Neff Tunnel
Elev 10,460 ft
(2% Pb)
2 oz Ag
Midwest Tunnel
Elev 10,250 ft
Proposed Exploration

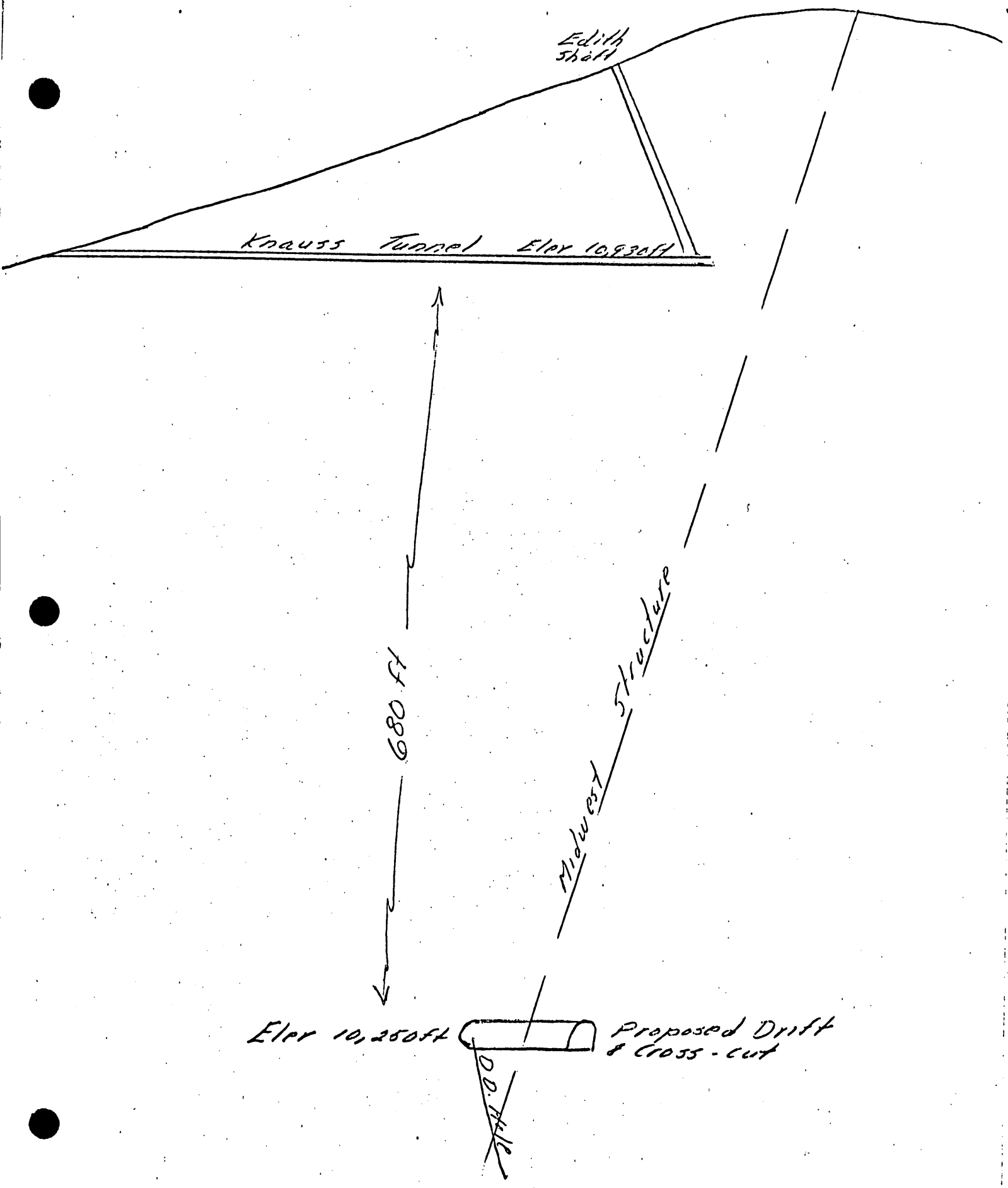

Edith Shaft
Knauss Tunnel Elev 10,930 ft
680 ft
Midwest Structure
Elev 10,250 ft
Proposed Drift & Cross-cut
D.D. Hole

Exhibit G

reported good ore in adjacent blocks to the south in the northern part of the Solomon mine and southern part of the Holy Moses mine, and some old longitudinal sections of the mines that we have seen indicate ore in this same area.

The fault zone north of the Phoenix mine is generally obscured by surface debris, and its economic potential is difficult to assess. In a few places, however, adjacent rocks are altered to some degree, a factor that indicates at least local hydrothermal activity.

MINOR FAULTS

Although emphasis has been given in preceding sections to the larger faults in the Creede graben and to the disseminated deposits in the Creede Formation, many minor faults may be mineralized and warrant investigation. The main period of activity of the faults extending northwest across Rat Creek was probably concurrent with subsidence of the Creede caldera (p. 60), but some evidence exists for movement toward the southeast after Creede deposition; there the faults intersect the zone of caldera-border faults north of Monon Hill. Although probably not as favorable as faults that were more active during the late period of faulting, these seem worthy of some attention at least. Geochemical prospecting techniques might well indicate whether or not they warrant further exploration.

The Midwest mine developed a minor vein zone that extends northwest across the ridge between Nelson and West Willow Creeks. The vein seen in the Midwest mine contained chiefly pyrite and was enclosed by highly argillized walls. Some pockets of galena were observed, however, and by analogy with other more thoroughly developed veins in the district, the vein here might be more persistent and higher in grade at depth below the zone of argillized wallrocks.

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the Morgan & Sloan ore body, to prospect the ground beyond big cave and stope that was near the junction of the main vein and the Del Monte vein.

Herman Imperious and associates have a sublease on that part of the Amethyst mine that is north of No. 3 shaft and plan to run a crosscut on level 3 through the drainage level.

R. J. Murray and associates, who have a lease on the Happy Thought mine, are working through the Nelson tunnel on level 8 and hope to find a continuation of the old stope, which, it is reported, carried with last mined an unusually high gold content for this district.

RESURRECTION TUNNEL AND AREA SOUTHWEST OF MAMMOTH MOUNTAIN

Since the preparation of the earlier report considerable prospecting has been done on the faults on the southwest slopes of Mammoth Mountain. The main faults of the area have been considerably prospected, and the Mammoth tunnel has been extended, but according to reports no ore bodies have been found.

Farther east, on the south slope of Mammoth Mountain, the faults are prospected by a crosscut tunnel whose portal is about 1,200 feet S. 28° W. of the Eclat shaft, at an altitude of about 10,450 feet. The tunnel is being driven by Frederick Monkemeyer and associates, and I am indebted to Mr. Monkemeyer for help in the examination of the tunnel and for a map of it. A map of the workings drawn from data furnished by Mr. Monkemeyer is shown in Figure 10. The main tunnel, which is in the Willow Creek rhyolite throughout, at about 160 feet from the portal crosses a fracture that carries some quartz and at about 913 feet crosses a second fracture zone that has been followed by a drift N. 19° W. for 580 feet. The second fracture has both walls of the Willow Creek rhyolite for about 200 feet north of the main tunnel, but farther north the wall or hanging wall is the Campbell Mountain rhyolite. The fracture contains a seam of gouge, and the hanging wall is good, but the footwall is more or less brecciated.

The main tunnel is being continued to prospect a quartz vein that crops out on the flat top of Mammoth Mountain about 600 feet from the breast. This vein strikes N. 60° W. and dips 35° SW. It is poorly exposed by a 20-foot shaft.

COLEWOOD TUNNEL

The Colewood tunnel is just west of Nelson Creek and about three-quarters of a mile north of its mouth. The property is owned by Elwood M. Neff and Mrs. Pearl Neff. Mr. Neff kindly accompanied me to the property and gave me free access to his maps and other information.

prospecting had been done in this area years ago, but the tunnel has been driven since the preparation of the Creede already cited. The main tunnel is about 50 feet above the of the creek and, as shown by the mine maps, was driven 166 N. 32° W. to the vein and then 909 feet N. 46° W. along the The vein is on a broad zone of gouge and fractured and altered Campbell Mountain rhyolite. It dips about 70° NE.

For some distance in from the point where the crosscut strikes the the vein is filled with white gouge showing some limonite stains,

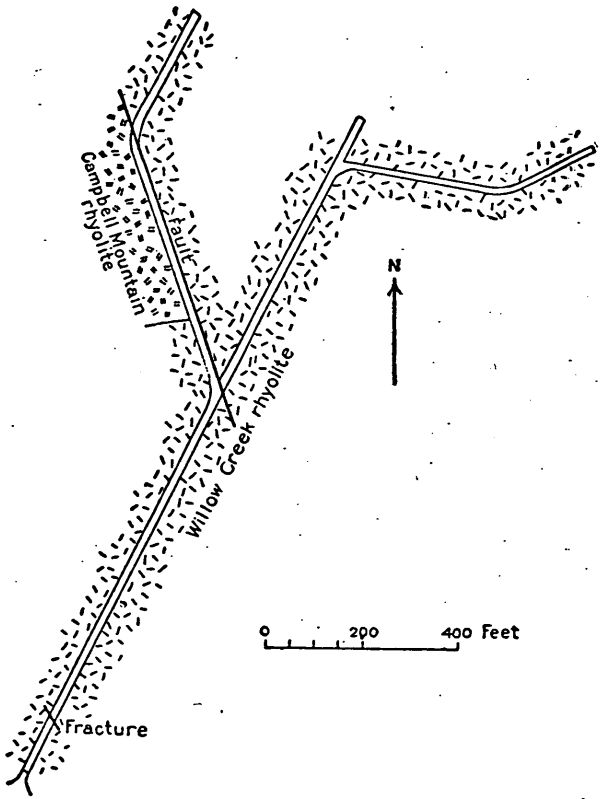

FIGURE 10.—Map of Resurrection tunnel, Creede district

In much of the vein as exposed in the tunnel streaks of black are present in the fracture zone, and some of them extend the hanging wall. The main streak is nearly continuous to the and ranges in width from a few inches to a foot. This black is made up of brecciated, altered rhyolite cemented by galena, sphalerite, chalcopyrite, and pyrite with some anglesite.

The outcrops above the vein and to the northwest along its strike are a number of old shafts and prospects that show some altered mineralized rock.

is included in an earlier summary by Burbank, Eckel, and Varnes (42) as well as in many reports on parts of the area (12,27,39,55,-116,125,175).

The Silverton caldera is a slightly elliptical area of subsidence bounded by intra- and post-volcanic ring faults with aggregate displacements in the thousands of feet. The interior of the caldera contains many short veins of various orientations and, in places near its margins, pipes of richly mineralized breccia. Most of the producton from the area has come from systems of long veins that radiate outward from the caldera, particularly in its northern half (Figure 3 *in* Burbank and Luedke (this volume, and 42, plate 28). Many of the veins follow dikes, which follow early faults and are followed by late faults. Some of the vein structures are 5 miles long and have a vertical extent of as much as 5000 feet; typical widths are 3 to 5 feet. Among hundreds of productive veins of this kind are expecially famed ones such as the Smuggler-Union east of Telluride, the Camp Bird southwest of Ouray, the Sunnyside northeast of Silverton, and the Shenandoah-Dives southeast of Silverton. Since World War II, the largest mining operation in the San Juan region has been at the Idarado mine, on the Black Bear, Argentine, Montana, and other veins southeast of Telluride. Workings extend 6 miles through the mountain from the Telluride to the Ouray side. The mine and particularly its veins and ores were nicely described as of 1957 by Hillebrand (70), but replacement deposits found since then in sedimentary rocks beneath the volcanics have not been described. The Idarado operations are mainly at considerable depth beneath old surface mines, and, as the gold and silver content of the veins in general decreases downward, the output now is primarily base metals but with an important contribution of gold and silver.

Burbank (42) has noted that the Smuggler vein was stoped through a length of more than 9000 feet and to a height of 2500 feet, and the Idarado operation has shown that mineralization extended through a minimum vertical range of almost 4000 feet. Burbank (42) has attributed the continuity of the veins to uniformity of the massive tuff-breccia of the San Juan Formation, the lowest unit in the volcanic sequence, and has noted that both the vein structures and the intensity of mineralization weaken upward above this unit. The San Juan is as much as 3000 feet thick, and it underlies large areas on the caldera borders. Considering the great numbers and persistence of veins in the Silverton caldera area and the continuity of mineralization in them, this area would seem to offer a good chance of continued major production, although costs of finding and developing major new ore bodies likely would be high.

In general, the Silverton caldera area is characterized by older volcanic suites and deeper erosion than in most of the rest of the San Juan Mountains. The Creede caldera, about 30 miles to the east, contains younger volcanic rocks and is far less dissected. Indeed, the principal topographic features are volvanic and tectonic in origin, rather than erosional. The Creede caldera and its ore deposits are described by Steven in this volume, and ore deposits of the Creede and the Summitville districts have been described in greater detail by Steven and Ratté (91,151).

The ore deposits at Creede, valuable principally for silver and lead, are in veins that occupy faults of a graben system that began to form during volcanism and that were recurrently active until some time after volcanism had ceased. The mineralization of the faults is postvolcanic, but, as recent exploration of the Bulldog vein has shown, veins may be stronger in older volcanic units than the young ones due to the prolonged history of fault movement. At Summitville (91) mineralization occurred during the time span of eruption of the Fisher Quartz Latite, the youngest unit of the volcanic sequence. Other flows and related shallow intrusive rocks of the Fisher were altered and mineralized before younger flows of the fisher were extruded.

Thus, it is evident that there may be more deposits covered by younger and unaltered volcanic flows in this region. More importantly, as Steven (137, this Volume) has emphasized in writings and speech, the ore deposits of the Creede area are so young and, in many places, erosion since their formation has been so slight, that only the original surface manifestations of deposits are exposed. In the Silverton caldera area as in most mining districts, erosion has gone far enough to bring the present surface to the level of ore deposition, but, in the Creede and some other areas in the San Juans, the present surface is essentially the one that existed at the time of ore deposition and thus may be above the level of ore deposition.

Considering these circumstances, the opportunity for discovery of additional major deposits or districts in this region seems to be excellent, but it will require painstaking unraveling of a complex volcanic-tectonic history

as well as development of criteria for recognizing ore deposits from a level above their level of formation. Mineralogic studies of the Creede veins being made by P. M. Bethke, P. B. Barton, Jr., and E. M. Roedder of the U.S. Geological Survey will supply some of the criteria, but alteration and geochemical studies also are needed.

Possibilities for the occurrence of ore deposits beneath the volcanics of the San Juan exist in some places but are poor in many others. In calderas, prevolcanic basement rocks probably do not exist, the volcanic rocks being most likely underlain by intrusive rocks. In a large part of the San Juan field, the volcanic rocks probably lie on Precambrian rocks of the old Uncompahgre-San Luis highland, and so the possibilities for replacement bodies in sedimentary rocks are nil. Sedimentary rocks do exist along the western and southwestern sides of the volcanic field and at the northeast corner, near Bonanza. Replacement bodies could exist in these areas, as in the Idarado on the west side of the Silverton caldera, but, on the east side of the caldera, the sedimentary rocks are gone. Near Ouray, it is perhaps possible that ore deposits of the Laramide stage of mineralization might be covered by volcanic rocks, but a few miles to the east and southeast, such deposits, if they existed, probably would have been destroyed in the San Juan super-caldera. Uranium deposits of the Cochetopa district (no. 33, Figure 2), in Precambrian, Jurassic, and Cretaceous rocks at the northern edge of the volcanic field (98), probably formed beneath the volcanics. A few miles farther south on Cochetopa Creek, the only mercury prospect in Colorado is in the Dakota Sandstone immediately beneath the volcanics (36).

Mineral Deposits of San Luis-Arkansas Graben

Hot springs, some with a high metal content and some with extensive rock alteration, are scattered the length of the San Luis-Arkansas graben. The fluorspar deposits of Browns Canyon and Poncha Springs (no. 31, Figure 2) seem to be related to this fault system. Perhaps it is only coincidence, but, much farther north, the fluorspar deposits of the Northgate district (no. 1, Figure 2) are in north-trending veins cutting Precambrian and Tertiary sedimentary rocks (90), on the line of projection of the graben fault system. North-trending faults on the west side of North Park contain fluorspar and uranium (145), and they also might be part of the system. Most faults of the graben system are poorly exposed or are concealed beneath surficial deposits in the upper Arkansas and San Luis valleys, but they seem promising targets for investigation for deposits of the hot spring or shallow epithermal type.

The graben fault system intersects the mineral belt in the Leadville-Climax area, the most productive part of the entire belt. In this area, north-trending structures predominate, suggesting influence of the graben system. The Mosquito fault, on which both the Leadville and Climax districts are located, trends this direction, as do many subsidiary faults at Leadville and trunk veins and vitrophyric young dikes in the Sugar Loaf-St. Kevin district (78). However, these faults are all proved to have existed in Laramide time, although reactivated later, and the mineralization at Leadville probably is principally Laramide. To what extent, if any, the Oligocene mineralization of Climax and possibly of the Sugar Loaf-St. Kevin district represents a magma of the graben system as contrasted to one of the mineral belt is not yet known. This question could have an important bearing on exploration, particularly for molybdenum.

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Exhibit H

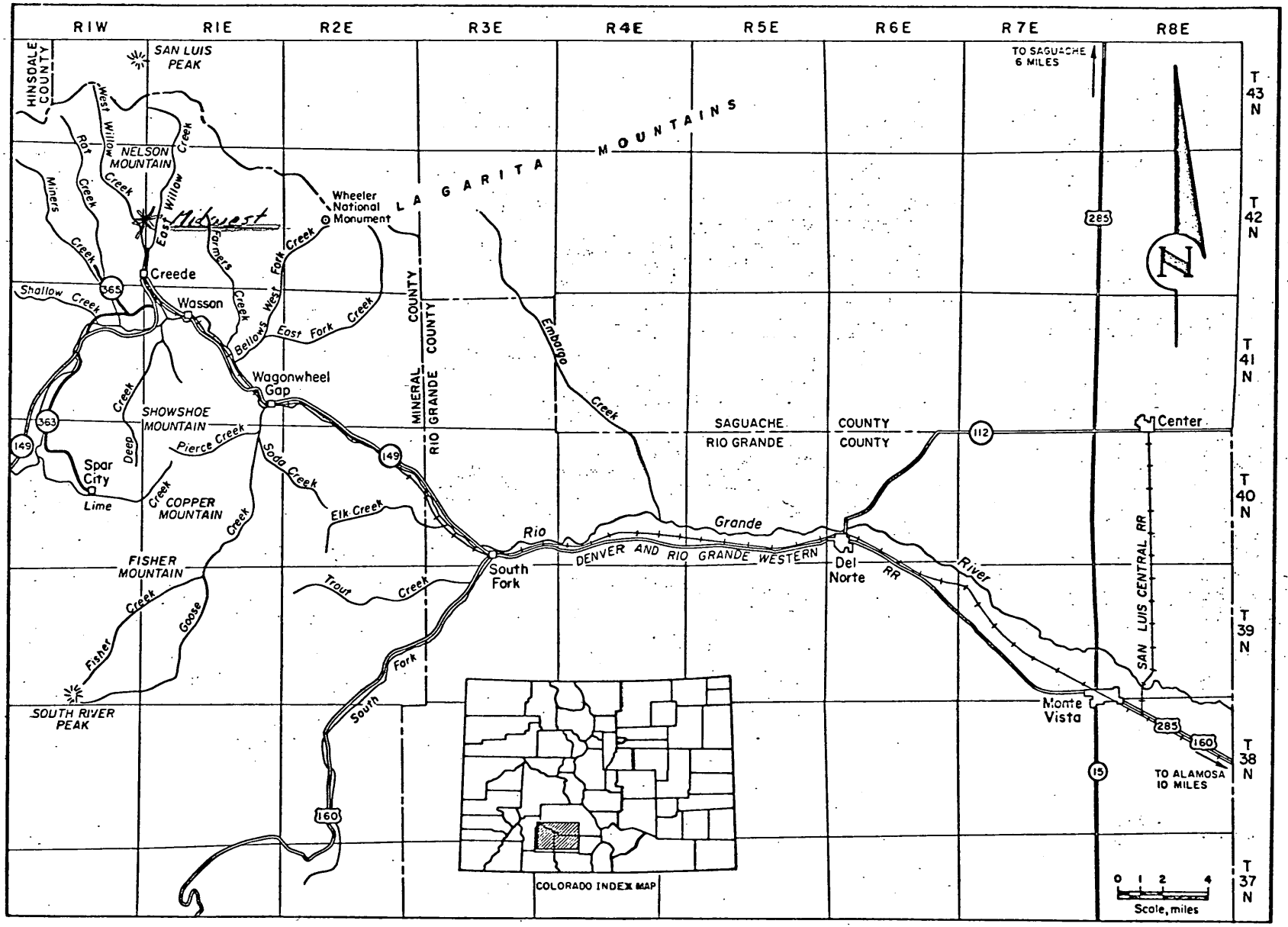
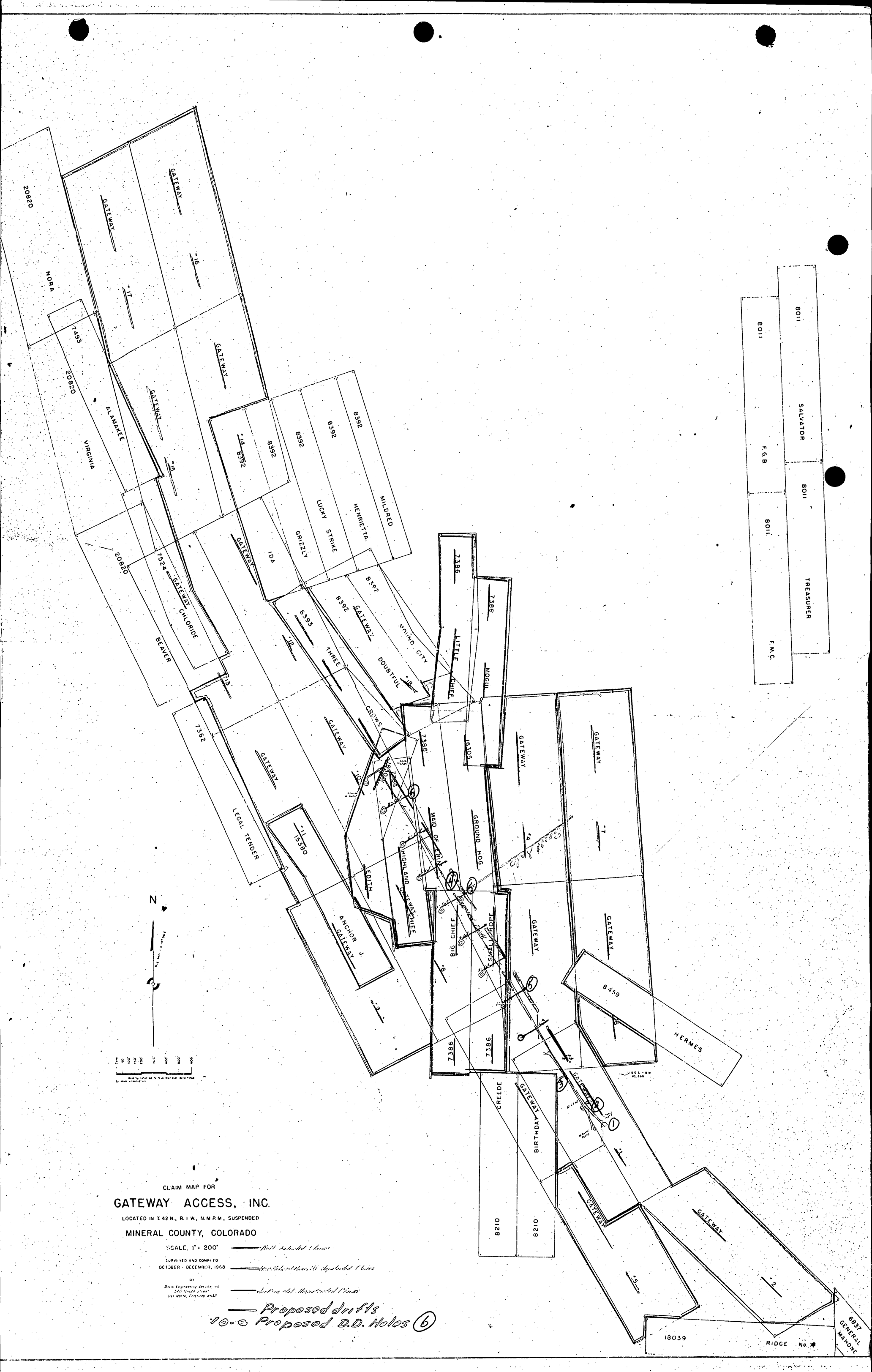


FIGURE 1. - Location Map, Creede Area, Colorado.

Exhibit I


CLAIM MAP FOR
GATEWAY ACCESS, INC.
LOCATED IN T. 42 N., R. 1 W., N.M.P.M., SUSPENDED
MINERAL COUNTY, COLORADO
SCALE, 1" = 200'
SURVEYED AND COMPILED
OCTOBER - DECEMBER, 1968
BY
Davis Engineering Service, Inc.
576 Spruce Street
Del Norte, Colorado 81132
Proposed drifts
Proposed D.D. Holes
N
SALVATOR
TREASURER
F.G.B.
F.M.C.
8011
NORA
VIRGINIA
ALAMAKEE
CHLORICE
BEAVER
LEGAL TENDER
ANCHOR J.
EDITH
HIGHLAND CHIEF
MAID OF ORLEANS
GROUND HOG
BIG CHIEF
SMALL HOPE
LITTLE CHIEF
MOGUL
CROWS
THREE
DOUBTFUL
MOUND CITY
MILDRED
HENRIETTA
LUCKY STRIKE
GRIZZLY
IDA
HERMES
CREEDE
BIRTHDAY
GENERAL MAHONE
RIDGE NO. 7
GATEWAY
7362
7386
7493
7524
8392
8459
8210
6393
6305
15380
18039
20820

Sketch of Properties and Tunnels - Shafts - elevations - relationships

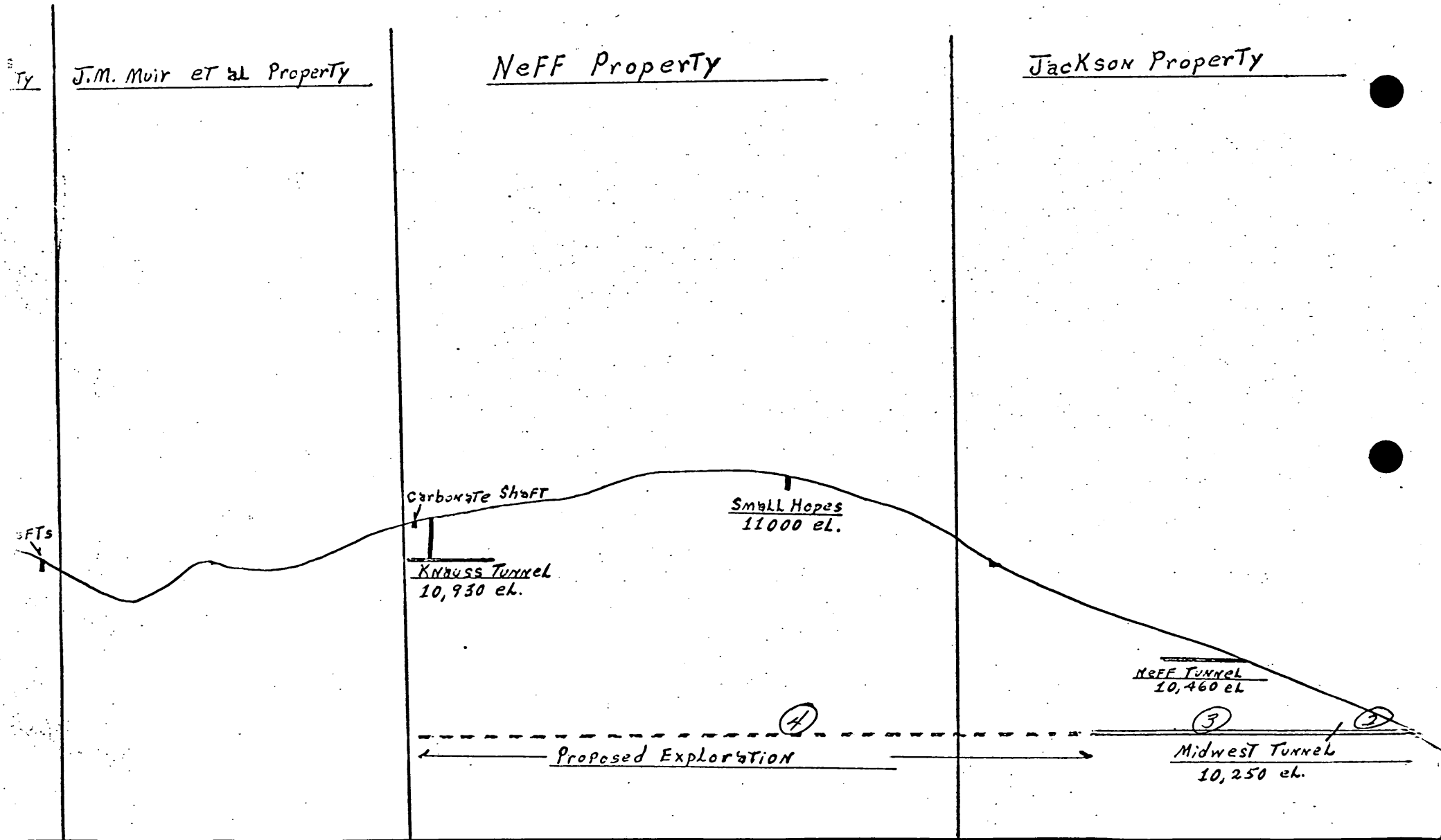
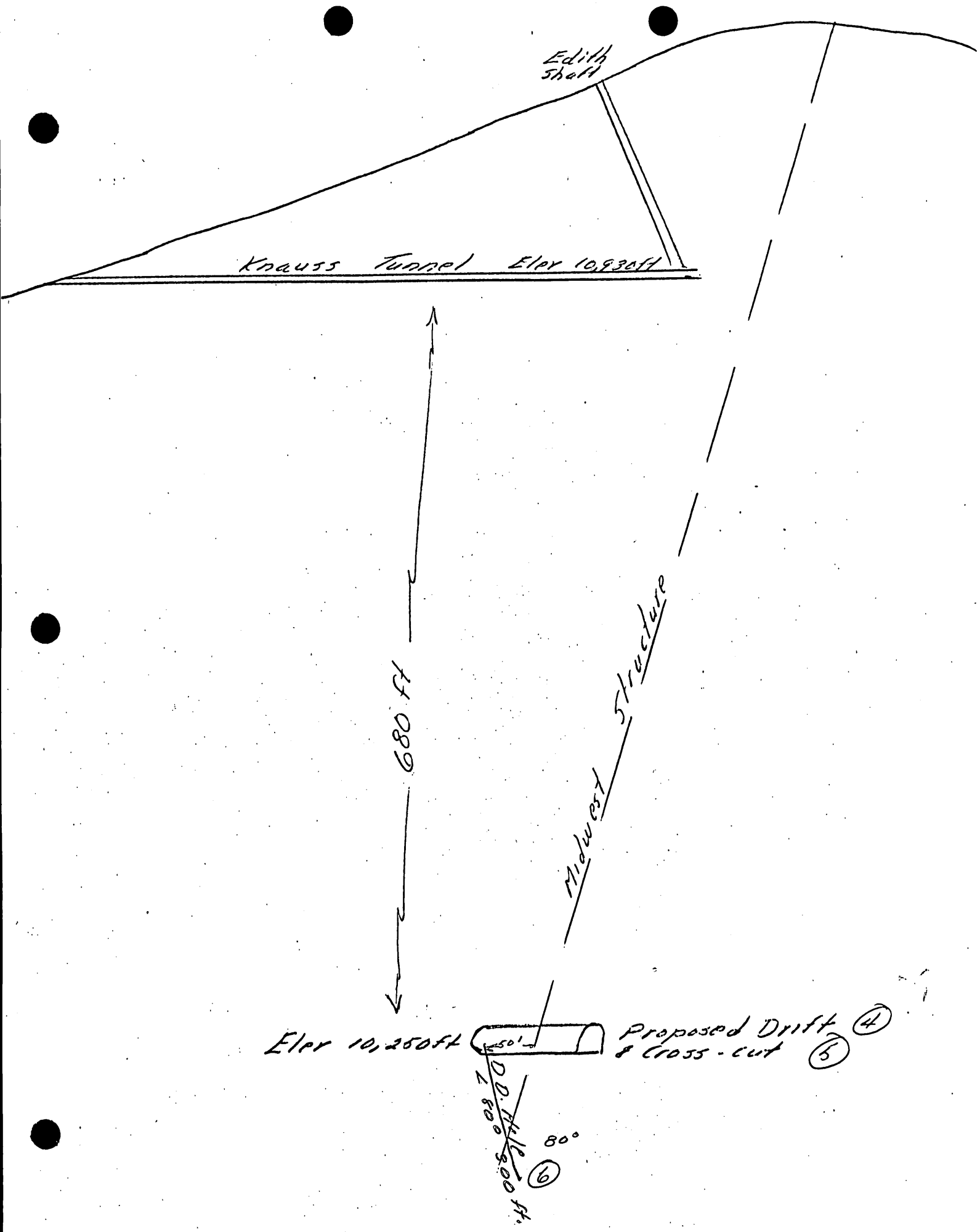


Exhibit J

ESTIMATE OF CORE DRILLING COSTS

	Boyles Bros.	Longyear
Mobilization & demobilization of drilling equipment & personnel	$ 500	$ 1,500
8 holes @ -80° to N.E. est. 300 feet per hole - 300 foot spacing see Exhibit "I"		
2400 feet - 2000 feet BQWL	16,000	21,100
400 foot AQWL	3,200	4,120
1 hole horizontal to N.E. est. 1000 feet per hole see Exhibit "I"		
500 feet BQWL	4,000	5,775
500 feet AQWL	4,000	5,150
1 hole vertical est. 400 feet per hole see Exhibit "I"		
300 feet BQWL	2,400	3,165
100 feet AQWL	800	1,030
Reaming & closing:		
8 holes - 256 hrs. - 400 feet	3,580	5,632
1 hole - 320 hrs. - 500 feet	4,475	7,040
1 hole - 64 hrs. - 100 feet	895	1,408
Cementing & Redrilling:		
8 holes - 256 hrs.	2,880	5,632
1 hole - 320 hrs.	3,600	7,040
1 hole - 64 hrs.	720	1,408
Additives:		
500 sacks @ $8.00/sack	4,000	4,000
Water truck rental:		
6 months @ $200.00/month	1,200	1,200
Water truck mileage - 600 miles/month		
6 months @ .14¢/mile	504	504
Truck driver, including F.I.C.A., overtime, etc.		
1272 hours @ $3.50/hour	4,452	4,452
Surveying:		
8 hrs./hole - 80 hours	900	1,760


Edith Shaft
Knauss Tunnel Elev 10,930 ft
680 ft
Midwest Structure
Elev 10,250 ft
50'
Proposed Drift 4
& Cross-cut 5
D.D. Hole
1,800 ft
80°
6

	Boyles Bros.	Longyear
600 cfm Compressor rental plus oil fuel, etc. $900.00/month for 6 months	$ 5,400	$ 5,400
Drill Stations: 10 stations @ $1500.00 each	15,000	15,000
Moving & setting up per hole 32 hrs./hole - 10 holes	3,600	7,040
Delay time: 16 hrs./hole - 10 holes	1,800	3,520
Equipment lost or damaged estimate	2,000	2,000
Bit cost estimate	---	3,000
Core boxes: 400 boxes @ $1.00/box	400	400
Total costs for estimated 3800 feet of drilling	$ 86,306	$118,276

Drilling contract will be awarded to Boyles Bros. Drilling Company.

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
15865 West 5th Avenue
GOLDEN, COLORADO 80401
Phone (303) 279-7913

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY, UTAH 84110
Phone 487-7595

BRANCH OFFICES
ARIZONA (PHOENIX)
CALIFORNIA (AUBURN)
COLORADO (GOLDEN)
NEVADA (SPARKS)
WASHINGTON (SPOKANE)
CHILE (SANTIAGO)
CABLE: BOYLESBROS
MEXICO, D.F.
PERU (LIMA)
CABLE: BOYLESCOP

November 2, 1968

Mr. Les Wahl
C. F. & I. Corporation
P. O. Box 1920
Denver, Colorado

Dear Mr. Wahl:

For your proposed drilling program underground at Creede, Colorado, we submit the following rates and conditions:

1. Mobilization and demobilization - $500.00

2. Drilling, shift rate of $90.00 per 8 hour shift with 2-man crew, plus $3.50 per ft. drilled.

3. Reaming all sizes shift rate plus $1.75 per ft. reamed.

4. Cement, drill mud, additives and lost casing - list price.

5. 600 CFM Compressor, $800.00 per month, plus oil, fuel and maintenance.

6. Drill stations of adequate size, air line, water at drill site, change room facilities, lights and nipping service to be furnished free of charge to Boyles Bros.

7. All shifts will be charged excluding break-down time of drill in excess of two hours.

8. Card board core boxes to hold 10' of core can be furnished at $1.00 per box, or wooden boxes of your specification at list price.

Thank you for calling on our Company.

Very truly yours,

W. D. Smith

W. D. SMITH
Field Superintendent

WDS:ml

E. J. LONGYEAR COMPANY
General Offices, 76 South 8th St.
Minneapolis, Minnesota 55402, U. S. A.
TELEPHONE: 339-7631 • CABLE LONGCO

REPLY TO:
P. O. Box 15218
865 West 2600 South
Salt Lake City, Utah 84115
Phone 486-9318

December 27, 1968

C.F.& I. Steel Corporation
P. O. Box 1920
Denver, Colorado 80200

Attention: Mr. R. L. Wahl

Subject: Proposed Underground Drilling Project
In Midwest Tunnel Near Creede, Colorado

Gentlemen:

In accordance with our recent telephone conversation, we are pleased to set forth below for your consideration a proposal for the underground diamond core drilling operations which you are contemplating in your Midwest Tunnel near Creede, Colorado.

1. We understand that the program as now planned will consist of a minimum of approximately 5,000 linear feet of diamond core drilling in a series of holes ranging in length from approximately 300 to 500 feet, and varying in inclination from horizontal to a plus 80 degrees, as measured from the horizontal. It is also understood that the formations are known to be highly fractured and sheared both locally and in some areas for considerable distances, and that in all probability it will be necessary to resort to cementing and or casing operations or a combination of both in order to advance the holes to the desired length.

2. For this work, we propose to furnish one Longyear Model 38 diamond core drill, together with the necessary accessory equipment including Longyear's "Q" Series Wireline coring tools, in AQ, BQ, NQ and HQ sizes, required to perform the work. We further propose to operate the drill a minimum of two eight hour shifts per day, five days per week.

3. We will carry public liability insurance covering personal injury and property damage and Workmen's Compensation insurance and also all-risk insurance on the drilling equipment protecting against loss by theft, fire, flood, landslides and other similar hazards. Certificates showing the coverage referred to will be furnished upon request.

4. Based upon the conditions as outlined above, we are pleased to quote as follows:

a) Mobilization and demobilization of personnel and equipment - $1,500.00 Lump Sum Per Drill

b) Drilling Services - $22.00/hr.
(with two-man crew - charge applicable to the following operations)

(1) Diamond Drilling
(2) Reaming for Casing
(3) Running and/or pulling casing
(4) Cementing, waiting for cement to set and drilling out cement, and other drill hole stabilizing operations including mixing and introduction of drill mud, if employed
(5) Moving, rigging up and rigging down
(6) Normal servicing of equipment and performance of minor equipment repairs
(7) Fishing for lost tools or casing if required
(8) Delays for your convenience or for which you are responsible
(9) Drill hole surveying if required

c) Compensation for footage drilled:

	AQWL	BQWL	NQWL	HQWL
0 to 500 ft. in lgth. -	$1.50/ft.	$1.75/ft.	$2.25/ft.	$3.00/ft.

5. It is understood and agreed that in addition to the foregoing tabulated rates, you will pay for the following items:

a) Industrial diamonds used in bits, reaming shells and other diamond set items at $12.00 per carat, less credit received for stones salvaged from worn our bits, reaming shells and other diamond set tools.

b) Manufacturing costs on diamond bits, reaming shells, diamond substitute bits, roller bits, or other non-core bits and special equipment supplied for the project at Longyear's current list prices.

c) Casing, drill rods and core barrels lost or left in holes or rendered unserviceable due to damage caused by other than ordinary wear, at Contractor's invoiced cost, f.o.b. job site.

d) Cement, drill mud, and other drill hole stabilizing agents at Contractor's cost, f.o.b. job site.

e) Rental and maintenance charges on drill hole surveying instruments or other pieces of special equipment secured from an outside source and used on the project.

6. It is further understood and agreed that you will provide without charge to the Longyear Company the following facilities and services:

a) Adequate transportation as required for moving equipment, material, supplies and other related items from the portal to and between the various drill stations and back to the portal upon completion of the work.

b) Drill stations of sufficient size to permit drilling operations to be carried out in an efficient and workmanlike manner.

c) Compressed air and water at each drill station in sufficient volume and pressure so as to permit the efficient operation of the equipment.

d) Ventilation and suitable lighting facilities at each drill station.

7. Other Provisions:

a) It is understood and agreed that the charge of $22.00 per hour for drilling service as shown in Paragraph 4. b), above, includes depreciations, labor, oil, grease, repairs, supplies used, telephone and telegraph, overhead, payroll insurance and taxes, workmen's compensation, liability and marine insurance, and other miscellaneous expenses.

b) Furthermore, the above quoted hourly rate is based upon the use of a two-man drill crew being paid the basic wage rates established for drillers and helpers on this project. Should it become necessary for the Longyear Company to use additional workmen or pay wage rates higher than the basic established rates due to demands of labor unions or other conditions beyond the control of the Longyear Company, it is understood and agreed that the Longyear Company would be reimbursed for such extra wages and payroll taxes involved.

8. Drill cores will be turned over to your representative at the individual drill stations in core boxes supplied by you.

9. Statements covering the work performed will be rendered as promptly as possible after the fifteenth and the last day of each month, and payment will be due within twenty days from date of invoice.

10. We appreciate the opportunity to consider this work. If awarded the contract, we will be prepared to commence drilling operations a maximum of 30 days after receipt of official notice to proceed.

Sincerely yours,

E. J. LONGYEAR COMPANY

D. F. Crotty

Manager, Rocky Mt. Zone
Contract Drilling Division

DFCrotty:e

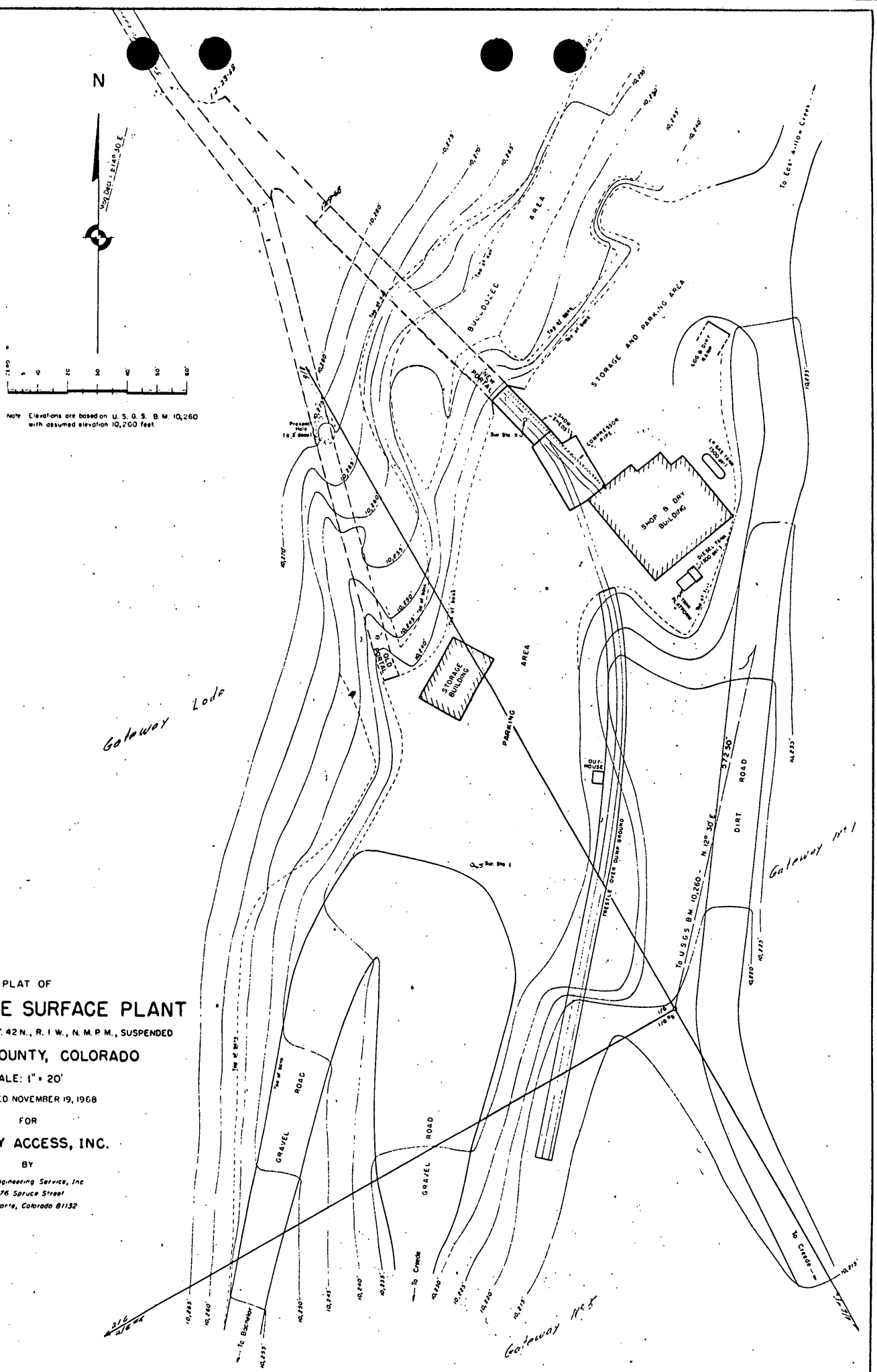
ACCEPTED:

C F & I STEEL CORPORATION

By:_____

Date:_____

Exhibit K



PLAT OF

MIDWEST MINE SURFACE PLANT

LOCATED IN SECTION 13, T. 42 N., R. 1 W., N. M. P. M., SUSPENDED

MINERAL COUNTY, COLORADO

SCALE: 1" = 20'

SURVEYED NOVEMBER 19, 1968

FOR

GATEWAY ACCESS, INC.

BY

Davis Engineering Service, Inc
576 Spruce Street
Del Norte, Colorado 81132

IN REPLY REFER T

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

Office of Minerals Exploration
Building 53 Room 200

February 7, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 10 1969

INITIALS	CODE

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject New Midwest Mining, Ltd. (Silver)
Midwest Property
Mineral County, Colorado

Transmitted herewith is the original of an application for financial assistance in minerals exploration on the above-stated property. A copy has been kept for use of the OME Region III field office personnel.

J. William Hasler
mc

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

Enclosure

MME Form 40
Jan. 65

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICIAL COPY M. E. RECEIVED FEB 1 1969 INITIALS CODE

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

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

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

New Midwest Mining, Ltd.
650 17th Street, Suite 812
Denver, Colorado 80202

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6771

DATE RECEIVED: 2/10/69

REGION: III

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED:

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE	
Gateway Access Corp.	Denver, Colo.	General	Partner
CF&I Steel Corp.	Denver, Colo.	Limited	Partners
Allan R. Phipps	Denver, Colo.	"	"
Clara V. S. Phipps	Denver, Colo.	"	"
Charles M. Steele	Creede, Colo.	"	"
Charles A. Davlin	Denver, Colo.	"	"
John R. Jackson	Creede, Colo.	"	"

(See attached for additional Limited Partners)

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

ESTIMATED COST OF PROJECT: $ 240,000.00

PROPERTY NAME	LOCATION COUNTY	STATE
Midwest	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. III). To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit two copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 3(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Office of Minerals Exploration, Department of the Interior,* ~~Washington, D. C. 20242, or 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.

2/1/69
DATED

New Midwest Mining, Ltd.
By *(Signature)*

President, Gateway Access Corporation
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.

Original application 2/1/69

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

Listed corporate officers or partners here, if applicable

Name	Address	Title
Cole D. Neff	Evergreen, Colo.	Limited Partners
Elwood N. Neff	Bremerton, Wash.	" "
Alfred M. Neff	San Carlos, Calif.	" "

INFORMATION FOR MME FORM 40
for
APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION
by
NEW MIDWEST MINING, LTD.

October , 1968

1. FINANCIAL ELIGIBILITY:

(a) See EXHIBIT A.
Copies of letters to and replies from:

Mr. Robert Specht	Mr. Edward A. Rhatican
First National Bank of Denver	Cherry Creek National Bank
Denver, Colorado 80203	Denver, Colorado 80206

(b) Interests in New Midwest Mining, Ltd.

(1) General Partner:

Gateway Access Corporation 650 17th Street - Suite 812 Denver, Colorado 80202	00 %

(2) Limited Partners:

CF&I Steel Corporation Continental Oil Building Denver, Colorado 80202	40.000%
Allan R. Phipps 650 17th Street - Suite 812 Denver, Colorado 80202	21.900%
Clara V. S. Phipps 650 17th Street - Suite 812 Denver, Colorado 80202	2.700%
Charles M. Steele Creede, Colorado 81130	5.400%
Charles A. Davlin 650 17th Steet - Suite 812 Denver, Colorado 80202	2.500%
John R. Jackson Creede, Colorado 81130	2.500%
Cole D. Neff Box 86 - Route 1 Evergreen, Colorado 80439	16.668%

1. FINANCIAL ELIGIBILITY (Con't):

(2) Limited Partners (Con't):

Elwood N. Neff 4.166%
2125 Parker Place
Bremerton, Washington 98310

Alfred M. Neff 4.166%
2840 Tramanto Drive
San Carlos, California 94070

(c) Applicant's share of cost will be made available, as required, from limited partners.

2. APPLICANT'S RIGHTS IN LAND:

(a) See EXHIBIT B.

(1) Rights are conveyed to the New Midwest Mining, Ltd., from the owners of the patented lode mining claims:

Name of Claim	Mineral Survey No.
Big Chief Lode Mining Claim	7386
Small Hope Lode Mining Claim	7386
Little Chief Lode Mining Claim	7386
Maid of Erin Lode Mining Claim	7386
Highland Chief Lode Mining Claim	7386
Ground Hog Lode Mining Claim	16305
Edith Lode Mining Claim	16300
Mogul Lode Mining Claim	7386

(2) Rights are conveyed to the New Midwest Mining, Ltd., from the Gateway Mines of located lode mining claims Gateway, Gateway 1 through 4 inclusive.

(3) Rights are conveyed to the New Midwest Mining, Ltd., by the location of the Gateways 5 through 10 inclusive, by the Gateway Access Corporation, general partner for the Midwest Mining, Ltd.

(b) See EXHIBIT C.
All patented and located lode mining claims are in Township 42 North, Range 1 West and involve parts of Sections 12 and 13.

The located lode mining claims are recorded at Creede, Mineral County, Colorado:

Gateway Lode	Book 4-C	Page 109
Gateway No. 1	Book 4-C	Page 109

2. APPLICANT'S RIGHTS IN LAND (Con't):

(b) See EXHIBIT C (Con't)

Gateway No. 2	Book 4-C	Page 120
Gateway No. 3	Book 6-E	Page 31
Gateway No. 4	Book 6-E	Page 32

Gateway No. 5 through No. 10 in the process of being recorded as of October 15, 1968.

All claims will be subject to government royalty and liens, although present exploration is limited to Gateway Lode, Gateway No. 1 and No. 2 unpatented claims and the 8 patented claims listed above.

3. PHYSICAL DESCRIPTION:

(a) See EXHIBIT D
The first work of record on the Midwest fault was done in the 1890's near what is now known as the Edith shaft. A shipment was made from the structure assaying 28 oz. in silver, 1.5 oz. in gold; this ore came from a shallow shaft. In the years following a shaft was sunk on the Edith lode and the Knauss tunnel was driven to intersect the structure at a lower depth and connect with the Edith shaft. There was no production from this tunnel and assays from this highly altered zone are low in value. In the early 1920's Elwood Neff drove a tunnel from Nelson Creek drainage at 10,460' elevation turning on the structur and developed a small body of sulfide ore but had no production from this tunnel. With this encouragement another tunnel was driven by the Midwest Mining Company at a depth 210' below the Neff tunnel and near Nelson Creek under the guidance of Mr. Elwood Neff. The portal of this tunnel entered the hanging wall of the fault, on a strike of 30° West of North, struck the footwall at approximately 150'. Then followed the footwall a distance of 900' with steadily increasing mineralization though at its furthest point still in a highly argillized structure. At this time, 1929, operations ceased and work of any nature on the structure has been sporadic and the main tunnel has not been further extended.

(b) No interest in the operations described in (a).

(c) No production reports are available. (Bureau of Mines has no record of the carbonate shaft shipment).

(d) There are no known ore reserves.

(e) See EXHIBIT E
The Midwest fault runs diagonally between the two most productive faults of the Creede area, the Amethyst fault to the West and the

3. PHYSICAL DESCRIPTION (Con't):

(e) See EXHIBIT E (Con't)
King Solomon fault to the East. It has been exposed through surface trenching and shallow shafts and tunnels a distance of nearly two miles. The crushed and faulted zone is wide and highly mineralized, where exposed, with barite, quartz and limestone the main vein gangue, (barite is a conspicuous mineral in all the high grade silver deposits in the Creede area). The fault has a northwest-southeast trend with the country rock or host rock being Campbell Mountain Rhyolite in all exposures. The displacement of the fault is not known as a contact with other flows is not exposed. The fracture produced by this fault is wide and brecciated allowing a generous passage for the mineralizing solutions. Silver values steadily increase in exposures to the North. The host rock, Campbell Mountain Rhyolite, is the host rock of all the deposits presently being developed in Bulldog Mountain and Emperius Mines property at this time.

(f) See EXHIBIT F
It is believed extending the Midwest tunnel Northwesterly on the structure will uncover an enriched silver zone of considerable scope under the Knauss tunnel, as all sampling points to increased enrichment with added depth. The Midwest tunnel is in a highly altered zone of the structure with a depth, at its furthest penetration, of slightly over 300'. It will gain depth steadily Northward and will be approximately 680' below the Knauss tunnel on completion of proposed exploration. Related structures, both East and West, have proven highly profitable beneath the argillize zones.

(g) See EXHIBIT G
No geologic reports or engineering reports are available other than the brief mention of the Colewood tunnel by Esper S. Larsen, "Recent Mining Developments in the Creede District, Colorado", pages 98 and 99. "Geology and Structural Control of Ore Deposition in the Creede District, San Juan Mountains, Colorado" by Thomas A. Steven and James C. Ratte', page 86.

4. ACCESSIBILITY OF PROPERTY:

(a) See EXHIBIT H
The Midwest property is located approximately 165 air miles Southwest of Denver, Colorado and 3½ miles North of Creede, Mineral County, Colorado.

°John R. Jackson, Superintendent.

4. ACCESSIBILITY OF PROPERTY (Con't):

(a) See EXHIBIT H (Con't)
Gateway Access Corporation, P. O. Box 207, Creede, Colorado, phone 303-658-2477 will be available for furnishing directions and transportation to the property at the convenience of the OME representative.

Property and all mine workings are accessible, weather permitting.

(b) The shipping and supply point is Creede, Colorado, a distance of 3½ miles.

5. EXPLORATION WORK:

(a) See EXHIBIT I
Proposed exploration is indicated on Exhibit I by dotted red lines and numbers. Work would be undertaken in the following order:

(1) Construction of buildings and portal (2 months)
(2) Drifting (6' x 8' timbered) 100 feet to connect portal with the old Midwest tunnel (2 months)
(3) Renovating 500 feet of old Midwest tunnel to a 6' x 8' supported drift (3 months)
* (4) Drifting (6' x 8') 2700 feet maintaining 50 feet from and parallel to the fault (20 months)
* (5) Cross-cutting to the fault at 300 foot intervals for sampling, control and development - 450 feet (4 months)
* (6) 3800 feet of core drilling to determine the ore zone at depth (6 months)

* O.M.E. loan participation

(b) All roads are completed and will be maintained by Mineral County.

(c) Work is now in progress in preparation for winter. Upon execution of OME contract would be accelerated to complete in thirty-six (36) months.

6. EXPERIENCE:

Roy L. Wahl, Jr. - 47 years old, excellent health and character. B.S. degree in Mining Engineering. 26 years experience in all phases of the mining industry.

Clyde H. Mathews - 40 years old, excellent health and character. B.S. degree in Geological Engineering. 16 years experience in exploration geology.

6. EXPERIENCE (Con't):

John Jackson - 42 years old, excellent health and character; has 25 years experience in hard rock mining including leasing, contracting and managing.

7. ESTIMATE OF COSTS:

(a) INDEPENDENT CONTRACTS:

$ 22.71/ft.

See EXHIBIT J
Estimate 3800 feet of core drilling $ 86,306

(b) PERSONAL SERVICES:

All services are available and estimated cost is based on estimate of twenty-four (24) months for completion.

1900 feet of 6' x 8' haulage drift	= 14 months	
450 feet of 6' x 8' X-cut drift	= 4 months	
Core drilling	= 6 months	
Geological & Engineering Consultants:		
Two (2) days per month @ $75.00 per/day		$ 5,280
$16.00 per diem 12¢/mile - $220.00/month 24 months		
Direct Supervision:		
$1050.00/month @ 24 months		$ 25,200
Miners (2) @ $4.35/hour/miner $1960.00/month @ 18 months		$ 35,280
Outside Labor:		
One (1) @ $2.50/hr. $350.00/mo. @ 18 months		$ 6,300
Plus 15% tax & insurance on $66,780		$ 10,017
TOTAL PERSONAL SERVICES (b)		$ 82,077

(c) OPERATING MATERIALS AND SUPPLIES:

Actual invoice costs on operations to date have been summarized and converted to cost per foot as itemized on following page:

7. ESTIMATE OF COSTS (Con't):

(c) OPERATING MATERIALS AND SUPPLIES (Con't):

	Track - Inc. splice bars, bolts & spikes	$ 2.31
	Timber - based on 30% of total footage	1.25
	Explosives	5.80
	Air Line - 4"	.86
	Water Line - 3"	.56
	Vent Tubing	2.59
	Drill Steel	.75
**	Repairs & Maintenance (see g)	3.25
	Fuel-diesel, gasoline, lube, oil, etc.	1.63
	Hand Tools-hose, pipe fittings, nails, etc.	1.00
	Total cost per foot	$20.00

2350 feet of drifts @$20.00/foot = $47,000

TOTAL OPERATING MATERIALS AND SUPPLIES (c) $ 47,000

(d) OPERATING EQUIPMENT:

Furnished by applicant and at the property:

1 - Compressor 450 cfm	used	$12,000
1 - 2½ Ton Diesel Trammer	used	7,000
1 - 12-B Mucker	used	4,000
7 - 2 Ton Cars	used	4,900
1 - 5000 cfm Fan	new	2,600
2 - Jacklegs	(new	1,300
	(used	600
1 - Arc Welder	new	700
1 - Acety-Oxy Welder	new	300
1 - Pickup Hvy Duty 4-WD	new	4,100
Equipment costs market value		$37,400

OPERATING EQUIPMENT (d)
$37,400 X 1/60 month X 24 months $ 14,960

(e) INITIAL REHABILITATION AND REPAIRS:

Completed by applicant.

(f) NEW BUILDINGS, FIXTURES & INSTALLATIONS:

See EXHIBIT K

ESTIMATE OF COSTS (Con't):

(f) NEW BUILDINGS, FIXTURES & INSTALLATIONS (Con't):
Shop, supply buildings, clearing, leveling site, roads, etc.
Portal, outside trackage & 1400 feet of 6' x 8' drift completed by applicant prior to O.M.E. participation.

(g) MISCELLANEOUS:

**	1.	Repairs & maintenance estimated in 7 (c)	
	2.	Analytical work-600 samples Assay for silver, lead, zinc $4.00 per sample	$ 2,400
	3.	Accounting, office rent, typing, telephone $300.00/month @ 24 months	$ 7,200
		TOTAL MISCELLANEOUS (g)	$ 9,600

Summary of estimated costs for drifting and drilling:

(a)	Independent Contracts	$ 86,306	
(b)	Personal Services	82,077	
(c)	Operating Materials and Supplies	47,000	
(d)	Operating Equipment	14,960	
(e)	Initial Rehabilitation and Repairs	--- *	
(f)	New Buildings, Fixtures and Installations	--- *	
(g)	Miscellaneous	9,600	
	TOTAL ESTIMATE OF COSTS		$239,943

* The applicant will have made an estimated total expenditure of $140,000 on the property prior to government participation.

Exhibit A

January 27, 1969

Mr. Robert W. Specht
First National Bank of Denver
Denver, Colorado 80202

Dear Mr. Specht:

I would appreciate your considering this as a formal application for a loan in the amount of $200,000.

The purpose of the loan is for exploration of a group of patented mining claims now under lease or deed that are located approximately five miles north of Creede, Colorado, in a proven mineralized zone. To date we have expended funds developing the adit and structures necessary for operation of the mining venture. The total cost of the project is estimated to be in the neighborhood of 300 to 500 thousand dollars. Loan proceeds would be advanced as required to carry out the project.

We respectfully request that there be no corporate or individual liability for the loan, but that principal and interest be repayable out of an agreed upon percentage of net smelter returns as ore is produced from the property.

Although the loan would be classified as speculative, it is our opinion, supported by geological information, that the property has excellent prospects for production of silver and we would be interested in your considering the loan based on the above terms.

In the event this project is of a nature that can be accepted by your loan committee, we would appreciate meeting with you to discuss further terms of the loan.

Very truly yours,

NEW MIDWEST MINING, LTD.

By: Charles A. Dahlin
Asst. Secy.

CAD/c

THE FIRST NATIONAL BANK OF DENVER

P. O. BOX 5808 TELEPHONE 303-266-2211

DENVER, COLORADO 80217

ROBERT W. SPECHT
VICE PRESIDENT

January 27, 1969

JAN 28 REC'D

New Midwest Mining, Ltd
650 Seventeenth Street #812
Denver, Colorado 80202

Attention: Mr. Davlin

Gentlemen:

After giving consideration to the application for a loan as submitted by you contained in your letter of January 27, 1969, our committee has declined said application. The speculative nature of the loan as well as the indefinite payment program are the two factors which make the loan unacceptable to us. We regret that we can not be of service to you at this time.

Very truly yours,

Robert W. Specht
Vice President

RWS/sjm

January 27, 1969

Mr. Edward A. Rhatican
Cherry Creek National Bank
East First Ave. at St. Paul
Denver, Colorado 80206

Dear Mr. Rhatican:

I would appreciate your considering this as a formal application for a loan in the amount of $200,000.

The purpose of the loan is for exploration of a group of patented mining claims now under lease or deed that are located approximately five miles north of Creede, Colorado, in a proven mineralized zone. To date we have expended funds developing the adit and structures necessary for operation of the mining venture. The total cost of the project is estimated to be in the neighborhood of 300 to 500 thousand dollars. Loan proceeds would be advanced as required to carry out the project.

We respectfully request that there be no corporate or individual liability for the loan, but that principal and interest be repayable out of an agreed upon percentage of net smelter returns as ore is produced from the property.

Although the loan would be classified as speculative, it is our opinion, supported by geological information, that the property has excellent prospects for production of silver and we would be interested in your considering the loan based on the above terms.

In the event this project is of a nature that can be accepted by your loan committee, we would appreciate meeting with you to discuss further terms of the loan.

Very truly yours,

NEW MIDWEST MINING, LTD.

By: Charles A. Durkin
Asst. Secy.

CAD/c

CHERRY CREEK NATIONAL BANK
OF DENVER

EAST FIRST AVENUE AT ST. PAUL STREET 388-4331

DENVER, COLORADO 80206

January 28, 1969

New Midwest Mining Ltd.
650 - 17th Street, #812
Denver, Colorado 80202

Attention Mr. Charles A. Davlin

Gentlemen:

Your application of January 27, 1969 for a loan of $200,000.00 to be used for exploration of patented mining claims has been carefully considered by our Committee. It was felt that the purpose was too risky to qualify for a loan with our Bank. Your application was, therefore, declined.

We are very sorry that we are unable to assist you in this matter.

Very truly yours,

E. A. Rhatican
Vice President

EAR:mfv

Exhibit B

MINING DEED

THIS DEED made this 17th day of August, 1968, between COLE D. NEFF, ELWOOD N. NEFF and ALFRED M. NEFF (hereinafter referred to as "Grantor", whether one or more) and NEW MIDWEST MINING, LIMITED, a limited partnership of Denver, Colorado (hereinafter referred to as "Grantee");

WITNESSETH:

That the grantor for and in consideration of Ten Dollars and other valuable considerations, receipt of which is hereby acknowledged, does hereby sell and convey to the grantee all of those certain mining claims situated in the King Solomon Mining District, Mineral County, State of Colorado, to-wit:

Name of Claim	Mineral Survey Number
Big Chief Lode Mining Claim	U.S.M.S. No. 7386
Small Hope Lode Mining Claim	U.S.M.S. No. 7386
Little Chief Lode Mining Claim	U.S.M.S. No. 7386
Maid of Erin Lode Mining Claim	U.S.M.S. No. 7386
Highland Chief Lode Mining Claim	U.S.M.S. No. 7386
Ground Hog Lode Mining Claim	U.S.M.S. No. 16305
Edith Lode Mining Claim	U.S.M.S. No. 16300
Mogul Lode Mining Claim	U.S.M.S. No. 7386

TOGETHER with all and singular the mines and minerals within the lines of said claims, their dips, spurs and extra-lateral lines, and all dumps, severed ore, fixtures, improvements, rights and appurtenances thereunto in anywise pertaining.

Grantors hereby covenant for themselves, their heirs and their assigns that the above described premises are free and clear of all liens and encumbrances (with the exception, and this deed is specifically made subject to, those rights of reconveyance created in grantors pursuant to the provisions of the Articles of Limited Partnership relating to grantee).

IN WITNESS WHEREOF, grantor has executed this mining deed as of this 17th day of Aug., 1968.

Cole D. Neff
COLE D. NEFF

Elwood N. Neff
ELWOOD N. NEFF

Alfred M. Neff
ALFRED M. NEFF

STATE OF Colorado)
) ss.
COUNTY OF Jefferson)

Subscribed and sworn to before me by the aforesaid COLE D. NEFF this 17th day of August, 1968.
Witness my hand and seal.
My commission expires December 29, 1969.

Raymond J. Behr
Notary Public

STATE OF WASHINGTON)
) ss.
COUNTY OF KITSAP)

Subscribed and sworn to before me by the aforesaid ELWOOD N. NEFF this 21st day of AUGUST, 1968.
Witness my hand and seal.
My commission expires 7/25/70.

Arthur N. Fritz
Notary Public

STATE OF Calif)
) ss.
COUNTY OF San Mateo)

Subscribed and sworn to before me by the aforesaid ALFRED M. NEFF this 6th day of AUGUST, 1968.
Witness my hand and seal.
My commission expires 4-11-71.

Edwin A. Macdonald
Notary Public

ASSIGNMENT OF MINING LEASE

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, Charles A. Davlin of Denver, Colorado (hereinafter referred to as "Assignor") for and in consideration of the sum of Ten and More Dollars in hand paid by New Midwest Mining Limited, a limited partnership having offices in Denver, Colorado, (hereinafter referred to as "Assignee"), does hereby sell, assign, transfer, set over and convey unto the said assignee all of assignor's right, title and interest in and to that certain mining lease dated October 1, 1967 by and between John R. Jackson, et al. and assignor and pertaining to and describing the following mining claims situated in the King Solomon Mining District, Mineral County, State of Colorado, to-wit:

GATEWAY	recorded in Book	4-C	Page 109[1]
GATEWAY #1	recorded in Book	4-C	Page 109[2]
GATEWAY #2	recorded in Book	4-C	Page 120
GATEWAY #3	recorded in Book	6-E	Page 31
GATEWAY #4	recorded in Book	6-E	Page 32

together with any and all rights that the said assignor may have or claim in and to said lease or said mining claims and any equipment, fixtures or improvements situated upon or appurtenant to said mining claims.

TO HAVE and to hold the interest herein assigned unto assignee, its successors and assigns forever subject only to the terms and provisions set forth in the Articles of Limited Partnership pertaining to assignee and relating to assignor's rights to a re-assignment of the hereinabove described mining lease and mining claims.

IN WITNESS WHEREOF, assignor has executed this assignment as of this 20th day of August, 1968.

Charles A. Davlin
CHARLES A. DAVLIN

STATE OF COLORADO)
) ss.
COUNTY OF Mineral)

Subscribed and sworn to before me by the aforesaid CHARLES A. DAVLIN this 20 day of Aug., 1968.
Witness my hand and seal
My commission expires My Commission expires April 14, 1969

C Ellen Rogers
Notary Public

Mineral County
Book 109[1]
Page 109[2]

M I N I N G L E A S E

THIS AGREEMENT, made and entered into as of the 1st day of October, 1967, by and between JOHN R. JACKSON AND INEZ M. JACKSON, DBA GATEWAY MINES, whose address is Creede, Colorado, Owners of premises hereinafter leased, parties of the first part (hereinafter referred to collectively for all pusposes as "LESSORS") and CHARLES A. DAVLIN, whose address is Room 812, 650 Seventeenth Street, Denver, Colorado 80202, party of the second part (hereinafter referred to for all purposes as "LESSEE"),

W I T N E S S E T H:

THAT FOR AND IN CONSIDERATION of the sum of One Hundred Dollars ($100.00) paid by LESSEE TO LESSORS, the receipt and sufficiency of which is hereby acknowledged and admitted, and in consideration further of the covenants and agreements hereinafter set forth to be kept and faithfully performed by LESSEE, as hereinafter stated and reserved, LESSORS hereby LEASE, LET, GRANT and DEMISE unto LESSEE, and LESSEE'S assigns and successors insofar as permitted herein, the exclusive right and privilege to enter immediately upon, and take the sole and exclusive possession and control of the following mining property and premises situate in the King Solomon Mining District in the County of Mineral and State of Colorado, to-wit:

MINERAL COUNTY LODE LOCATION RECORDS

GATEWAY	recorded in book	4-C	Page 109 1
GATEWAY #1	recorded in book	4-C	Page 109 2
GATEWAY #2	recorded in book	4-C	Page 120
GATEWAY #3	recorded in book	6-E	Page 31
GATEWAY #4	recorded in book	6-E	Page 32

TOGETHER WITH, all and singular, the appurtenances thereto, including water rights, ways, easements, ditches and flumes used in connection therewith, and the ores, metals, and minerals therein or thereunder, or to which the right to mine and remove from ground beyond the boundaries thereof extends by law (all of which property is hereinafter referred to collectively as the "Leased Premises").

TO HAVE AND TO HOLD the Leased Premises unto the LESSEE for a TWENTY (20)-YEAR TERM commencing at noon on the 1st day of October, 1967, and expiring at noon on the 30th day of September, 1987, unless sooner surrendered, forfeited, cancelled, or otherwise terminated, as hereinafter permitted or required, for all purposes reasonably incident to exploration for, and sampling, developing, mining, handling, processing, and disposing of all ores, metals, and minerals (hereinafter sometimes referred to as the "Leased Deposits") which are or may be found therein or thereunder or which may be recovered from ground beyond the boundaries of the Leased Premises by virtue of the location, ownership and possession thereof according to law, TOGETHER WITH THE RIGHTS:

(A) To construct, improve, equip, repair, maintain, and operate all kinds of buildings, plants, works, structures and appliances as may be necessary or convenient for the development, mining, handling, processing and marketing of the Leased Deposits;

(B) To use the surface and subsurface of the Leased Premises in such manner and to such extent as may be necessary or convenient for the exercise of the rights and privileges herein granted;

(C) To use, so long as this Agreement shall be and remain in full force and effect, the surface, subsurface, and underground workings within or appurtenant to the Leased Premises to the extent necessary or convenient for the development, mining, handling and processing of ores, metals, and minerals from other properties then owned, leased,or otherwise controlled by LESSEE;

(D) To assign, sublease, or otherwise encumber or transfer LESSEE'S interest in this Agreement, provided, however, that LESSORS' written consent thereto is first obtained, in the manner hereinafter provided, specifically approving all terms and conditions of such assignment, sublease, or other encumbrance or transfer.

IN CONSIDERATION OF THE PREMISES, LESSEE hereby covenants and agrees with LESSORS, as follows:

1. Method of Work and Manner of Development.
LESSEE will work and maintain the Leased Premises in the manner required by good and economical mining practice for the operation and preservation thereof for mining purposes during and throughout the TERM and existence of this Agreement, so as to take from each of the Leased Deposits mined the greatest amount of ore possible but with due consideration to the special covenants herein contained and with due care taken to develop and preserve the Leased Premises as a workable mining property upon termination of this Agreement. LESSEE shall do no underhand stoping below the level of any working level, shaft, or winze servicing such stope, and shall not do any stoping or breaking of ore or rock within twenty (20) feet of any working shaft, winze, or raise.

2. Size, Maintenance, and Timbering of Underground Openings.
LESSEE agrees to make all working shafts at least four (4) feet by eight (8) feet in the clear, all drifts and tunnels at least three and one-half (3-1/2) by six and one-half (6-1/2) feet in the clear; and all winzes and raises at least three and one-half (3-1/2) by seven (7) feet in the clear, except that said shafts, winzes,and raises shall be divided by proper timbering into two

compartments, one of which shall be a manway provided with ladders in the manner required by law, and LESSEE will keep all shafts, tunnels, drifts, and other workings thoroughly drained, clear of projections, loose rock, waste and rubbish and otherwise in a safe and proper condition; provided, however, that LESSEE may fill all completed and closed stopes with waste material, in good and minerlike manner. LESSEE will timber all drifts, raises, shafts, tunnels, winzes, or other workings adequately as and where necessary and as safety requires, and will replace all timbers, where needed, in all shafts, tunnels and other workings of said property, except in "pulled" or shrinkage stopes.

3. Development Work Requirements. LESSEE shall be required to perform all initial site preparation, including construction of buildings, bulldozing, and all incidental work work required, and in addition thereto, LESSEE shall be required to complete adit to connect with the Midwest Tunnel as located upon adjacent property, owned by Cole D. Neff, et al, and currently leased by and on behalf of LESSEE. LESSEE shall not be required to perform development work on leased premises so long as LESSEE is diligently drifting, raising, sinking, or cross-cutting through adjacent property for the purpose of completion of Midwest Tunnel and raising to Knauss adit for ventilation. Upon completion of the stated development program, LESSEE shall be required to perform development work on these leased premises of not less than twenty (20) lineal feet of exploration per month, drifting, raising, or sinking to best develop the property. The development work herein contemplated shall be limited to the development of the specified underground workings, openings and access-ways and shall not be deemed to include drill-holes and similar exploratory openings which will not admit the entry of a person. In the event exploration or development work of any kind shall disclose a deposit or deposits of ores, metals or minerals in commercial quantities which can be economically mined, the LESSEE is obligated to mine any such deposit or deposits in the manner and within such period of time as will yield to LESSORS during the TERM of this Agreement the royalties contemplated as consideration for the granting of this Mining Lease, and (second) that exhaustion of any such deposit or deposits by mining operations shall not be deemed to relieve LESSEE from the obligation to continue underground development work thereafter as required in this paragraph.

4. Working of Adjacent or Nearby Properties.

LESSEE may work the Leased Premises by means of entries and workings on adjacent or nearby premises owned, leased or otherwise held by or in behalf of the LESSEE, and the LESSORS may therefore inspect, survey, or require information as hereinafter permitted pertaining to such adjacent or nearby premises.

In the event LESSEE owns, utilizes, leases, or acquires easements or unpatented mining claims through, across, or by means of which access is gained to the Leased Premises, LESSEE shall retain such easements and maintain such unpatented mining claims as required by law or contract or both, so that the benefit thereof shall not be lost to LESSEE during the TERM of this Agreement. LESSEE shall retain all rights and privileges of use of adit and surface developed through LESSOR'S property to adjacent claims in the event that exploration and development work as provided in Section 3 above should prove uneconomical and not feasible. Such decision as to feasibility shall be made only after consultation with LESSORS and independent,competent geological consultation.

5. Milling, Concentrating and Beneficiating of Ores. In the event that Leased Deposits are found to be of sufficient tonnage to justify milling, concentrating or other beneficiation or processing on or near the premises, to the mutual advantage of the parties, the construction, acquisition or leasing, and use of facilities for such purposes shall be the obligation of the LESSEE as a condition of this Agreement. Pending acquisition or completion thereof, low-grade ores mined will be stockpiled on or near the premises and title thereto shall remain and be protected by LESSEE in LESSORS, pending processing and marketing by LESSEE. In the event this Agreement shall terminate for any reason at a time when stockpiled ores remain unprocessed and marketed, title thereto shall continue in LESSORS AND LESSEE shall have no further right, title, or interest therein or thereto.

6. Commingling of Ores Prohibited. LESSEE shall not mix any ores, metals, or minerals produced from the Leased Premises with the ores, metals, minerals or products therefrom derived from any other property.

7. Royalties and Payments. LESSORS reserve and LESSEE shall pay to LESSORS, a royalty on all ores, metals, minerals, and mineral products, whether metallic or non-metallic, derived from the Leased Premises, and determined when the same are sold, transferred or conveyed to a purchaser, user, or consumer other than LESSEE according to the following schedule:

TO: Jacquelyn Van Buskirk Hosselkus. 555 West Palm, San Diego, California,
5% of net mill or smelter returns on all ores extracted from Gateway, Gateway #1 and Gateway #2 claims;

TO: John R. Jackson and Inez M. Jackson, dba Gateway Mines, Creede, Colorado,
5% of net mill or smelter returns on all ores extracted from Gateway, Gateway #1 and Gateway #2 claims, but in no instance less than Fifty (50¢) Cents per ton dry mill or smelter weight;

TO: John R. Jackson and Inez M. Jackson, dba Gateway Mines, Creede, Colorado,

Ten (10%) percent of net mill or smelter returns on all ores extracted from Gateway #3 and Gateway #4 claims, but in no instance less than Fifty (50¢) Cents per ton dry mill or smelter weight.

In addition to royalties above listed, payments shall be made:

TO: Jacquelyn Van Buskirk Hosselkus, 555 West Palm, San Diego, California,

A fee of Ten (10¢) Cents per ton, mill or smelter dry weight, on all ores transported through the Midwest Tunnel from claims other than Gateway, Gateway #1, and Gateway #2 claims. This tunnel royalty shall be paid only on ores treated, and shall not include marginal ores stockpiled or waste or debris.

As used herein, the term "Net Returns" means the gross returns realized by and paid or credited to LESSEE from sales of such ores, metals, minerals, and mineral products to a mill, smelter or other purchaser, user or consumer other than LESSEE, less actual costs of transportation (including freight, insurance, taxes, handling, port, demurrage, delay and forwarding expenses incurred by reason of such transportation) of such ores, metals, minerals, and mineral products from the Leased Premises to the mill, smelter, or other purchaser, user or consumer, if such costs are paid by LESSEE. Gross production, severance and other taxes payable by LESSEE shall also be deducted therefrom to the extent attributable to the LESSORS' royalty interest, unless such taxes have been theretofore paid by LESSORS and will not be required to be paid by LESSEE.

If LESSEE shall beneficiate, mill, sort, concentrate and otherwise process the ores, metals, minerals or mineral products derived from the Leased Premises, not necessarily on the Leased Premises, prior to sale, transfer or conveyance to a purchaser, user or consumer other than LESSEE, LESSEE shall not be liable for mineral values lost in such processing under sound engineering practices. In the event mineral products are derived from the Leased Premises and used or consumed by or on behalf of LESSEE, or disposed of by LESSEE for use or consumption other than by arms-length sale, the royalty thereon shall be calculated on the basis of the fair market value of such mineral products, in the form as used or consumed, in the manner above provided for the determination of Net Value. The term "fair market value" as used herein shall mean the total market

value of all constituents of such mineral products paid for or required for the use or consumption made of the products at the price quotations for the month of such sale, use or consumption published in the Engineering and Mining Journal for the nearest market to the location of the Leased Premises.

In the event LESSEE has gross income attributable to or otherwise derived from the Leased Premises, as determined for Federal income tax purposes, other than from the sale or delivery of ores, metals, minerals, and mineral products subject to royalty as hereinabove provided, LESSEE shall pay to the LESSORS one-tenth (1/10) of any such gross income as so determined.

Any royalties payable to the LESSORS under this Agreement shall be payable monthly by check drawn by the LESSEE not later than fifteen (15) days after the close of each month for which royalties are due. Such check shall be drawn to the order of LESSORS and shall be mailed to the LESSORS at the address specified in paragraph 12 hereof.

LESSEE shall provide LESSORS, at the time of each payment of royalty, with a written statement summarizing the pertinent data on which the royalty is determined. LESSEE shall, with said statement, furnish LESSORS with duplicate copies of the mill or other purchaser's receipts and settlement sheets for the shipments as to which royalties are accounted for on said statement. As to shipments which were made in that month, but as to which LESSEE shall not have received settlement during said preceding month, the total tonnage of ore shipped from the Leased Premises shall also be shown. Unless LESSORS shall object within ninety (90) days from the mailing of the royalty and said statement, LESSEE shall not be liable to LESSORS in any manner in respect of the royalty for the month in question except by reason of LESSEE'S fraud or willful misconduct.

8. Information to be Furnished and Inspection to be Permitted. LESSEE, upon request of LESSORS, shall make available to LESSORS the books, assay reports, and records of LESSEE as the same relate to the performance by LESSEE of the covenants of this Agreement or in respect of the computation of the royalty due LESSORS. In Addition, upon any termination of this Agreement, LESSEE shall furnish LESSORS with copies of the then most recent mining map or maps of the Leased Premises and with copies of the drilling logs and assay results as to any drill holes which may have been drilled by LESSEE upon the Leased Premises.

LESSEE shall allow LESSORS or their agents to enter upon and into all parts of the Leased Premises from time to time, and at all reasonable times and hours, for the purpose of inspecting or surveying the same, or taking samples therefrom; and will render to LESSORS all proper assistance in connection therewith. Whether the Leased Premises are or may be entered from the surface thereof or through or by means of workings extending from other premises owned, leased, or otherwise held by the LESSEE, the

LESSORS shall have the right to enter upon and into any premises adjacent or near thereto, which may be owned, leased or held by the LESSEE, for the purpose of entry to the Leased Premises and for the purpose of inspecting and surveying the workings in or upon such adjacent or nearby premises.

LESSEE will furnish LESSORS with full, true and accurate information in response to any reasonable request in regard to the condition of underground workings of the Leased Premises, or any part thereof, or as to the general quality of ore exposed therein.

It is understood and agreed that LESSEE shall assume no responsibility for the safety of LESSORS or the agents of LESSORS when and while upon the Leased Premises for such purposes.

9. LESSEE'S Liability and Indemnification. LESSEE, in the operation and development of the Leased Premises, shall be subject to all applicable Federal enactments, the laws of the State of Colorado and all Federal or State rules and regulations regarding Employers' Liability, Workmen's Compensation, Social Security and Unemployment Compensation Insurance, and LESSEE covenants and agrees to indemnify and hold LESSORS harmless from and against the payment of any and all damages, claims, costs and expenses due to the existence of such enactments, and of any and all claims, costs and expenses in connection therewith under any claim of subrogation provided for by said enactments or otherwise; and LESSEE shall further indemnify and hold LESSORS harmless from and against any and all damages, claims, costs and expenses arising out of damages to property or any injuries to or death of the employees of LESSEE, or any other person whomsoever other than LESSORS and those acting under LESSORS, where such injury, death or damage occurs because of or in connection with the use, operation or development in any manner of the Leased Premises, whether such claims are based upon a right conferred by common law or by statute.

10. Property to be Kept Free of Liens and Notices of Non-Liability to be Posted. LESSEE shall pay and satisfy all claims for materials, supplies and labor in connection with the working of the Leased Premises, and shall keep the same free of liens or encumbrances of any and every kind, except such as might result from State and County tax assessments not required to be paid by LESSEE, or such as may result from the acts of others than LESSEE, LESSEE'S employees or those in privity with LESSEE.

LESSEE shall keep posted in conspicuous places about said Leased Premises where work is being conducted by LESSEE, and shall duly record, when required by laws of the State of Colorado, such notices as will inform whom it may concern that the same is operated under lease and that LESSORS shall not be liable for any of the expenses or charges of operation. If the LESSEE fails or refuses to post notices of non-liability as herein required, LESSORS shall have the right to do so at any time.

11. Taxes. The following general provisions shall govern the parties to this Agreement with respect to the apportionment of taxes between them:

(a) LESSORS shall pay all Federal, State and County income and other taxes of any kind assessed against LESSORS on account of the receipt by LESSORS of royalties herein provided to be paid to LESSORS by LESSEE.

(b) LESSEE shall pay all State and County tax assessments, if any, upon said Leased Premises, and upon any and all structures and other improvements, machinery, equipment, tools, supplies and personal property whatsoever used or placed upon the Leased Premises by LESSEE, and shall furnish LESSORS with evidence of the payment of such tax assessments.

(c) Such State and County taxes, if any, as may be measured by or assessed because of the severance or production by LESSEE of Leased Deposits shall be prorated between and shall be paid by LESSEE AND LESSORS in proportion to their respective participations in the proceeds thereof.

(d) LESSEE shall promptly pay any payroll and income taxes, liability for which might create a lien upon LESSEE'S interest in the Leased Premises.

12. Notices. Any notice, payment, or delivery to any party hereto pursuant to this Agreement shall be in writing and delivered in person or by registered mail as follows:

(a) To LESSORS: c/o JOHN R. JACKSON
Creede, Colorado 81130

(b) To LESSEE: CHARLES A. DAVLIN
812 - 650 Seventeenth Street
Denver, Colorado 80202

The above addresses may be changed by the specified party upon written notice to the other party, provided that not more than one address is specified, in care of one individual, for the party concerned. Service of notice by mail shall be deemed effective and complete upon the date of mailing in accordance herewith. Personal service of notice upon the designated addressee shall be deemed sufficient service of notice and no mailing of notice shall be necessary in case of such personal service.

In any case where the consent of LESSORS is requested by LESSEE pursuant to this Agreement, the individual specified in this paragraph 12 as the addressee for notices directed to LESSORS shall act as LESSORS' agent and attorney-in-fact with respect thereto, and the written consent of

said individual in behalf of LESSORS shall constitute LESSEE'S authority, as to matters specified therein, from each and every individual one of the LESSORS.

13. Termination of Agreement. This Agreement may be terminated, at the option of LESSORS, upon default by LESSEE in the performance of the obligations set forth herein by giving notice to LESSEE of LESSORS' election to forfeit the Agreement, and by specifying in such notice the matters in which LESSEE is in default; provided, however, that such forfeiture shall be inoperative if, within fifteen (15) days of the effective date of such notice, LESSEE remedies the matters of default specified by LESSORS. Upon forfeiture, LESSORS may re-enter and retake possession of the Leased Premises, subject to the further conditions of this paragraph 13.

LESSEE may cancel and surrender this Agreement as of the end of any month by delivery to LESSORS of a written notice to that effect at least sixty (60) days before the close of said month, provided all royalties and other sums due and payable to LESSORS are paid to the effective date of such surrender. LESSEE shall, on or before such effective date of surrender, deliver to LESSORS a recordable release and quit claim of all rights under this Agreement as to the Leased Premises. Upon complete surrender, LESSEE shall be relieved of all obligations hereunder, except that no surrender shall relieve LESSEE from its obligation to pay any royalty payments which were payable, but unpaid prior to the effective date of surrender. No surrender shall relieve LESSEE from its obligation to pay any royalties as to ores, metals or minerals mined and shipped or sold prior to the effective date of surrender, or from any obligation hereunder arising out of any act or omission of LESSEE prior to the effective date of surrender.

All permanent improvements, such as buildings and installed underground air and water lines, installed underground power lines and installed underground trackage (rails, plates, spikes and ties), now existing or installed by LESSEE at any time during the TERM of this Agreement, shall, upon termination, become the property of the LESSORS; but the LESSEE, at any time during the TERM of this Agreement and for a period of ninety (90) days after the termination hereof, shall have the right to remove all movable machinery and other personal property placed upon the Leased Premises by him during the TERM of this Agreement, subject to the other provisions of this paragraph 13. Underground supports shall not be removed.

The LESSEE shall keep all fixtures, improvements, and facilities or other assets of any kind in good repair at all times. Upon the termination of this Agreement by expiration, surrender or otherwise, LESSEE shall immediately restore the premises in good order and condition to LESSORS. LESSEE agrees to deliver and surrender said premises, together with buildings and improvements thereon, but exclusive of any and all movable machinery and equipment placed thereon by LESSEE, to LESSORS in such good condition as above stated

upon the expiration of this Agreement by lapse of time, without demand or notice, and deliver and surrender the same to the LESSORS upon any termination of this Agreement as herein provided.

It is further understood and agreed that in the event LESSEE shall be in default with respect to any provision of this Agreement, all personal property of LESSEE located within or upon the Leased Premises, and all buildings, machinery, equipment, and tools shall, in case of forfeiture, surrender or other termination of this Agreement, remain upon the Leased Premises, and be held as a guarantee in lieu of bond until all terms with respect to payment of royalties and the preservation of the property have been complied with. Upon such compliance with and performance of such conditions and obligations, LESSEE shall be entitled to, and may, within ninety (90) days after such termination or within such extension of time as may be granted by LESSORS, remove such property and improvements from the Leased Premises.

14. Miscellaneous Provisions. LESSEE will occupy and hold as the property of the LESSORS, all cross and parallel lodes, dips, spurs, angles and mineral deposits of every kind disclosed and discovered within the Leased Premises, subject to this Agreement, without regard to the identity of the person or persons disclosing or discovering the same.

If LESSORS own a less interest in the Leased Premises, or any part thereof, than the entire and undivided fee simple estate, then the royalties herein provided for shall be paid the LESSORS only in the proportion which their interest bears to the whole and undivided fee of that portion of the Leased Premises from which ore is extracted.

No transfer of any interest of LESSORS as to any portion or portions of the Leased Premises, which may hereafter occur by operation of law or otherwise, shall impose upon LESSEE any obligation of segregation of production or accounting.

This Agreement shall be subject to the laws of the State of Colorado and to the rules and regulations of the regulatory bodies of such State having jurisdiction thereof, and to all other applicable State and Federal Laws, rules and regulations.

All obligations of LESSEE shall be suspended while, but only as long as LESSEE is prevented from complying with such obligations in whole or in part by strikes, acts of God, unavoidable accidents, uncontrollable delays in transportation, inability to obtain or transport necessary materials or services in the open market, any State or Federal Law, regulation or order, or other matters, exclusive of financial inabilities of LESSEE, beyond the reasonable control of LESSEE, whether similar to the matters herein specifically enumerated or not; Provided, however,

that performance shall be resumed within a reasonable time after such cause has been removed; and Provided further, that LESSEE shall not be required, against LESSEE'S will, to adjust any labor dispute or to question the validity or to refrain from judicially testing the validity of any State or Federal order, regulation or law.

The failure of any party hereto to insist upon a strict performance of any of the terms, conditions and covenants herein, shall not be deemed a waiver of any rights or remedies that such party may have, and shall not be deemed a waiver of any subsequent breach or default in the terms, conditions and covenants herein contained. This Agreement may not be changed, modified or discharged orally.

The paragraph headings in this Agreement are inserted only as a matter of convenience and in no way define the scope of this Agreement or the intent of any provision thereof.

It is mutually understood and agreed that the covenants and agreements contained in this Agreement shall inure to the benefit of and be binding upon the parties hereto and upon their respective successors, heirs, assigns, executors and administrators, subject to the provisions hereof.

This Agreement shall be executed in form suitable for recording and may be recorded by any party hereto.

Definitions. As used in this Agreement, or as in this paragraph particularly specified, the following terms shall be defined and construed as in the following subparagraphs required:

(a) "Noon" as used in connection with the TERM of this Agreement, shall mean the hour of twelve o'clock meridian, local time, whether such local time shall then be standard or daylight time as prescribed by law.

(b) "Workshift" shall mean the labor of one (1) man for a total of eight (8) hours in any one (1) twenty-four (24) hour day.

(c) "Ton" shall mean a short ton of two thousand (2000) pounds.

IN WITNESS WHEREOF, LESSORS and LESSEE have respectively signed and sealed this Agreement as of the day and year first above written.

LESSORS:

John R. Jackson

John R. Jackson

Inez M. Jackson

Inez M. Jackson

LESSEE:

Charles A. Davlin

Charles A. Davlin

STATE OF COLORADO)
) SS.
COUNTY OF MINERAL)

The foregoing instrument was acknowledged before me this 16 day of October, 1967, by JOHN R. JACKSON, who resides at Creede, County of Mineral, and State of Colorado, as one of the LESSORS described therein.

Witness my hand and official seal.

My Commission expires My Commission expires April 14, 1969.

Ethel Rogers
Notary Public

STATE OF COLORADO)
) SS.
COUNTY OF MINERAL)

The foregoing instrument was acknowledged before me this 16 day of October, 1967, by INEZ M. JACKSON, who resides at Creede, County of Mineral, and State of Colorado, as one of the LESSORS described therein.

Witness my hand and official seal.

My commission expires My Commission expires April 14, 1969

Ethel Rogers
Notary Public

STATE OF COLORADO)
) S.S.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 12th day of October, 1967, by CHARLES A. DAVLIN, whose address is Room 812, 650 Seventeenth Street, City and County of Denver, and State of Colorado, the LESSEE described therein.

Witness my hand and official seal.

My Commission expires September 16, 1970.

Louise Schmidt
Notary Public

COPY

MINING DEED

THIS DEED made this 13th day of JANUARY, 1969, between GATEWAY ACCESS CORPORATION, a Colorado corporation, (hereinafter referred to as "Grantor") and NEW MIDWEST MINING, LTD., a limited partnership of Denver, Colorado (hereinafter referred to as "Grantee");

WITNESSETH:

That the grantor for and in consideration of Ten Dollars and other valuable considerations, receipt of which is hereby acknowledged, does hereby sell and convey to the grantee all of those certain mining claims situated in the King Solomon Mining District, Mineral County, State of Colorado, to-wit:

Name of Claim	Recording Data Book	Page
Gateway No. 5	7-E	21
Gateway No. 6	7-E	22
Gateway No. 7	7-E	34
Gateway No. 8	7-E	23
Gateway No. 9	7-E	24
Gateway No. 10	7-E	25
Gateway No. 11	7-E	26
Gateway No. 12	7-E	27
Gateway No. 13	7-E	28
Gateway No. 14	7-E	29
Gateway No. 15	7-E	30
Gateway No. 16	7-E	31
Gateway No. 17	7-E	32
Gateway No. 18	7-E	33

which mining claims were erroneously described as being located by Gateway Access, Inc. rather than by Gateway Access Corporation, the true owner thereof.

TOGETHER with all and singular the mines and minerals within the lines of said claims, their dips, spurs and extra-lateral lines, and all dumps, severed ore, fixtures, improvements, rights and appurtenances thereunto in anywise pertaining.

Grantor hereby covenants for itself, its successors and its assigns that the above described premises are free and clear of all liens and encumbrances.

IN WITNESS WHEREOF, grantor has executed this Mining Deed as of this 13th day of JANUARY, 1969.

GATEWAY ACCESS CORPORATION

ATTEST:

/s/ C. KIRK
C. Kirk, Secretary

By /s/ R. L. WAHL JR.
R. L. Wahl, President

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

The foregoing instrument was acknowledged before me this 13th day of JANUARY, 1969, by R. L. Wahl as President, and C. Kirk as Secretary, of Gateway Access Corporation.

Witness my hand and official seal.

My commission expires Feb. 2, 1969.

/s/ Ruth M. Mix
Notary Public

COPY

ARTICLES OF LIMITED PARTNERSHIP
FOR
NEW MIDWEST MINING, LTD.

THIS AGREEMENT, made and entered into as of the first day of June, 1968, by and between GATEWAY ACCESS CORPORATION, a Colorado corporation, hereinafter referred to as "General Partner", CF&I STEEL CORPORATION, a Colorado corporation, ALLAN R. PHIPPS of Denver, Colorado, CLARA V. S. PHIPPS of Denver, Colorado, CHARLES M. STEELE of Creede, Colorado, CHARLES A. DAVLIN of Denver, Colorado, JOHN R. JACKSON of Creede, Colorado, COLE D. NEFF of Evergreen, Colorado, ELWOOD N. NEFF of Bremerton, Washington, and ALFRED M. NEFF of San Carlos, California, all of whom shall sometimes hereinafter be referred to collectively as "Limited Partners";

WITNESSETH:

The parties hereto in consideration of the mutual covenants contained herein hereby form a limited partnership under the provisions of the Limited Partnership Act of the State of Colorado in accordance with the following terms and conditions:

ARTICLE I

Name of the Limited Partnership: The name of the limited partnership shall be New Midwest Mining, Ltd., with any changes thereof or variations therein which may be necessary to comply with statutory requirements in any of the states in which the limited partnership may do business.

ARTICLE II

Character of the Business of Partnership: The business of the partnership shall be the acquisition of mineral properties, mineral royalties and mineral leasehold interests, the exploration and testing of mineral properties by the construction of mine shafts or core drilling or by any other means, the development and operation of such properties in the event any of the same prove productive, and the production and marketing of all minerals of all kinds which may be produced from such properties, including the construction and operation of milling, smelting, or other processing facilities and the operation thereof, and the disposition of any mineral interest or properties or any produced mineral or any equipment or supplies acquired by the partnership and the doing of any and all things incident thereto. Without in any way limiting the foregoing, it shall be the primary and initial purpose of the limited partnership to explore and develop, by drilling, stoping and other means, the mining properties to be contributed by the limited partners of the second and third classes and to dedicate the capital contributions of the limited partners of the first class to the exploration and development of such properties. In any event the exploration and development of such properties shall be completed by June 1, 1972 or at such date as the agreed capital contributions of the limited partners of the first class have been totally expended, whichever date is first to occur.

ARTICLE III

Location and Principal Place of Business: The location of the principal place of business of the partnership shall be at Suite 812, 650 - 17th Street, Denver, Colorado 80202. Further,

the business of the corporation shall be conducted at and from such additional places of business as may be selected from time to time by the general partner.

ARTICLE IV

Names, Place of Residence and Designation of Partners: The name, place of residence and designation of the partners as a general or limited partner or, as among the limited partners, according to limited partnership classification, is as follows:

Name	Place of Residence	Type of Partner
A. General Partner		
Gateway Access Corporation	Suite 812 650 - 17th Street Denver, Colorado 80202	General
B. Limited Partners		
1. Limited Partners of the First Class		
CF&I Steel Corporation	Continental Oil Building Denver, Colorado 80202	Limited
Allan R. Phipps	Suite 812 650 - 17th Street Denver, Colorado 80202	Limited
Clara V. S. Phipps	Suite 812 650 - 17th Street Denver, Colorado 80202	Limited
Charles M. Steele	Creede, Colorado	Limited
2. Limited Partners of the Second Class		
Charles A. Davlin	Suite 812 650 - 17th Street Denver, Colorado 80202	Limited
John R. Jackson	Creede, Colorado	Limited
3. Limited Partners of the Third Class		
Cole D. Neff	Box 86, Route 1 Evergreen, Colorado 80439	Limited
Elwood N. Neff	2125 Parker Place Bremerton, Washington 98310	Limited
Alfred M. Neff	2840 Tramanto Drive San Carlos, California 94070	Limited

ARTICLE V

Term of Partnership: The term for which the limited partnership is to exist shall commence on June 1, 1968 and shall continue thereafter until June 1, 1988 unless earlier dissolved in accordance with the provisions of these Articles of Limited Partnership.

ARTICLE VI

Capital Contributions of the Partners: The partners hereby agree to make capital contributions to the partnership in the form of cash and property as follows:

A. The limited partners of the first class agree to make cash contributions to the limited partnership in the aggregate sum of $200,000, less any amounts which may be secured for the benefit of the partnership pursuant to funds obtained through the Office of Minerals Exploration of the Department of the Interior. As among the limited partners of the first class their agreed capital contributions shall be made on the basis of the limited partner CF&I Steel Corporation's paying the first $50,000 of required cash capital funds for the partnership business; by the limited partners Allan R. Phipps, Clara V. S. Phipps and Charles M. Steele paying the second $50,000 of any capital funds required for the partnership business on the basis of said Allan R. Phipps bearing 73% of such contributions, Clara V. S. Phipps bearing 9% of such contributions and Charles M. Steele bearing 18% of such contributions. As to capital funds in excess of $100,000 and up to the aggregate maximum of $200,000 to be contributed by the limited partners of the first class, such excess funds shall be contributed entirely by CF&I Steel Corporation, or, at the election of the remaining limited partners of the first class, one-half by the limited partner CF&I Steel Corporation, and one-half by the remaining partners of the first class, Allan R. Phipps, Clara V. S. Phipps and Charles M. Steele. If the said Allan R. Phipps, Clara V. S. Phipps and Charles M. Steele elect to contribute their one-half share of capital funds required in excess of $100,000, then the allocation of partnership income among the limited partners of the first class shall be as set forth hereinafter in Article IX of these Articles of Limited Partnership. In the event the said Allan R. Phipps, Clara V. S. Phipps and Charles M. Steele do not elect to contribute a one-half share of any capital requirements of the limited partnership in excess of $100,000, then as between the limited partners of the first class the allocation of partnership income shall be modified so that the limited partner of the first class, CF&I Steel Corporation, receives an increased percentage of partnership income, which shall be in the same proportion that the amount of capital investment made by the said limited partner CF&I Steel Corporation bears to the total of all capital contributions made by the limited partners of the first class. To illustrate the provisions of this contribution formula, if the limited partners of the first class have contributed their initial agreed capital contribution of $100,000 and if thereafter an additional $100,000 is required from them by reason of their commitment to contribute an aggregate of $200,000 to the capital needs of the partnership's business, then if the limited partner CF&I Steel Corporation contributes $50,000 of such additional capital funds, and the remaining limited partners of the first class also contribute $50,000 of such remaining capital funds, the limited partner CF&I Steel Corporation shall continue to own only a 40% share of partnership income as specified in Article IX below and the remaining limited partners of the first class shall continue to own an aggregate 30% of such partnership income. However, in the event the entire additional capital contribution of $100,000 is contributed solely by the limited partner CF&I Steel Corporation with the result that it has contributed an aggregate of 75% of the agreed capital contribution of the limited partners of the first class, then the partnership percentage incomes relating to the limited partners of the first class shall be adjusted so that the limited partner CF&I Steel Corporation is allocated 75% of 70% and the remaining limited partners of the first class will be allocated 25% of 70%.

B. The limited partners of the second class shall contribute property to the limited partnership consisting of an assignment of all right, title and interest in that certain mining lease of October 1, 1967 pertaining to the Gateway, Gateway No. 1, Gateway No. 2, Gateway No. 3 and Gateway No. 4 mining claims in the King Solomon Mining District, Mineral County, State of Colorado, which mining lease is by and between John R. Jackson and Inez M. Jackson, d/b/a Gateway Mines, as lessors, and Charles A. Davlin as lessee, and it is agreed that such contributed property shall be deemed to have a value for the purpose of this agreement of $15,000.

C. The limited partners of the third class shall contribute to the limited partnership property consisting of the patented mining claims Big Chief, Small Hope, Little Chief, Maid of Erin, Highland Chief, Ground Hog, Edith Lode and Mogul Lode, situated within the King Solomon Mining District, Mineral County, State of Colorado, and more further described in United States Mineral Survey No. 7386, No. 16305 and No. 16300, and having for the purposes of this agreement an agreed value of $75,000.

The contribution of the limited partner CF&I Steel Corporation shall be due and payable August 1, 1968 and the remaining capital contributions to be made by limited partners of the first class shall be payable as required by the capital needs of the limited partnership as determined by the general partner and at the times called for by the general partner. The property contributions to be made by the limited partners of the second and third class shall be made by the execution of assignments and mining deeds concurrent with the execution of these Articles of Limited Partnership.

ARTICLE VII

Additional Capital Contributions of Partners: No additional capital contributions shall be required by the partners unless such additional contributions shall be agreed to by all partners, it being understood that under no circumstances shall the limited partner CF&I Steel Corporation be firmly obligated to contribute in excess of $150,000 in cash to the partnership and that the remaining limited partners of the first class shall not be firmly obligated to contribute in excess of $50,000 to the partnership, and that the limited partners of the second and third classes shall not be obligated to contribute any cash or property to the partnership other than those property contributions hereinabove specified to be made by them.

ARTICLE VIII

Return of Partners' Capital Contribution: Subject to the rights of third party creditors of the partnership, and subject to the provisions of Article XVI providing for transfer of the partnership assets to a corporation for further development, the property contributions made by the limited partners of the second and third classes shall be returned to them upon dissolution of the partnership in the then existing condition of such properties with the partnership having the right to remove prior to the return of such properties any and all equipment, supplies and improvements which may theretofore have been made by the partnership and which have not become affixed to the respective properties. Prior to the return of such properties any partner holding an encumbrance against such properties by way of mortgage or otherwise shall release such encumbrance, whether the debt secured thereby be paid or unpaid. There shall be no distribution of any income from the business of the partnership, nor, in the event of dissolution, shall any cash funds then held by the partnership, be paid to any partners until

such time as there has been payment, to the extent possible, of the claims of third party creditors and following such payments and thereafter until limited partners of the first class have been reimbursed for the full amount of their actual cash contributions to the partnership.

ARTICLE IX

Distribution of Partnership Income: The profits, income, gain and credits of the partnership shall be allocated to the partners on the basis that initially all such profits, income, gains and credits shall be dedicated to reimbursing the limited partners of the first class for their capital cash contributions and following the time that such capital cash contributions of the limited partners of the first class have been repaid, then said profits, income, gains and credits shall be allocated to the general partner and to the limited partners in the following percentages:

Name of Partner	Share of Profits
Gateway Access Corporation	0.000%
CF&I Steel Corporation	40.000%
Allan R. Phipps	21.900%
Clara V. S. Phipps	2.700%
Charles M. Steele	5.400%
Charles A. Davlin	2.500%
John R. Jackson	2.500%
Cole D. Neff	16.668%
Elwood N. Neff	4.166%
Alfred M. Neff	4.166%
Total	100.000%

In the event any partner within a given class of limited partners fails to contribute any part of his capital contribution commitment, his proportionate share in profits, income, gain and credits shall be reduced proportionately and allocated to the remaining limited partners within his limited partnership class; provided, however, that nothing contained herein shall relieve any class of limited partners of their obligation to contribute all amounts due hereunder.

ARTICLE X

Losses, Expenses or Deductions: All losses, expenses or income tax deductions incurred by the partnership shall be allocated among the partners on the following basis: (a) first to the limited partners of the first class in proportion to their respective cash contributions until the total losses, expenses and deductions so allocated shall equal the total cash contributions of the limited partners of the first class; (b) then to all partners in accordance with the relative percentages set forth in Article IX above.

ARTICLE XI

Capital of the Partnership: A given partner's interest in the partnership capital shall be equal to his, her or its respective balances in such partner's capital account.

ARTICLE XII

Limitation of Liability of Limited Partners: Losses, expenses and deductions of the partnership shall be allocated among

the limited partners as set forth in Article X above pertaining to losses, expenses or deductions. Except to the extent of its or his interest in the partnership assets, and the unpaid balance of its or his capital contribution commitment, a limited partner shall have no liability for or on account of any losses of the partnership, and to the extent that losses of the partnership exceed its assets plus any unpaid balance of any limited partners' capital contribution commitment, such losses shall be borne solely by the general partner.

ARTICLE XIII

Partnership Funds: Funds of the partnership shall be deposited in The First National Bank of Denver, Denver, Colorado, and in such other banks as the general partner shall select and shall be subject to withdrawal upon check, draft or order signed by the general partner.

ARTICLE XIV

Books and Records: The general partner shall keep proper and usual books and records pertaining to the partnership's business, showing all of its assets and liabilities, receipts and disbursements, profits and losses, partners' capital contributions and distributions, and all transactions entered into by the partnership. The books and records and all files of the partnership shall be kept at its principal office (except such other records and files as are needed in the field or at other offices of the partnership), and all partners and their representatives shall at all reasonable times have free access thereto for the purpose of inspecting or copying the same. The books of the partnership shall be kept on a calendar year basis.

ARTICLE XV

Audits and Reports: The books of the partnership shall be audited as of the close of the fiscal year by Haskins & Sells, certified public accountants, and a copy of its certified audit reports, which shall include a statement of assets and liabilities as of the end of the calendar year and a statement of receipts and expenditures for such calendar year, shall be furnished by the general partner to each of the limited partners within sixty (60) days after the close of the calendar year.

ARTICLE XVI

Payment of Operating Expenses: In the event the cash contributions which are hereby obligated to be made by the limited partners of the first class are insufficient to permit the partnership to continue the business of the partnership, including the production and operation of any given mineral property, then the general partner shall notify all partners of such fact, giving at such time to each of said partners an estimate as to the amount of additional funds required for the purpose of carrying on the partnership business. If all of the limited partners elect to participate in contributing to the required amount of requested capital, they shall do so in proportion with their income percentages specified in Article IX above within fifteen (15) days from the date they receive such notification. In the event that not all limited partners elect to contribute ratably to such required funds, then any limited partner or partners may loan such funds to the partnership at their election but without being required to do so. In the event a given partner or a group of partners should elect to loan such funds to the partnership, such loaned funds

shall be on the basis of a one-year loan bearing interest at the rate of ten per cent (10%) per annum and shall be secured by a mortgage, pledge or lien against all of the partnership assets, but which shall be subordinate to any prior existing pledge, lien or mortgage as to such assets. In the event such a loan or loans are made by any partner or group of partners, it shall be conclusively presumed that all remaining partners have consented to the partnership's entering into such loan agreement on the terms and conditions herein outlined.

Further, if the general partner shall determine the existence of a commercial mineable ore body on any of the partnership properties and also determines that financing the development and mining of such ore body may be accomplished more advantageously by the establishment of a corporation organized for such purpose, then the general partner may transfer, without restriction, all of the partnership assets (including any properties contributed by limited partners of the second and third class) to a corporation which shall have as its principal purpose the future exploration, development and disposition of the mineral properties previously owned by the partnership. The partners shall also transfer their interests in this partnership to such corporation on a tax exempt basis in exchange for pro-rata stock interests in the corporation. The corporation shall be organized under article provisions authorizing pre-emptive rights of purchase by the shareholders in future stock issues and the initial ownership of stock in such corporation shall be upon the following stock basis:

(a) As to Class A stock which shall be a voting non-par common stock class:

CF&I Steel Corporation	75%
Allan R. Phipps	10%
Clara V. S. Phipps	5%
Charles M. Steele	10%

(b) As to Class B stock which shall be a non-voting non-par common stock class:

Each limited partner shall be entitled to receive from the corporation's initial stock issue that percentage of such stock as is equal to his percentage interest in this partnership as of the date the transfer of partnership interests is made to the corporation. The number of shares of this stock which shall be issued to any given limited partner who also has been issued Class A stock shall be reduced by the number of shares of Class A stock such partner was issued.

With respect to future stock issues of the corporation other than that made in exchange for the partners' interests the partners of the second and third classes shall have the right but not the obligation of purchasing their pre-emptive right shares of such issues by borrowing the funds for such purchase from partners of the first class the funds required for such purchase (and the partners of the first class agree to loan such funds), and by their executing and delivering to the lending partners non-interest bearing promissory notes for the purchase price of such shares. Such notes shall be payable primarily out of 60% of the earnings realized from dividends paid as to the shares purchased with the sums loaned under such promissory notes but shall be payable in full if and when such shares are sold or transferred. Such promissory notes shall also be secured by a pledge of the stock which is purchased by the sums loaned under such promissory notes.

ARTICLE XVII

Cost of Material and Personnel: The partnership shall pay to the general partner the sum of $25.00 per month as compensation for its services under the terms hereof. Expenditures may be made by the partnership for the labor, material, supplies and equipment and for transportation charges and for third party services, insurance, out-of-pocket travel and other expenses, taxes, supervisory costs and camp expenses only if such expenditures are made in connection with the costs of such items which inure directly to the benefit of properties owned by the partnership. Any material purchased from any one of the partners shall be purchased or paid for on the same basis as they would be purchased or paid for if obtained or furnished by some third party.

ARTICLE XVIII

Limitation on Assignability of Interests of Limited Partners: No limited partner shall have the right or power to assign, transfer or otherwise dispose of his interest in the partnership except: (1) to the wife, child or children of such limited partner, either in whole or in part; (2) to any other partner or partners; (3) to secure a bona fide borrowing; (4) by succession or testamentary disposition upon his death; or (5) with the written consent of the general partner; and with those exceptions each of the limited partners agrees with the others that he will not make any such assignment, transfer or other disposition. In the event a given limited partner desires to dispose of his interest, he shall notify all other partners of such fact and of the terms upon which he desires to dispose of such interest or as to the terms upon which he has received a bona fide offer for the purchase of his interest. The notified partners shall have the right to purchase such interest in proportion to their respective partnership percentages on such basis as they may then agree upon with the notifying partner. Any assignment, transfer or other disposition of any limited partner's interest in the partnership shall be subject to all of the terms, conditions, restrictions and obligations of this Agreement, and no assignment made under the provisions of this Article XVIII shall be effective for any purpose until the assignee has, in writing, assumed the obligations of paying his proportionate share of the unpaid capital contribution commitment of the limited partner who has assigned all or a share of his limited partner's interest, but nothing in this Article XVIII contained shall release the limited partner so assigning from his obligation to pay his original capital contribution commitment hereunder, in the event of a default by the assignee of such limited partner.

ARTICLE XIX

Powers and Responsibilities of the Partners: The management and control of the partnership's business shall rest exclusively with the general partner, who, except as herein otherwise provided, shall have all the rights and powers and be subject to all the restrictions and liabilities of a partner in a general partnership. The general partner shall obtain and maintain in force and effect for the benefit of the partnership and all of its partners full and sufficient Workmen's Compensation, Liability and Property Damage Insurance coverage. None of the limited partners shall have any voice or take any part in the control or management of the business of the partnership, nor shall any limited partner have any power or authority to act for or on behalf of the partnership in any respect whatsoever; provided, however, that nothing herein contained shall in any way affect the rights of the limited partners to dissolve the partnership as provided in Article XX hereof.

ARTICLE XX

Dissolution of the Partnership: The partnership shall be dissolved upon the expiration of the term of its existence as specified herein; upon the transfer of the partnership assets to an operating corporation as provided in Article XVI; or at the election of the limited partners of the first class following the time that they have contributed their entire committed capital contribution. In the event of the dissolution of the partnership, except where the partnership is dissolved and the assets transferred to an operating corporation as provided in Article XVI, the properties contributed by the limited partners of the second and third classes shall be reconveyed to their respective owners in accordance with the foregoing provisions of these articles, and all cash and assets then on hand shall be first dedicated to the payment of the debts of the partnership and then to the reimbursement of the limited partners of the first class or any sums which they have paid to the partnership as cash capital contributions and any remaining funds then on hand shall be divided among the limited partners in accordance with the percentages then in existence with respect to the division of income, gains and profits. The winding up of the partnership's affairs and the liquidation and distribution of its assets shall be conducted and managed by the general partner who is hereby authorized to do any and all things which it may deem necessary or convenient for such purposes.

ARTICLE XXI

Partnership Borrowings: The general partner shall have the right to borrow on behalf of the partnership such amounts as it may deem reasonably necessary to provide funds for the partnership business and specifically the general partner shall have the right to secure funds from the United States Government, acting through the Office of Minerals Exploration of the United States Department of the Interior, for the purpose of exploring those mining properties contributed by the limited partners of the second and third classes and all funds secured from any such loan shall be credited against and shall reduce the amount of the cash capital contribution commitment which the limited partners of the first class have herein committed themselves to make. To secure any borrowing the general partner shall have the right to encumber the partnership assets and the income therefrom.

ARTICLE XXII

Execution of Other Documents: The general partner and each limited partner shall sign any documents and do any and all things which may be required to accomplish the formation of the limited partnership contemplated by this Agreement and to assure its continued existence for the term hereinabove provided for and to comply with the statutory requirements of any states in which it may do business.

ARTICLE XXIII

Miscellany: This Agreement contains all representations among the parties hereto and shall not be amended except in writing signed by all the partners. It shall be construed in accordance with the laws of the State of Colorado.

ARTICLE XXIV

Successors and Assigns: Except as herein otherwise specifically provided, this Agreement shall inure to the benefit of and shall be binding upon the heirs, executors and administrators, or other legal representatives, assigns and successors of the parties hereto.

ARTICLE XXV

Construction: When necessary for proper construction, the masculine of any word used in this Agreement shall include the feminine and neuter gender thereof and the singular, the plural and vice versa.

ARTICLE XXVI

Counterparts: This instrument is prepared in multiple counterparts for convenience in execution and each counterpart shall be deemed as an original and when taken together the agreement of the parties.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

GENERAL PARTNER:

GATEWAY ACCESS CORPORATION

ATTEST:

Secretary

By

President

LIMITED PARTNERS:

CF&I STEEL CORPORATION

ATTEST:

Secretary

By

Vice President

Allan R. Phipps

Clara V. S. Phipps

Charles M. Steele

Charles A. Davlin

John R. Jackson

Cole D. Neff

Elwood N. Neff

Alfred M. Neff

Exhibit C

The following claims are recorded at Creede, Colorado:

Amended Location Certificate	Book	Page
Gateway No. 3	7-E	19
Gateway No. 4	7-E	20

Location Certificate	Book	Page
Gateway No. 5	7-E	21
Gateway No. 6	7-E	22
Gateway No. 7	7-E	34
Gateway No. 8	7-E	23
Gateway No. 9	7-E	24
Gateway No. 10	7-E	25
Gateway No. 11	7-E	26
Gateway No. 12	7-E	27
Gateway No. 13	7-E	28
Gateway No. 14	7-E	29
Gateway No. 15	7-E	30
Gateway No. 16	7-E	31
Gateway No. 17	7-E	32
Gateway No. 18	7-E	33

R.L.W.
1/13/69

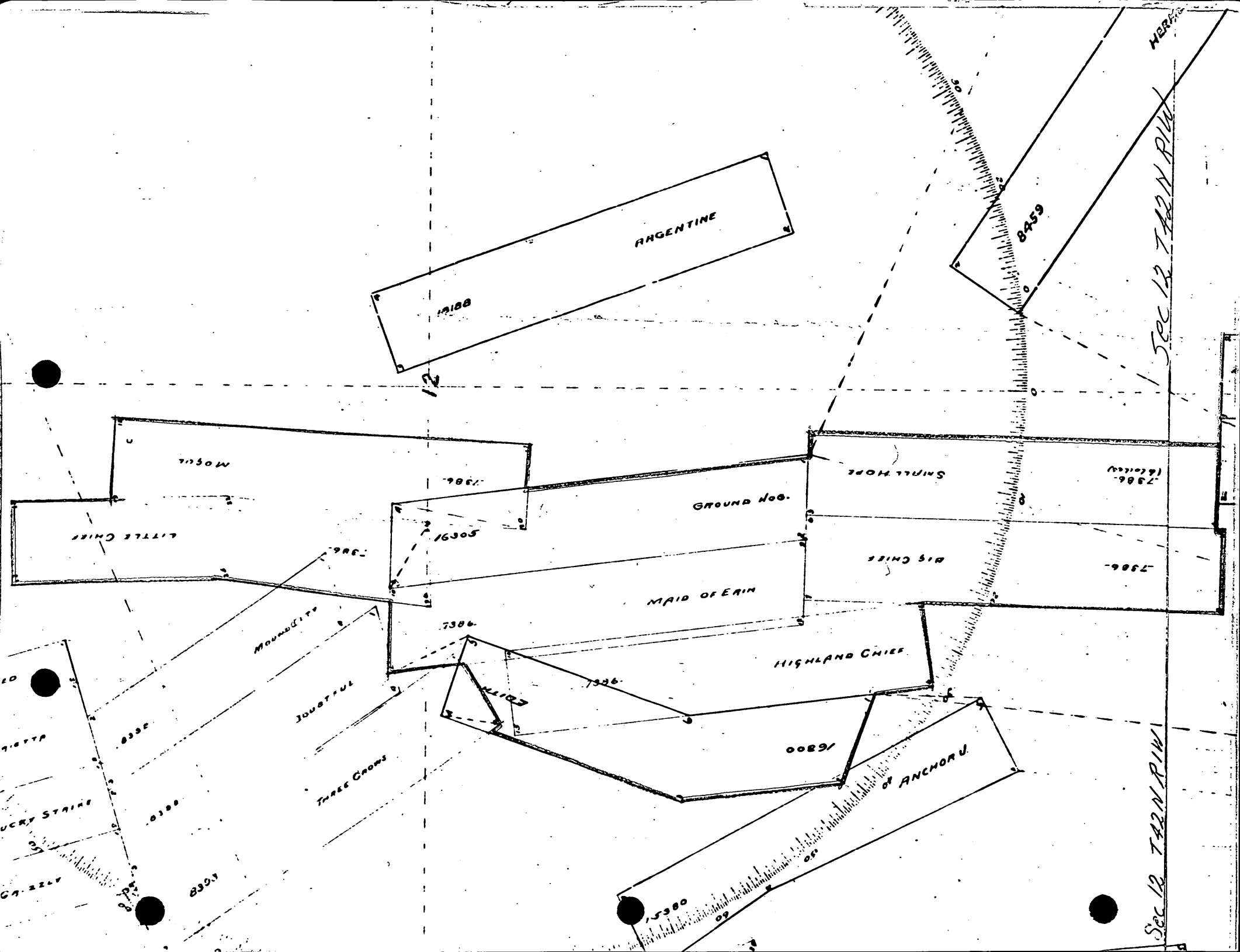

ARGENTINE
14188
12
8459
Sec 12 T42N R1W
MOSCOW
LITTLE CHIEF
7386
16305
GROUND HOG.
SMALL HOPE
BIG CHIEF
MAID OF ERIN
HIGHLAND CHIEF
MOUNDCITY
JOUSTFUL
THREE CROWS
8395
8398
8393
15380
ANCHOR
Sec 12 T42N R1W

Exhibit D

NEFF MINING PROPERTY
Nelson Mountain
Mineral County, Colorado

Property

The property consists of eight (8) patented claims situated on Nelson Mountain about four (4) miles north of Creede at an elevation of approximately 10,000 feet. The claims are:

Big Chief	#7386	Maid of Erin	#7386
Small Hopes	#7386	Mogul	#7386
Little Chief	#7386	Edith	#16300
Highland Chief	#7386	Ground Hog	#16305

Geology

Thru this property runs a very well defined contact vein between rhyolite and porphyry-rhyolite formations. (Steven* indicates two (2) parallel veins). The vein can be traced for nearly a mile, indicating it to be of major importance. The vein strikes diagonally across Nelson Mountain between the two major producing vein systems in the district...the Amethyst and the Solomon-Holy Moses. Nearly 2,000 feet of this vein is located on the Neff property and with the greatest depth of the vein. Ore, of the sulfide or oxidized types, has been found at points along the vein for 3,700 feet.

History

This vein was discovered by N. C. Creede and Charles Nelson in 1891 before Creede found the famous Amethyst vein. Creede gave up his Nelson Mountain holdings in favor of the rich Amethyst. In the winter of 1892, however, a Mr. Palmer found a rich pocket of ore at point 1 on the enclosed map. He shipped a carload of high grade lead sulfate ore which was reported to contain 1.5 oz. of gold and 28 oz. of silver. In order to better develop the vein, the Nause tunnel was driven at point 2. The vein at this level is well defined, eight to eighteen feet wide with considerable barite but little values. This, however, encouraged driving another tunnel farther down the hill at point 3. Financial difficulties stopped this work several hundred feet short of the vein.

In 1913 Elwood M. Neff became interested in the property. He decided to attack the vein where it outcropped in Nelson Creek, thus minimizing the expensive crosscutting. An old tunnel, at point 4, crossed the strike of the vein in the wash and did not discover it. Mr. Neff opened the vein with tunnel 5 and in 1921 discovered sulfide ore but not in commercial

quantities. In 1924 he leased to the Midwest Mining Company and the Colewood Tunnel, later called the Midwest, was driven at point 6. This tunnel cut the vein at 166 feet and followed it for 909 feet. Orein small quantities was found all along this vein and according to Larsen** contained galena, sphalerite, chalcopyrite and anglesite. The vein is from five to fifteen feet wide with the breast assaying 2% lead and 2 oz silver. Rich pockets along the vein, however, showed 20% lead, 12 oz. in silver and small amounts of zinc, copper and gold. Financial difficulties stopped work by Midwest and during the depression, Mr. Neff was forced to give up the unpatented Colewood claims. These are now owned by Mr. John Jackson and called the Gateways.

Development

This property can best be developed in conjunction with the Jackson claims. The objective of any development should be to gain depth. Steven* lists this vein as a promising prospect in his paper. He states that "... by analogy with other more thoroughly developed veins in the district, the vein here might be more persistent and higher in grade at depth below the zone of argillized wall rocks." The properties are ideally situated for gaining depth by tunneling rather than the more expensive sinking. The most obvious method would be extension of the Colewood Tunnel, or a parallel tunnel in the foot wall. This would give a depth of about 780 feet where the vein crosses the ridge. The ore body, by analogy with others in the area, could be expected to be 1,200 to 1,400 feet below the level of the Colewood Tunnel. Much of this depth could be mined by tunnels driven from East or West Willow Creeks.

Ownership

The Neff property is owned by:

Alfred M. Neff 2840 Tramanto Drive San Carlos, California 94070	1/6th interest
Cole D. Neff Route 1 - Box 117 Evergreen, Colorado 80439	4/6th interest
Elwood N. Neff 2125 Parker Place Bremerton, Washington 98312	1/6th interest

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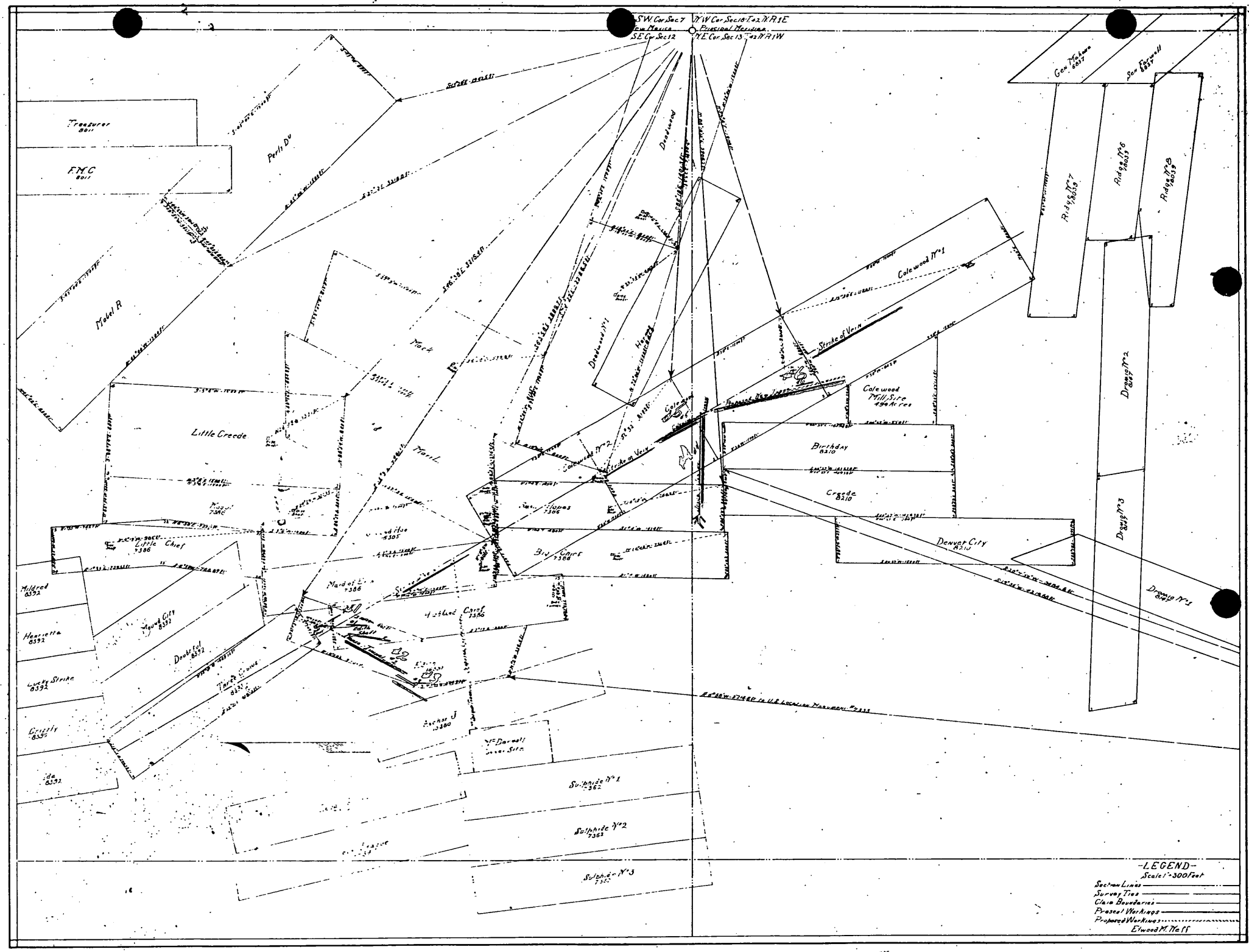
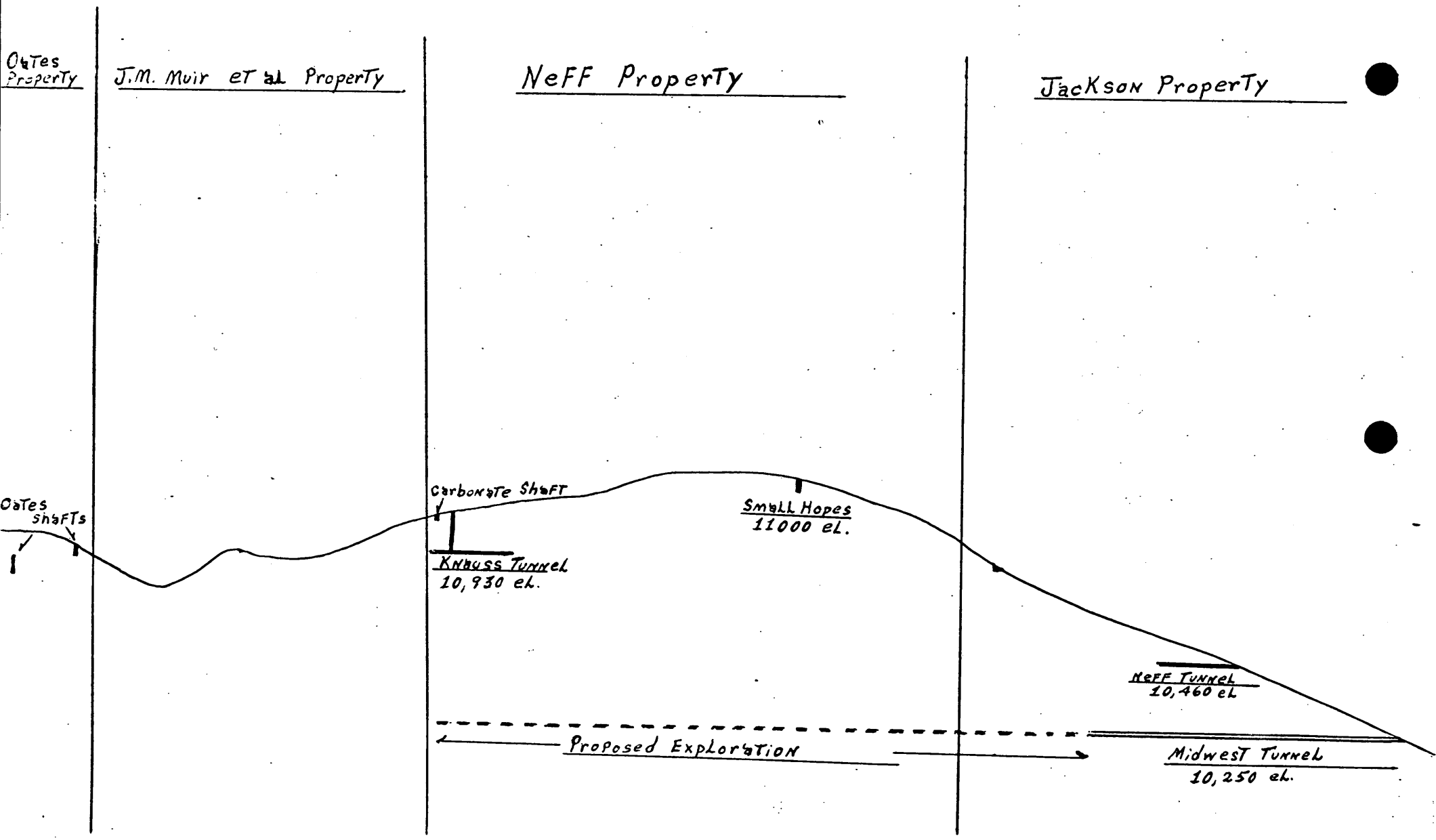
* Steven, T. A., and Ratte', J. C. Geology and Structural Control of Ore Deposition in the Creede District, San Juan Mountains, Colorado USGS Professional Paper 487

** Larsen, E. S., Recent Mining Developments in the Creede District, Colorado USGS Bulletin 811-B


S.W. Cor. Sec. 7
Cor. Mexico
S.E. Cor. Sec. 12
N.W. Cor. Sec. 18 T.42 N. R.1 E.
Principal Meridian
N.E. Cor. Sec. 13 T.42 N. R.1 W.
Treasurer
F.M.C.
Perly Dv
Model R
Little Creede
Mack
Marl
Deadwood
Deadwood No. 1
Deadwood No. 2
Colewood No. 1
Colewood No. 2
Strike of Vein
Colewood Mill Site
Birthday
Creede
Denver City
Big Chief
Little Chief
Maid of Erin
Hatched Chief
Mildred
Henrietta
Lucky Strike
Grizzly
Ida
Doubtful
Three Crows
Archer J
McDowell Dump Site
Sulphide No. 1
Sulphide No. 2
Sulphide No. 3
Gen. Mahone
Sec. Fawell
Ridge No. 7
Ridge No. 8
Dump No. 2
Dump No. 3
Dump No. 4
-LEGEND-
Scale 1" = 300 Feet
Section Lines
Survey Ties
Claim Boundaries
Proposed Workings
Proposed Workings
Elwood M. Neff

Sketch of Properties and Tunnels - Shafts - elevations - relationships



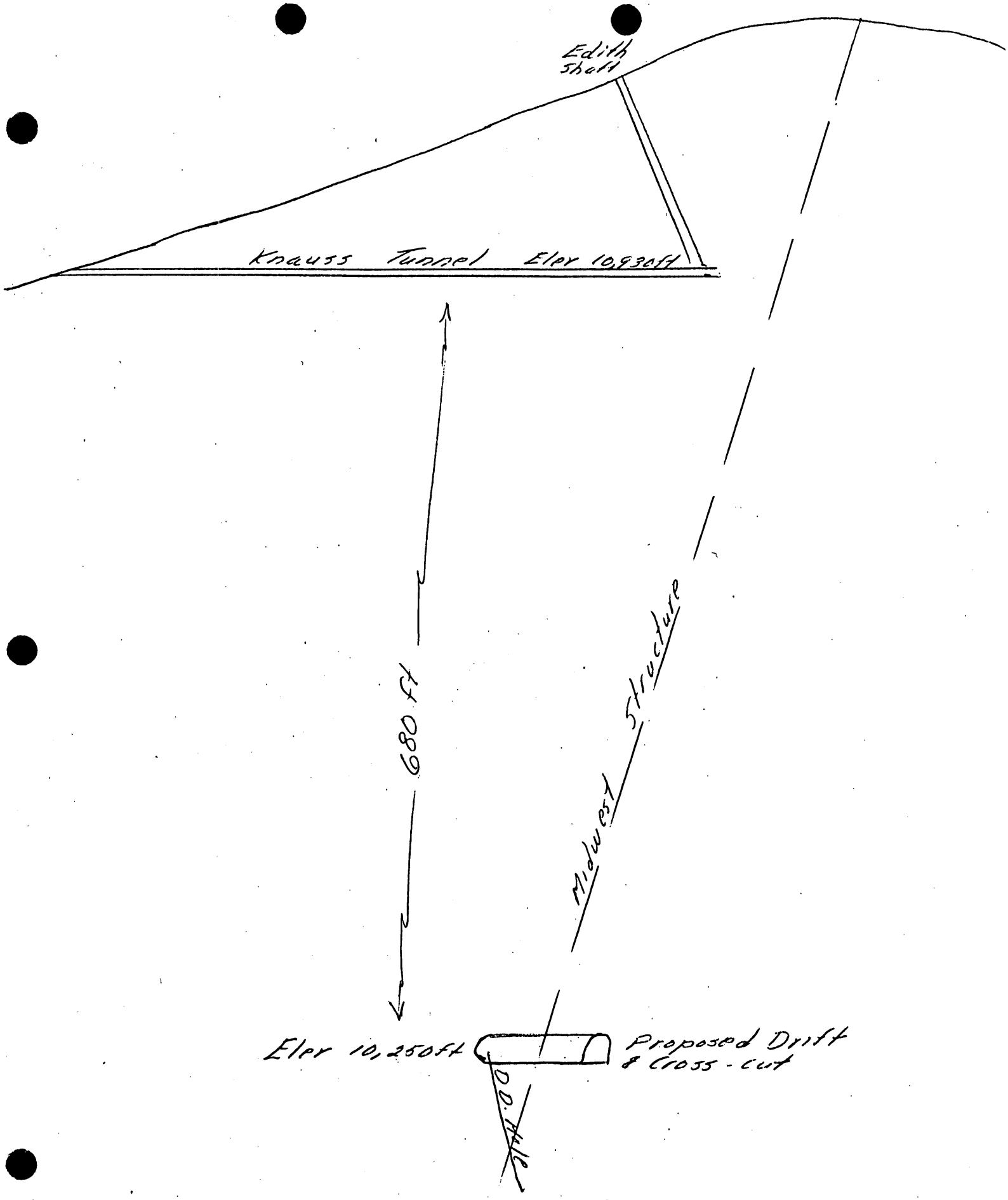
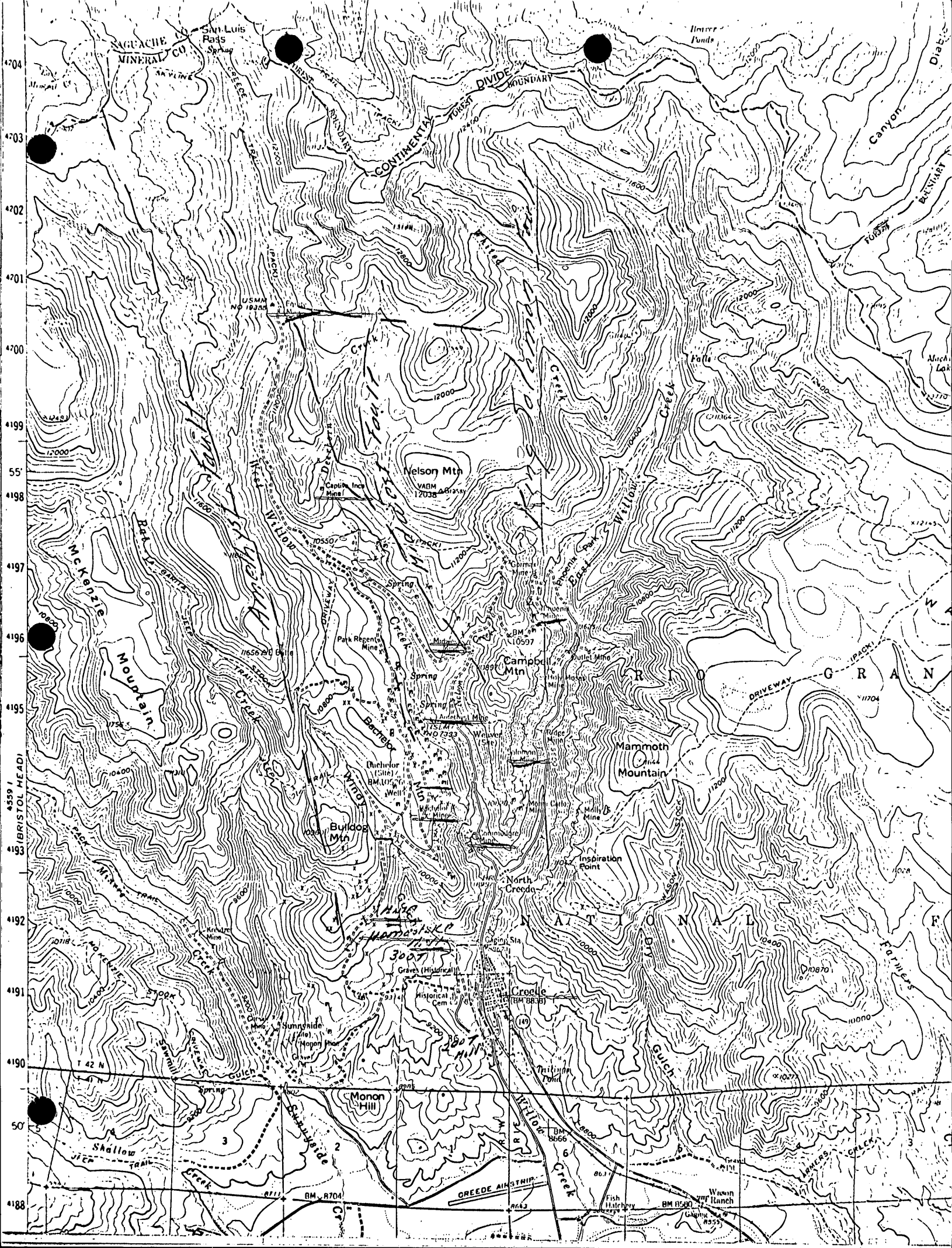

Edith Shaft
Knauss Tunnel Elev 10,930 ft
680 ft
Midwest Structure
Elev 10,250 ft
Proposed Drift & Cross-cut
D.D. Hole

Exhibit E


SAGUACHE CO
MINERAL CO
San Luis Pass
CONTINENTAL DIVIDE
FOREST BOUNDARY
Nelson Mtn
12038
Campbell Mtn
Mammoth Mountain
Bachelor Mtn
Buldog Mtn
Monon Hill
Creede
North Creede
Inspiration Point
Willow Creek
Wildcat Fault
Fault
Nelson Creek
Phoenix Park
McKenzie Mountain
Sumnside
Shallow Creek
Farmers Gulch
Wason Ranch
Fish Hatchery
CREEDE AIRSTRIP
RIO GRANDE NATIONAL F
DRIVEWAY
JEEP TRAIL
PACK TRAIL
T 42 N
(BRISTOL HEAD)

Emperius Mining Co.
Homestake Mining Co.
McCulloch Oil Corp.
New Midwest Mining Ltd.
American Smelting & Refining Co.

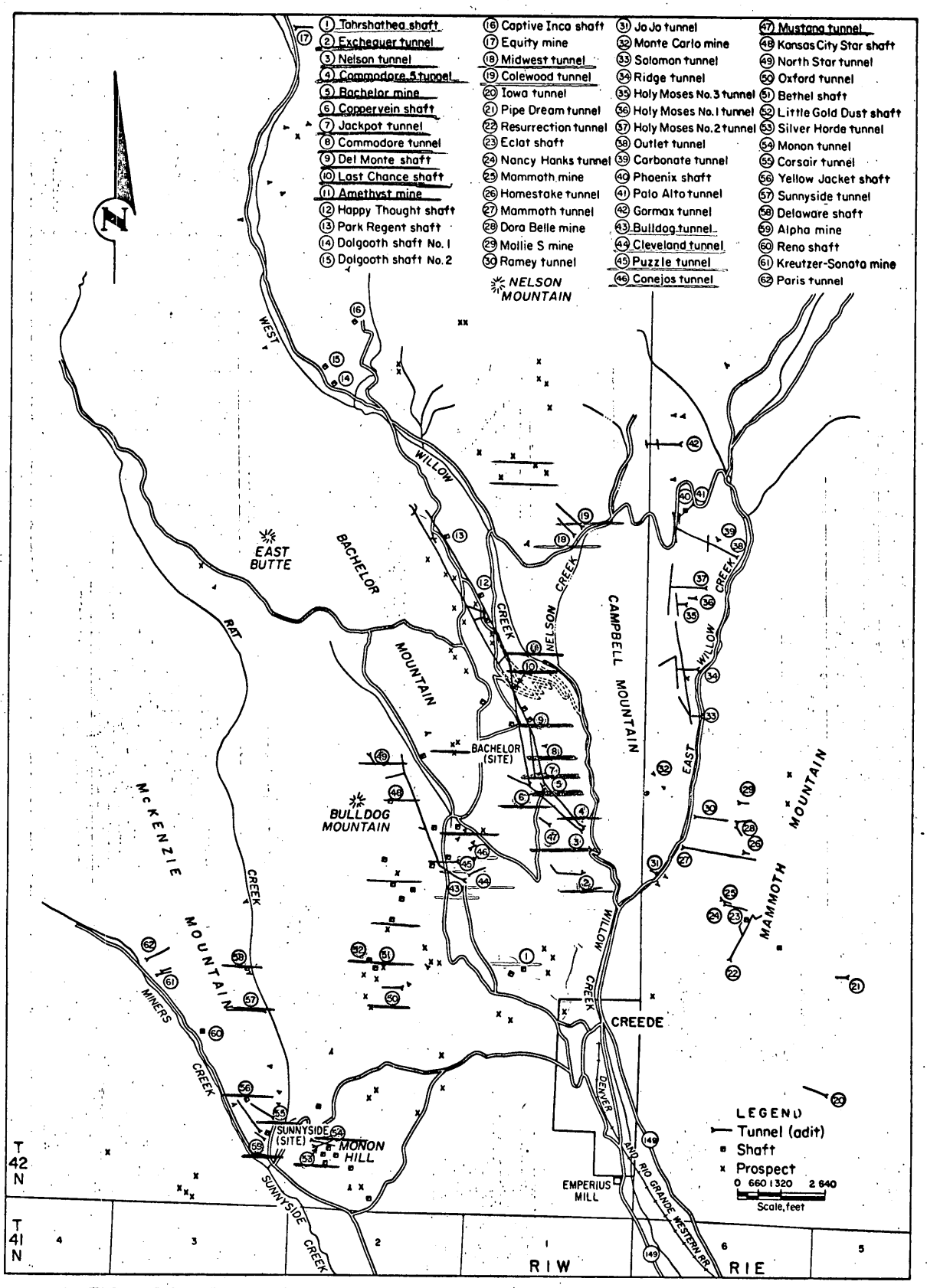
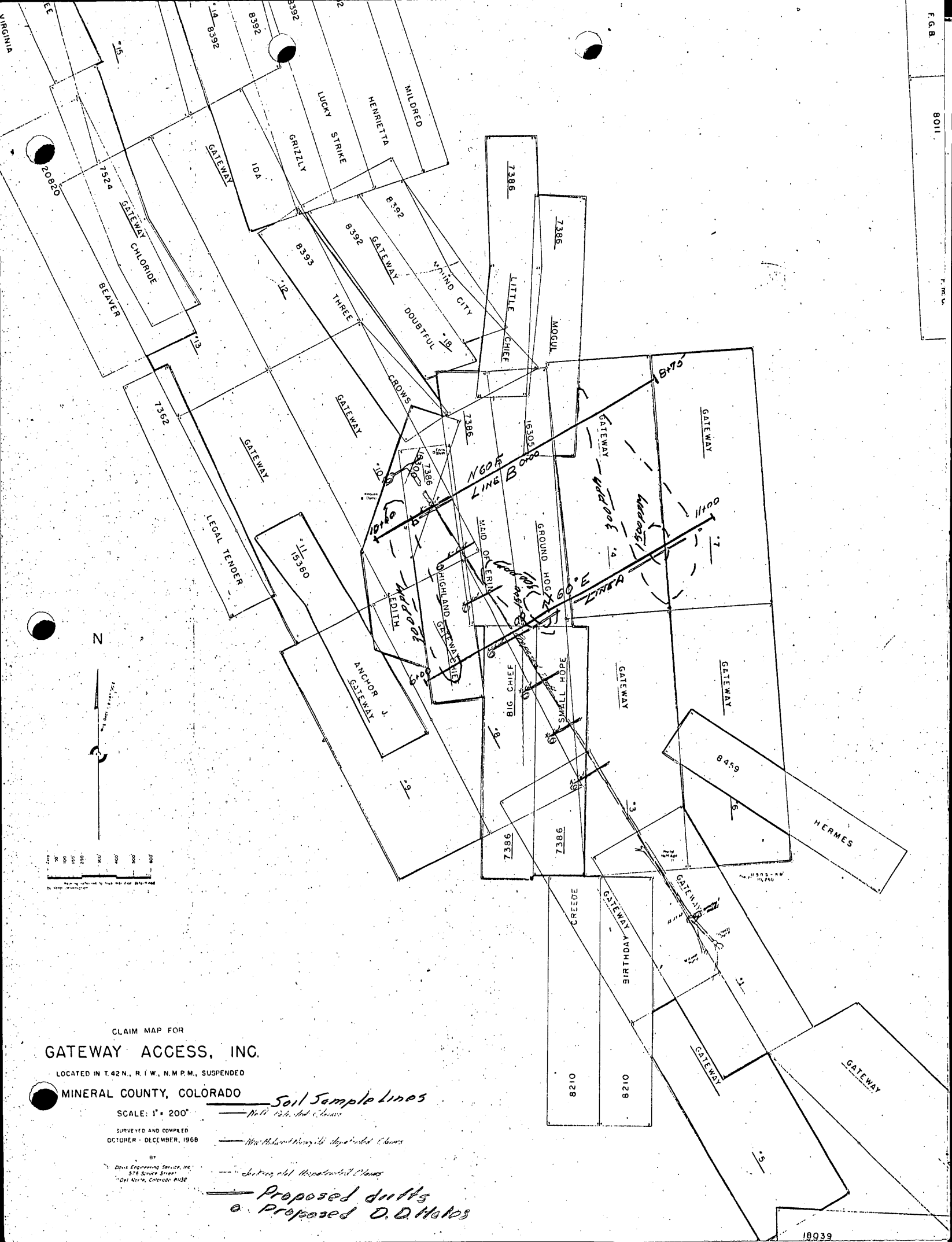


FIGURE 2. - Principal Mines and Prospects, Creede District, Mineral County, Colo.

Exhibit F



CLAIM MAP FOR

GATEWAY ACCESS, INC.

LOCATED IN T. 42 N., R. 1 W., N.M.P.M., SUSPENDED

MINERAL COUNTY, COLORADO

SCALE: 1" = 200'

SURVEYED AND COMPILED
OCTOBER - DECEMBER, 1968

BY
Davis Engineering Service, Inc.
576 Spruce Street
Del Norte, Colorado 81132

Soil Sample Lines

Well Site and Claims

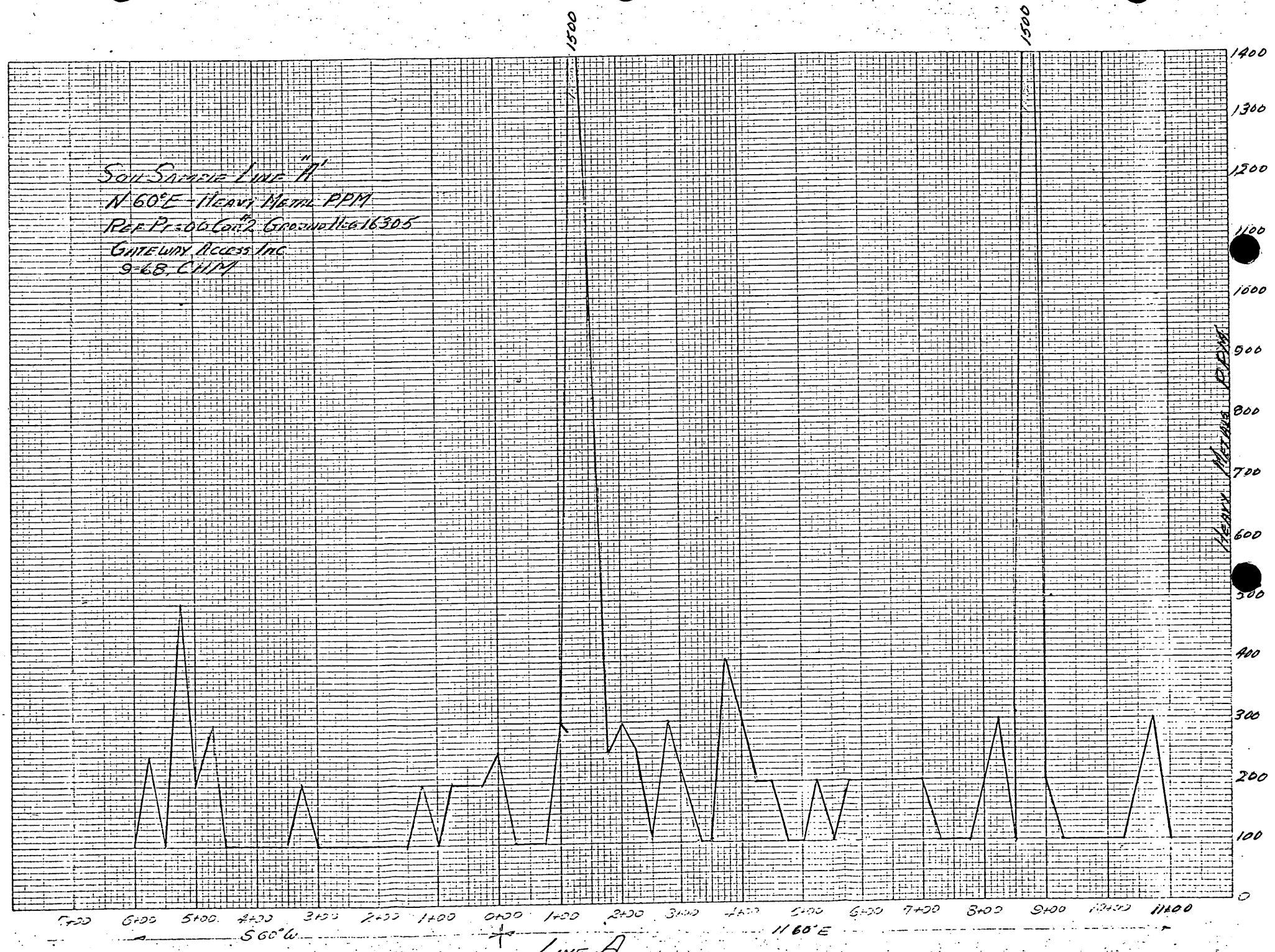
Mineral Survey Patented Claims

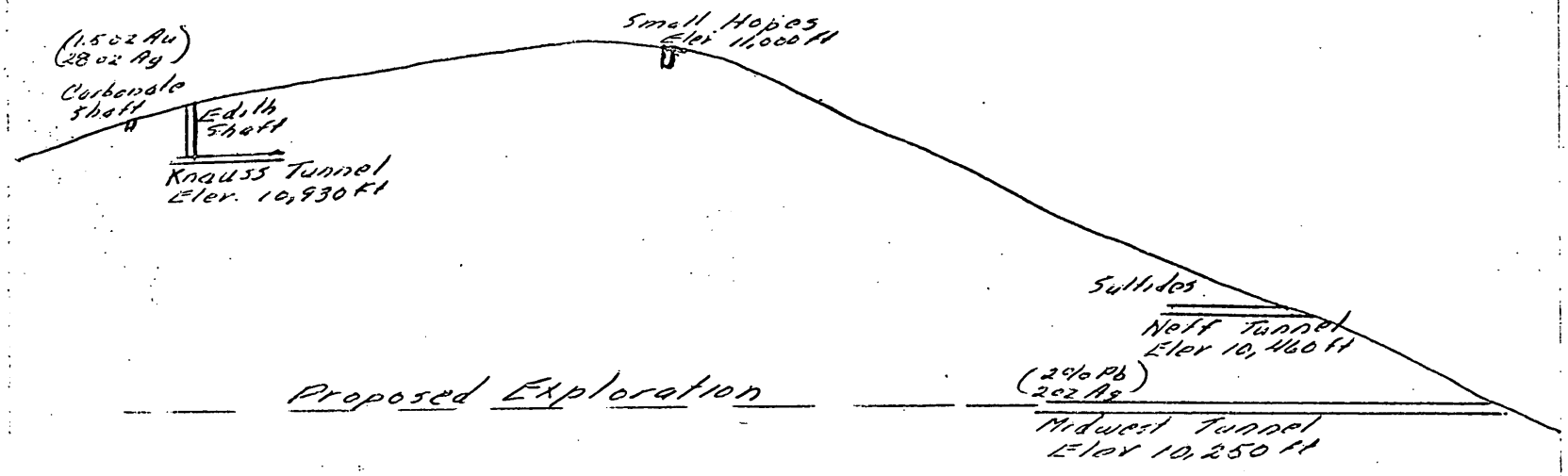
Surveyed Unpatented Claims

Proposed drills

Proposed D.D. Holes

BRUNING 700-20
10 X 10 TO ½ INCH
CHARLES BRUNING COMPANY, Inc.
MADE IN U. S. A.




(1.5 oz Au)
(28 oz Ag)
Corbonale Shaft
Edith Shaft
Knauss Tunnel
Elev. 10,930 ft
Small Hopes
Elev 11,000 ft
Sulfides
Neff Tunnel
Elev 10,460 ft
(2% Pb)
2 oz Ag
Midwest Tunnel
Elev 10,250 ft
Proposed Exploration

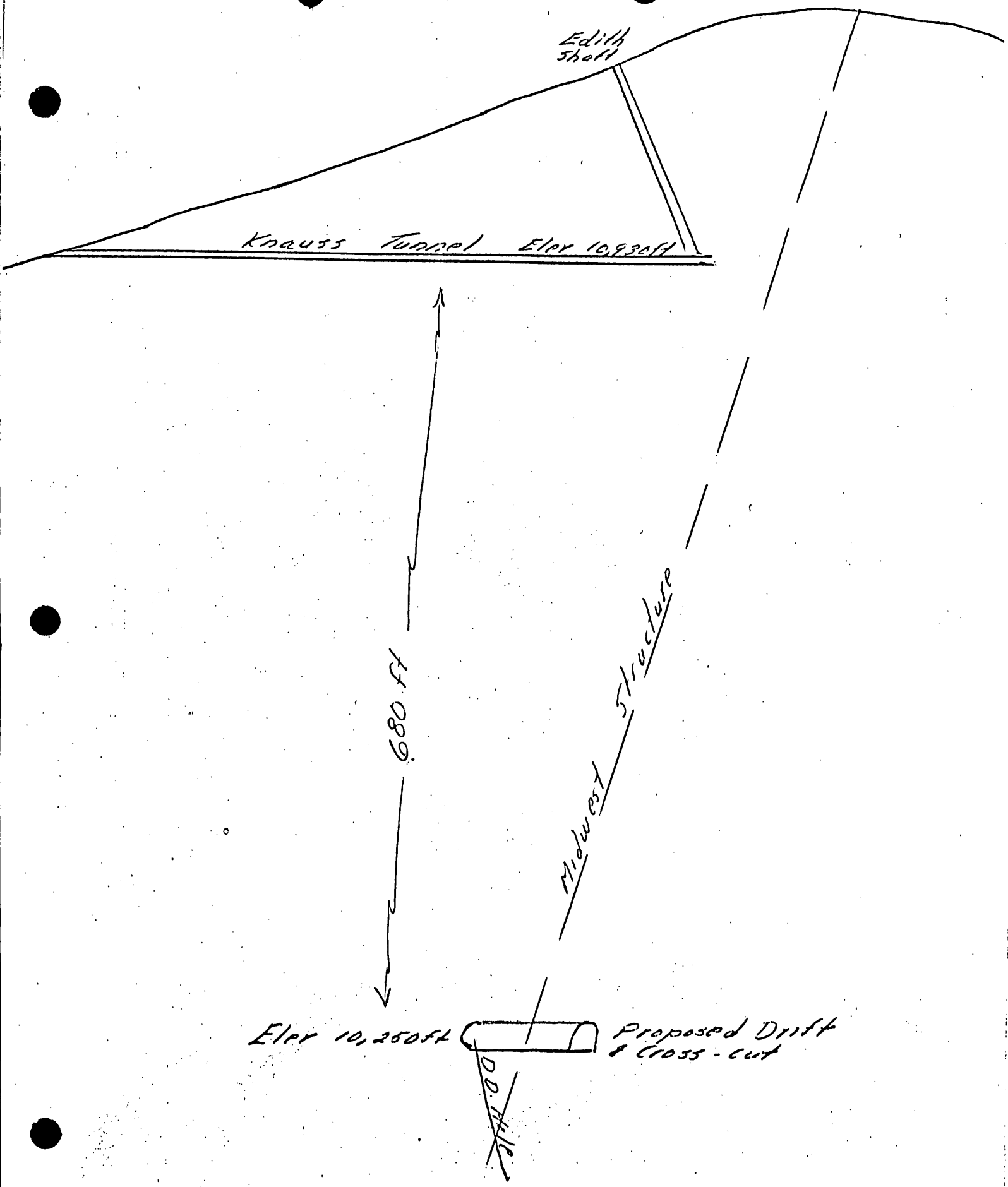
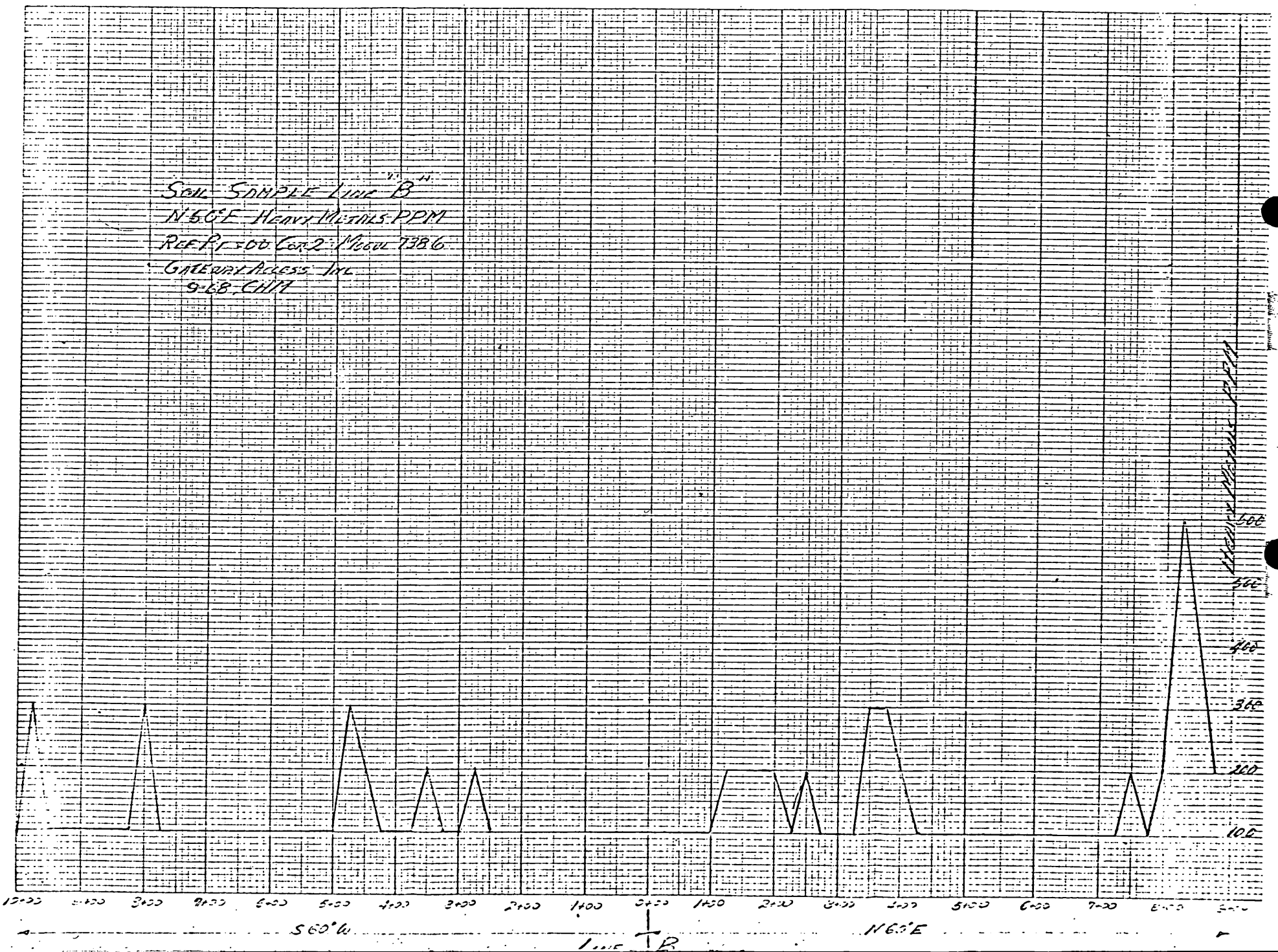

Edith Shaft
Knauss Tunnel Elev 10,930 ft
680 ft
Midwest Structure
Elev 10,250 ft
Proposed Drift & Cross-cut
100 ft.

Exhibit G

BRUNING 700-20
10 X 10 TO ½ INCH
CHARLES BRUNING COMPANY, Inc.
MADE IN U. S. A.



reported good ore in adjacent blocks to the south in the northern part of the Solomon mine and southern part of the Holy Moses mine, and some old longitudinal sections of the mines that we have seen indicate ore in this same area.

The fault zone north of the Phoenix mine is generally obscured by surface debris, and its economic potential is difficult to assess. In a few places, however, adjacent rocks are altered to some degree, a factor that indicates at least local hydrothermal activity.

MINOR FAULTS

Although emphasis has been given in preceding sections to the larger faults in the Creede graben and to the disseminated deposits in the Creede Formation, many minor faults may be mineralized and warrant investigation. The main period of activity of the faults extending northwest across Rat Creek was probably concurrent with subsidence of the Creede caldera (p. 60), but some evidence exists for movement toward the southeast after Creede deposition; there the faults intersect the zone of caldera-border faults north of Monon Hill. Although probably not as favorable as faults that were more active during the late period of faulting, these seem worthy of some attention at least. Geochemical prospecting techniques might well indicate whether or not they warrant further exploration.

The Midwest mine developed a minor vein zone that extends northwest across the ridge between Nelson and West Willow Creeks. The vein seen in the Midwest mine contained chiefly pyrite and was enclosed by highly argillized walls. Some pockets of galena were observed, however, and by analogy with other more thoroughly developed veins in the district, the vein here might be more persistent and higher in grade at depth below the zone of argillized wallrocks.

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——— 1938b, Petrologic results of a study of the minerals from the Tertiary volcanic rocks of the San Juan region, Colorado, pts. 8–10: Am. Mineralogist, v. 23, no. 7, p. 417–429.

Lee, H. A., 1903, Gases in metalliferous mines: Colorado Sci. Soc. Proc., v. 7, p. 163–188.

the Morgan & Sloan ore body, to prospect the ground beyond big cave and stope that was near the junction of the main vein and the Del Monte vein.

Herman Imperious and associates have a sublease on that part the Amethyst mine that is north of No. 3 shaft and plan to run crosscut on level 3 through the drainage level.

R. J. Murray and associates, who have a lease on the Happy Thought mine, are working through the Nelson tunnel on level 8 and hope to find a continuation of the old stope, which, it is reported, carried while last mined an unusually high gold content for this district.

RESURRECTION TUNNEL AND AREA SOUTHWEST OF MAMMOTH MOUNTAIN

Since the preparation of the earlier report considerable prospecting has been done on the faults on the southwest slopes of Mammoth Mountain. The main faults of the area have been considerably prospected, and the Mammoth tunnel has been extended, but according to reports no ore bodies have been found.

Farther east, on the south slope of Mammoth Mountain, the faults are prospected by a crosscut tunnel whose portal is about 1,200 feet S. 25° W. of the Eclat shaft, at an altitude of about 10,450 feet. The tunnel is being driven by Frederick Monkemeyer and associates, and I am indebted to Mr. Monkemeyer for help in the examination of the tunnel and for a map of it. A map of the workings drawn from data furnished by Mr. Monkemeyer is shown in Figure 10. The main tunnel, which is in the Willow Creek rhyolite throughout, at about 160 feet from the portal crosses a fracture that carries some quartz and at about 913 feet crosses a second fracture zone that has been followed by a drift N. 19° W. for 580 feet. The second fracture has both walls of the Willow Creek rhyolite for about 200 feet north of the main tunnel, but farther north the west or hanging wall is the Campbell Mountain rhyolite. The fracture contains a seam of gouge, and the hanging wall is good, but the footwall is more or less brecciated.

The main tunnel is being continued to prospect a quartz vein that crops out on the flat top of Mammoth Mountain about 600 feet from the breast. This vein strikes N. 60° W. and dips 35° SW. It is poorly exposed by a 20-foot shaft.

COLEWOOD TUNNEL

The Colewood tunnel is just west of Nelson Creek and about three-quarters of a mile north of its mouth. The property is owned by Elwood M. Neff and Mrs. Pearl Neff. Mr. Neff kindly accompanied me to the property and gave me free access to his maps and other information.

Some prospecting had been done in this area years ago, but the tunnel has been driven since the preparation of the Creede map already cited. The main tunnel is about 50 feet above the bed of the creek and, as shown by the mine maps, was driven 166 feet N. 32° W. to the vein and then 909 feet N. 46° W. along the vein. The vein is on a broad zone of gouge and fractured and altered Campbell Mountain rhyolite. It dips about 70° NE.

For some distance in from the point where the crosscut strikes the vein the vein is filled with white gouge showing some limonite stains,

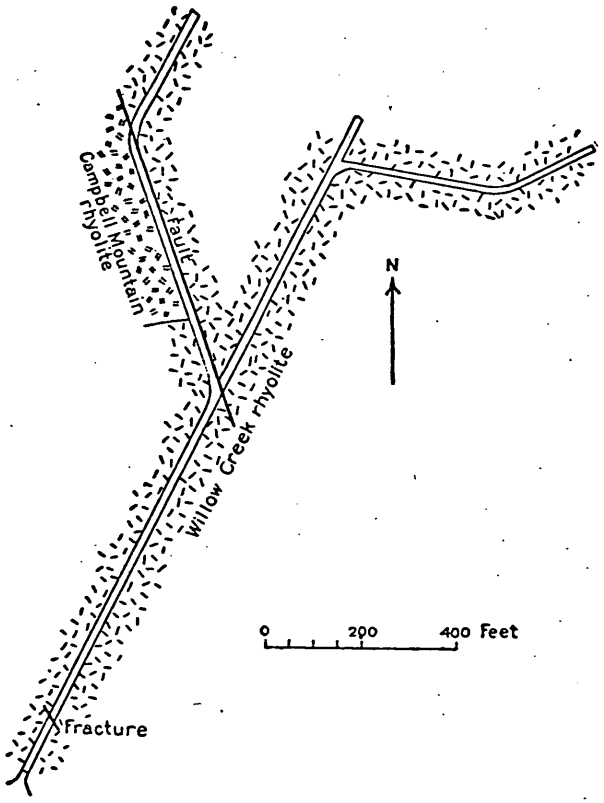

FIGURE 10.—Map of Resurrection tunnel, Creede district

but in much of the vein as exposed in the tunnel streaks of black sulfide are present in the fracture zone, and some of them extend into the hanging wall. The main streak is nearly continuous to the breast and ranges in width from a few inches to a foot. This black streak is made up of brecciated, altered rhyolite cemented by galena, sphalerite, chalcopyrite, and pyrite with some anglesite.

On the outcrops above the vein and to the northwest along its strike are a number of old shafts and prospects that show some altered mineralized rock.

is included in an earlier summary by Burbank, Eckel, and Varnes (42) as well as in many reports on parts of the area (12,27,39,55,-116,125,175).

The Silverton caldera is a slightly elliptical area of subsidence bounded by intra- and post-volcanic ring faults with aggregate displacements in the thousands of feet. The interior of the caldera contains many short veins of various orientations and, in places near its margins, pipes of richly mineralized breccia. Most of the producton from the area has come from systems of long veins that radiate outward from the caldera, particularly in its northern half (Figure 3 *in* Burbank and Luedke (this volume, and 42, plate 28). Many of the veins follow dikes, which follow early faults and are followed by late faults. Some of the vein structures are 5 miles long and have a vertical extent of as much as 5000 feet; typical widths are 3 to 5 feet. Among hundreds of productive veins of this kind are expecially famed ones such as the Smuggler-Union east of Telluride, the Camp Bird southwest of Ouray, the Sunnyside northeast of Silverton, and the Shenandoah-Dives southeast of Silverton. Since World War II, the largest mining operation in the San Juan region has been at the Idarado mine, on the Black Bear, Argentine, Montana, and other veins southeast of Telluride. Workings extend 6 miles through the mountain from the Telluride to the Ouray side. The mine and particularly its veins and ores were nicely described as of 1957 by Hillebrand (70), but replacement deposits found since then in sedimentary rocks beneath the volcanics have not been described. The Idarado operations are mainly at considerable depth beneath old surface mines, and, as the gold and silver content of the veins in general decreases downward, the output now is primarily base metals but with an important contribution of gold and silver.

Burbank (42) has noted that the Smuggler vein was stoped through a length of more than 9000 feet and to a height of 2500 feet, and the Idarado operation has shown that mineralization extended through a minimum vertical range of almost 4000 feet. Burbank (42) has attributed the continuity of the veins to uniformity of the massive tuff-breccia of the San Juan Formation, the lowest unit in the volcanic sequence, and has noted that both the vein structures and the intensity of mineralization weaken upward above this unit. The San Juan is as much as 3000 feet thick, and it underlies large areas on the caldera borders. Considering the great numbers and persistence of veins in the Silverton caldera area and the continuity of mineralization in them, this area would seem to offer a good chance of continued major production, although costs of finding and developing major new ore bodies likely would be high.

In general, the Silverton caldera area is characterized by older volcanic suites and deeper erosion than in most of the rest of the San Juan Mountains. The Creede caldera, about 30 miles to the east, contains younger volcanic rocks and is far less dissected. Indeed, the principal topographic features are volvanic and tectonic in origin, rather than erosional. The Creede caldera and its ore deposits are described by Steven in this volume, and ore deposits of the Creede and the Summitville districts have been described in greater detail by Steven and Ratté (91,151).

The ore deposits at Creede, valuable principally for silver and lead, are in veins that occupy faults of a graben system that began to form during volcanism and that were recurrently active until some time after volcanism had ceased. The mineralization of the faults is postvolcanic, but, as recent exploration of the Bulldog vein has shown, veins may be stronger in older volcanic units than the young ones due to the prolonged history of fault movement. At Summitville (91) mineralization occurred during the time span of eruption of the Fisher Quartz Latite, the youngest unit of the volcanic sequence. Other flows and related shallow intrusive rocks of the Fisher were altered and mineralized before younger flows of the fisher were extruded.

Thus, it is evident that there may be more deposits covered by younger and unaltered volcanic flows in this region. More importantly, as Steven (137, this Volume) has emphasized in writings and speech, the ore deposits of the Creede area are so young and, in many places, erosion since their formation has been so slight, that only the original surface manifestations of deposits are exposed. In the Silverton caldera area as in most mining districts, erosion has gone far enough to bring the present surface to the level of ore deposition, but, in the Creede and some other areas in the San Juans, the present surface is essentially the one that existed at the time of ore deposition and thus may be above the level of ore deposition.

Considering these circumstances, the opportunity for discovery of additional major deposits or districts in this region seems to be excellent, but it will require painstaking unraveling of a complex volcanic-tectonic history

as well as development of criteria for recognizing ore deposits from a level above their level of formation. Mineralogic studies of the Creede veins being made by P. M. Bethke, P. B. Barton, Jr., and E. M. Roedder of the U.S. Geological Survey will supply some of the criteria, but alteration and geochemical studies also are needed.

Possibilities for the occurrence of ore deposits beneath the volcanics of the San Juan exist in some places but are poor in many others. In calderas, prevolcanic basement rocks probably do not exist, the volcanic rocks being most likely underlain by intrusive rocks. In a large part of the San Juan field, the volcanic rocks probably lie on Precambrian rocks of the old Uncompahgre-San Luis highland, and so the possibilities for replacement bodies in sedimentary rocks are nil. Sedimentary rocks do exist along the western and southwestern sides of the volcanic field and at the northeast corner, near Bonanza. Replacement bodies could exist in these areas, as in the Idarado on the west side of the Silverton caldera, but, on the east side of the caldera, the sedimentary rocks are gone. Near Ouray, it is perhaps possible that ore deposits of the Laramide stage of mineralization might be covered by volcanic rocks, but a few miles to the east and southeast, such deposits, if they existed, probably would have been destroyed in the San Juan super-caldera. Uranium deposits of the Cochetopa district (no. 33, Figure 2), in Precambrian, Jurassic, and Cretaceous rocks at the northern edge of the volcanic field (98), probably formed beneath the volcanics. A few miles farther south on Cochetopa Creek, the only mercury prospect in Colorado is in the Dakota Sandstone immediately beneath the volcanics (36).

Mineral Deposits of San Luis-Arkansas Graben

Hot springs, some with a high metal content and some with extensive rock alteration, are scattered the length of the San Luis-Arkansas graben. The fluorspar deposits of Browns Canyon and Poncha Springs (no. 31, Figure 2) seem to be related to this fault system. Perhaps it is only coincidence, but, much farther north, the fluorspar deposits of the Northgate district (no. 1, Figure 2) are in north-trending veins cutting Precambrian and Tertiary sedimentary rocks (90), on the line of projection of the graben fault system. North-trending faults on the west side of North Park contain fluorspar and uranium (145), and they also might be part of the system. Most faults of the graben system are poorly exposed or are concealed beneath surficial deposits in the upper Arkansas and San Luis valleys, but they seem promising targets for investigation for deposits of the hot spring or shallow epithermal type.

The graben fault system intersects the mineral belt in the Leadville-Climax area, the most productive part of the entire belt. In this area, north-trending structures predominate, suggesting influence of the graben system. The Mosquito fault, on which both the Leadville and Climax districts are located, trends this direction, as do many subsidiary faults at Leadville and trunk veins and vitrophyric young dikes in the Sugar Loaf-St. Kevin district (78). However, these faults are all proved to have existed in Laramide time, although reactivated later, and the mineralization at Leadville probably is principally Laramide. To what extent, if any, the Oligocene mineralization of Climax and possibly of the Sugar Loaf-St. Kevin district represents a magma of the graben system as contrasted to one of the mineral belt is not yet known. This question could have an important bearing on exploration, particularly for molybdenum.

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Exhibit H

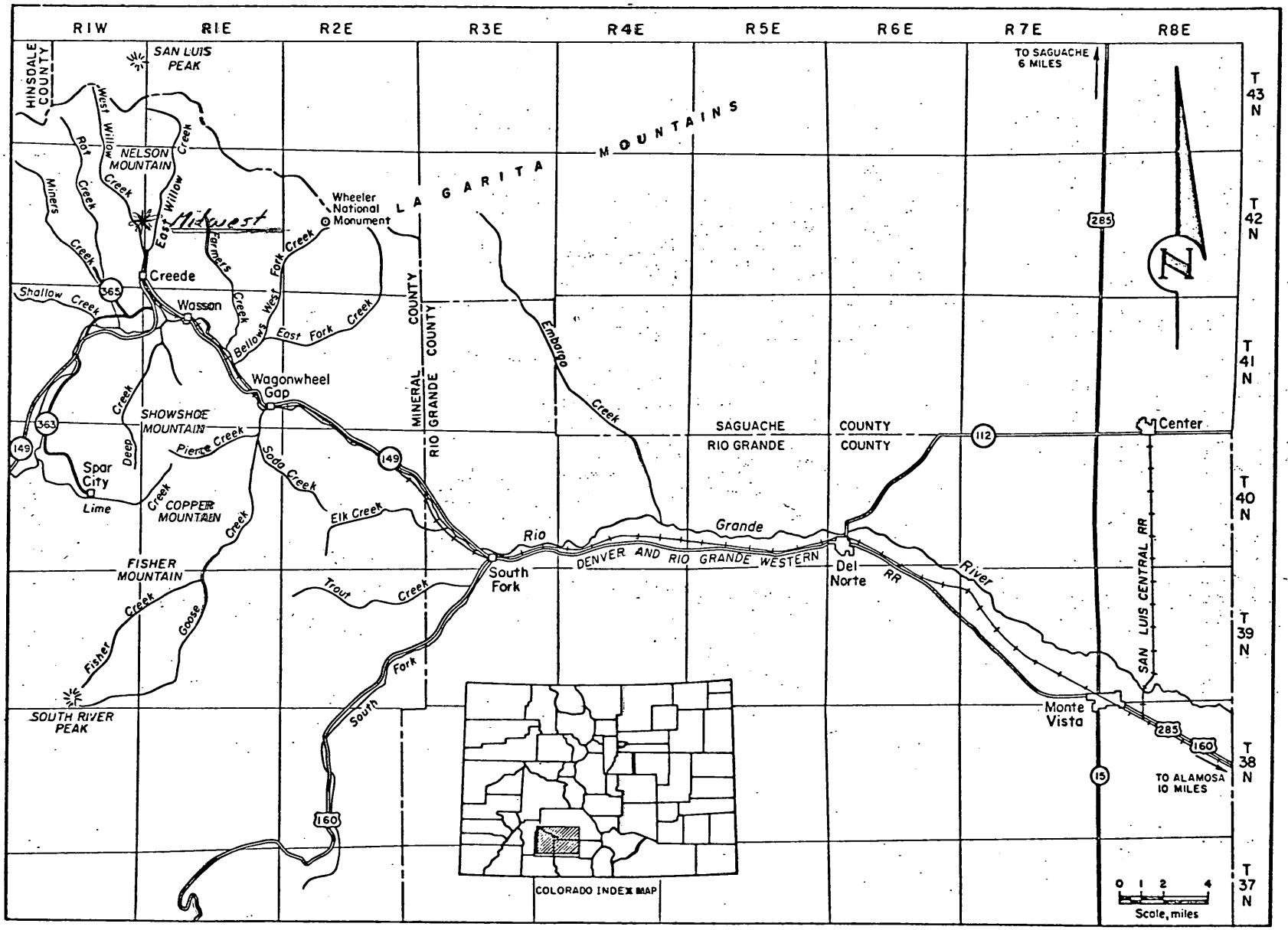
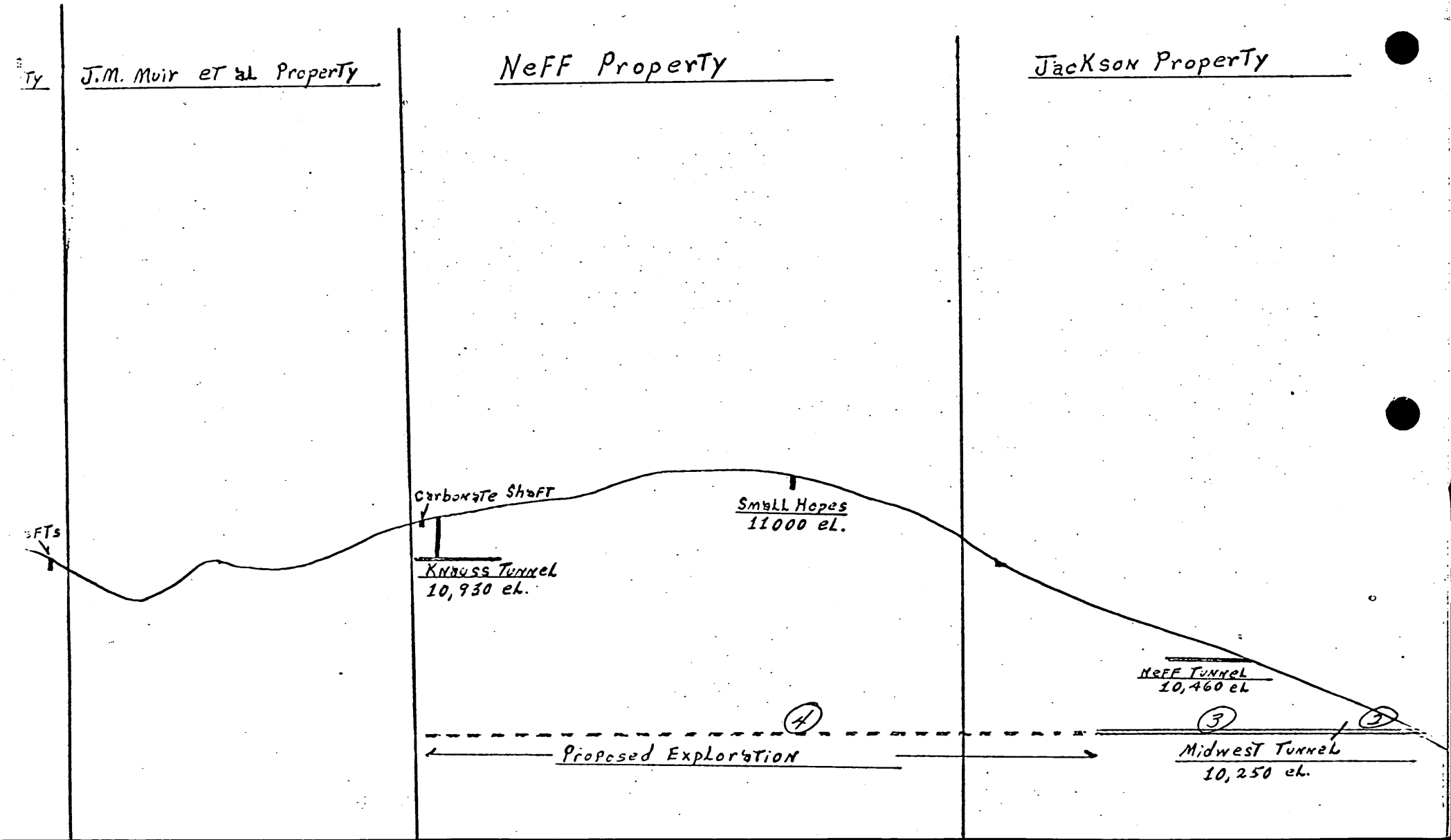


FIGURE 1. - Location Map, Creede Area, Colorado.

Exhibit I

Sketch of Properties and Tunnels - Shafts - elevations - relationships



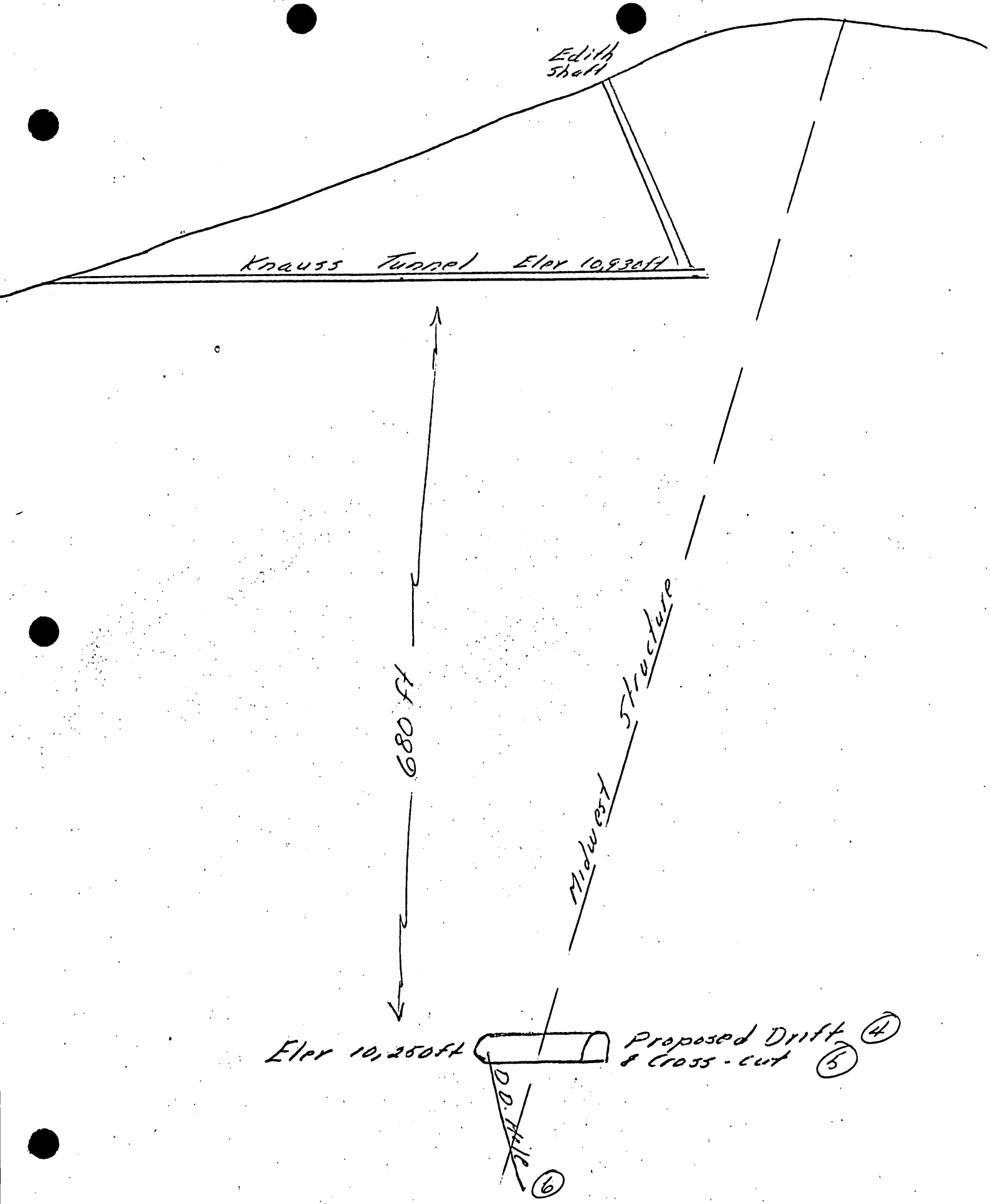

Edith Shaft
Knauss Tunnel Elev 10,930 ft
680 ft
Midwest Structure
Elev 10,250 ft
Proposed Drift & Cross-cut
4
5
DD. Hole
6

Exhibit J

ESTIMATE OF CORE DRILLING COSTS

	Boyles Bros.	Longyear
Mobilization & demobilization of drilling equipment & personnel	$ 500	$ 1,500
8 holes @ -80° to N.E. est. 300 feet per hole - 300 foot spacing see Exhibit "I"		
2400 feet - 2000 feet BQWL	16,000	21,100
400 foot AQWL	3,200	4,120
1 hole horizontal to N.E. est. 1000 feet per hole see Exhibit "I"		
500 feet BQWL	4,000	5,775
500 feet AQWL	4,000	5,150
1 hole vertical est. 400 feet per hole see Exhibit "I"		
300 feet BQWL	2,400	3,165
100 feet AQWL	800	1,030
Reaming & closing:		
8 holes - 256 hrs. - 400 feet	3,580	5,632
1 hole - 320 hrs. - 500 feet	4,475	7,040
1 hole - 64 hrs. - 100 feet	895	1,408
Cementing & Redrilling:		
8 holes - 256 hrs.	2,880	5,632
1 hole - 320 hrs.	3,600	7,040
1 hole - 64 hrs.	720	1,408
Additives:		
500 sacks @ $8.00/sack	4,000	4,000
Water truck rental:		
6 months @ $200.00/month	1,200	1,200
Water truck mileage - 600 miles/month		
6 months @ .14¢/mile	504	504
Truck driver, including F.I.C.A., overtime, etc.		
1272 hours @ $3.50/hour	4,452	4,452
Surveying:		
8 hrs./hole - 80 hours	900	1,760

Estimate of Core Drilling Costs (Con't)
Page 2

	Boyles Bros.	Longyear
600 cfm Compressor rental plus oil fuel, etc. $900.00/month for 6 months	$ 5,400	$ 5,400
Drill Stations: 10 stations @ $1500.00 each	15,000	15,000
Moving & setting up per hole 32 hrs./hole - 10 holes	3,600	7,040
Delay time: 16 hrs./hole - 10 holes	1,800	3,520
Equipment lost or damaged estimate	2,000	2,000
Bit cost estimate	---	3,000
Core boxes: 400 boxes @ $1.00/box	400	400
Total costs for estimated 3800 feet of drilling	$ 86,306	$118,276

Drilling contract will be awarded to Boyles Bros. Drilling Company.

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
15865 West 5th Avenue
GOLDEN, COLORADO 80401
Phone (303) 279-7913

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY, UTAH 84110
Phone 487-7595

BRANCH OFFICES
ARIZONA (PHOENIX)
CALIFORNIA (AUBURN)
COLORADO (GOLDEN)
NEVADA (SPARKS)
WASHINGTON (SPOKANE)
CHILE (SANTIAGO)
CABLE: BOYLESBROS
MEXICO, D.F.
PERU (LIMA)
CABLE: BOYLESCOP

November 2, 1968

Mr. Les Wahl
C. F. & I. Corporation
P. O. Box 1920
Denver, Colorado

Dear Mr. Wahl:

For your proposed drilling program underground at Creede, Colorado, we submit the following rates and conditions:

1. Mobilization and demobilization - $500.00

2. Drilling, shift rate of $90.00 per 8 hour shift with 2-man crew, plus $3.50 per ft. drilled.

3. Reaming all sizes shift rate plus $1.75 per ft. reamed.

4. Cement, drill mud, additives and lost casing - list price.

5. 600 CFM Compressor, $800.00 per month, plus oil, fuel and maintenance.

6. Drill stations of adequate size, air line, water at drill site, change room facilities, lights and nipping service to be furnished free of charge to Boyles Bros.

7. All shifts will be charged excluding break-down time of drill in excess of two hours.

8. Card board core boxes to hold 10' of core can be furnished at $1.00 per box, or wooden boxes of your specification at list price.

Thank you for calling on our Company.

Very truly yours,

W. D. Smith

W. D. SMITH
Field Superintendent

WDS:ml

Longyear

E. J. LONGYEAR COMPANY
General Offices, 76 South 8th St.
Minneapolis, Minnesota 55402, U. S. A.
TELEPHONE: 339-7631 • CABLE LONGCO

REPLY TO:
P. O. Box 15218
865 West 2600 South
Salt Lake City, Utah 84115
Phone 486-9318

December 27, 1968

C.F.& I. Steel Corporation
P. O. Box 1920
Denver, Colorado 80200

Attention: Mr. R. L. Wahl

Subject: Proposed Underground Drilling Project
In Midwest Tunnel Near Creede, Colorado

Gentlemen:

In accordance with our recent telephone conversation, we are pleased to set forth below for your consideration a proposal for the underground diamond core drilling operations which you are contemplating in your Midwest Tunnel near Creede, Colorado.

1. We understand that the program as now planned will consist of a minimum of approximately 5,000 linear feet of diamond core drilling in a series of holes ranging in length from approximately 300 to 500 feet, and varying in inclination from horizontal to a plus 80 degrees, as measured from the horizontal. It is also understood that the formations are known to be highly fractured and sheared both locally and in some areas for considerable distances, and that in all probability it will be necessary to resort to cementing and or casing operations or a combination of both in order to advance the holes to the desired length.

2. For this work, we propose to furnish one Longyear Model 38 diamond core drill, together with the necessary accessory equipment including Longyear's "Q" Series Wireline coring tools, in AQ, BQ, NQ and HQ sizes, required to perform the work. We further propose to operate the drill a minimum of two eight hour shifts per day, five days per week.

3. We will carry public liability insurance covering personal injury and property damage and Workmen's Compensation insurance and also all-risk insurance on the drilling equipment protecting against loss by theft, fire, flood, landslides and other similar hazards. Certificates showing the coverage referred to will be furnished upon request.

4. Based upon the conditions as outlined above, we are pleased to quote as follows:

a) Mobilization and demobilization of personnel and equipment - $1,500.00 Lump Sum Per Drill

b) Drilling Services - $22.00/hr.
(with two-man crew - charge applicable to the following operations)

(1) Diamond Drilling
(2) Reaming for Casing
(3) Running and/or pulling casing
(4) Cementing, waiting for cement to set and drilling out cement, and other drill hole stabilizing operations including mixing and introduction of drill mud, if employed
(5) Moving, rigging up and rigging down
(6) Normal servicing of equipment and performance of minor equipment repairs
(7) Fishing for lost tools or casing if required
(8) Delays for your convenience or for which you are responsible
(9) Drill hole surveying if required

c) Compensation for footage drilled:

	AQWL	BQWL	NQWL	HQWL
0 to 500 ft. in lgth. -	$1.50/ft.	$1.75/ft.	$2.25/ft.	$3.00/ft.

5. It is understood and agreed that in addition to the foregoing tabulated rates, you will pay for the following items:

a) Industrial diamonds used in bits, reaming shells and other diamond set items at $12.00 per carat, less credit received for stones salvaged from worn our bits, reaming shells and other diamond set tools.

b) Manufacturing costs on diamond bits, reaming shells, diamond substitute bits, roller bits, or other non-core bits and special equipment supplied for the project at Longyear's current list prices.

c) Casing, drill rods and core barrels lost or left in holes or rendered unserviceable due to damage caused by other than ordinary wear, at Contractor's invoiced cost, f.o.b. job site.

d) Cement, drill mud, and other drill hole stabilizing agents at Contractor's cost, f.o.b. job site.

e) Rental and maintenance charges on drill hole surveying instruments or other pieces of special equipment secured from an outside source and used on the project.

6. It is further understood and agreed that you will provide without charge to the Longyear Company the following facilities and services:

a) Adequate transportation as required for moving equipment, material, supplies and other related items from the portal to and between the various drill stations and back to the portal upon completion of the work.

b) Drill stations of sufficient size to permit drilling operations to be carried out in an efficient and workmanlike manner.

c) Compressed air and water at each drill station in sufficient volume and pressure so as to permit the efficient operation of the equipment.

d) Ventilation and suitable lighting facilities at each drill station.

7. Other Provisions:

a) It is understood and agreed that the charge of $22.00 per hour for drilling service as shown in Paragraph 4. b), above, includes depreciations, labor, oil, grease, repairs, supplies used, telephone and telegraph, overhead, payroll insurance and taxes, workmen's compensation, liability and marine insurance, and other miscellaneous expenses.

b) Furthermore, the above quoted hourly rate is based upon the use of a two-man drill crew being paid the basic wage rates established for drillers and helpers on this project. Should it become necessary for the Longyear Company to use additional workmen or pay wage rates higher than the basic established rates due to demands of labor unions or other conditions beyond the control of the Longyear Company, it is understood and agreed that the Longyear Company would be reimbursed for such extra wages and payroll taxes involved.

8. Drill cores will be turned over to your representative at the individual drill stations in core boxes supplied by you.

9. Statements covering the work performed will be rendered as promptly as possible after the fifteenth and the last day of each month, and payment will be due within twenty days from date of invoice.

10. We appreciate the opportunity to consider this work. If awarded the contract, we will be prepared to commence drilling operations a maximum of 30 days after receipt of official notice to proceed.

Sincerely yours,

E. J. LONGYEAR COMPANY

D. F. Crotty

Manager, Rocky Mt. Zone
Contract Drilling Division

DFCrotty:e

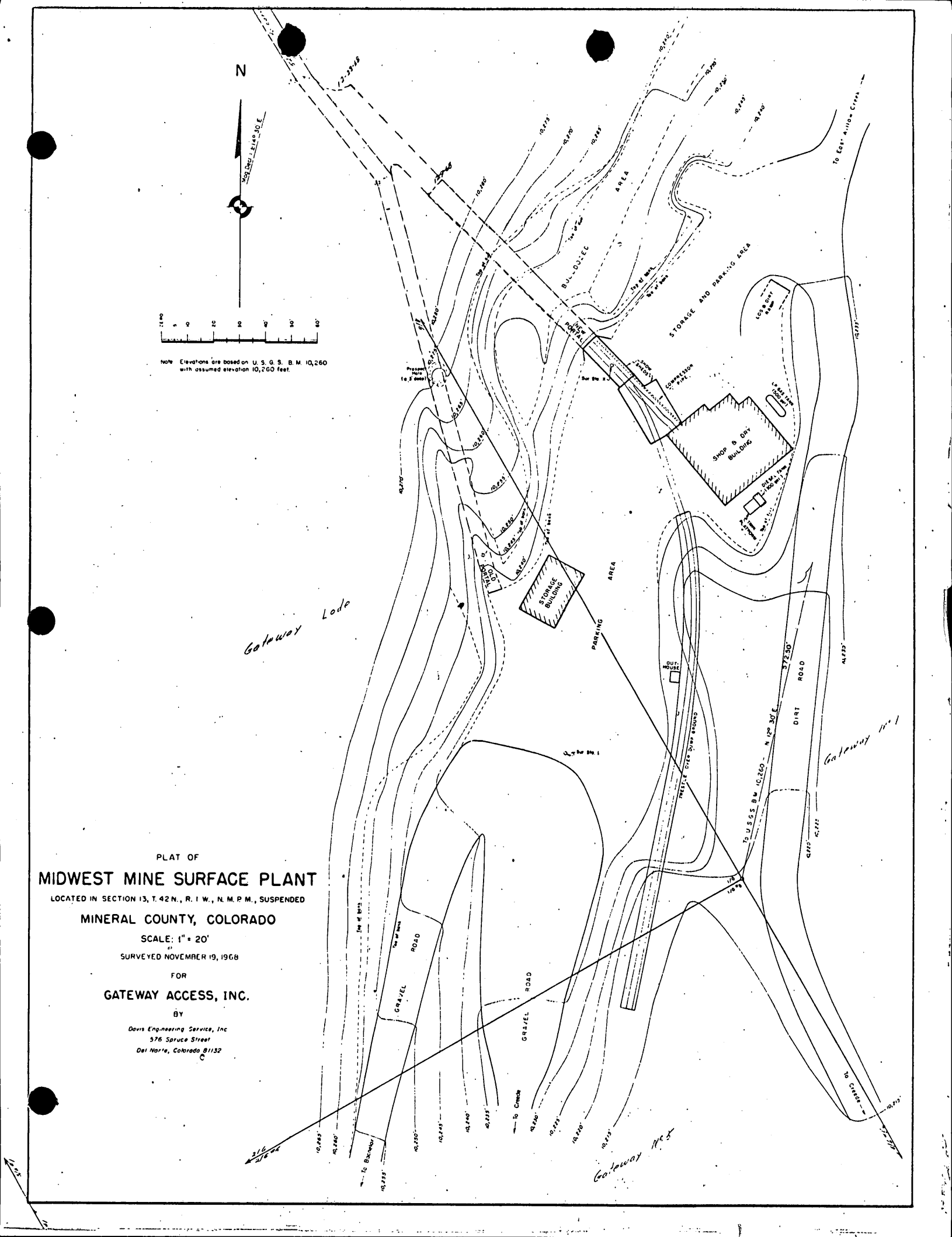
ACCEPTED:

C F & I STEEL CORPORATION

By:_____

Date:_____

Exhibit K


N
Mag. Decl. 1 Feb. 30 E.
Note Elevations are based on U. S. G. S. B. M. 10,260 with assumed elevation 10,260 feet.
PLAT OF
MIDWEST MINE SURFACE PLANT
LOCATED IN SECTION 13, T. 42 N., R. 1 W., N. M. P. M., SUSPENDED
MINERAL COUNTY, COLORADO
SCALE: 1" = 20'
SURVEYED NOVEMBER 19, 1968
FOR
GATEWAY ACCESS, INC.
BY
Davis Engineering Service, Inc
576 Spruce Street
Del Norte, Colorado 81132
STORAGE AND PARKING AREA
BULLDOZED AREA
NEW PORTAL
OLD PORTAL
SHOP & DRY BUILDING
COMPRESSOR PIPE
STORAGE BUILDING
PARKING AREA
DUST HOUSE
DIRT ROAD
GRAVEL ROAD
To Creek
To Bachelor
To East Willow Creek
Gateway Lode
Gateway No. 1
Gateway No. 5
To U.S.G.S. B.M. 10,260 - N 12° 30' E.

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/12/69	Kirkemo	120
		220
	Long	140
	App'd. Sol. OM.	120
		220

AIRMAIL

JUN 1 6 1969

New Midwest Mining, Ltd.
650 17th Street, Suite 812
Denver, Colorado 80202

Re: OME-6771 (Silver)
New Midwest Mining, Ltd.
Midwest Property
Mineral County, Colorado

Gentlemen:

This will acknowledge receipt of your amended application delivered to this office by your Special Representative, Mr. Ed Keating, on May 21, 1969.

We have reviewed the new material to determine your eligibility to participate in the OME program. No new information was submitted to indicate that controlling interests have changed whereby New Midwest Mining, Ltd., would qualify as a proper applicant. The CF & I Steel Corporation remains in control of New Midwest through capital and management support as there have been no changes in these items since you filed the application with us. Under these circumstances, we must conclude that New Midwest Mining, Ltd., is ineligible for assistance under the OME program. Therefore, the amended application will be considered as withdrawn and referred to our inactive files.

We note that the banks again denied your requests for loans despite the additional information furnished by you. We note also that the estimated cost of the amended project is $380,000 as compared to $240,000 for the original project. The amount of Government funds for a project costing $380,000 would exceed the amount of funds expected to be appropriated for contracting purposes in Fiscal Year 1970. If there was no problem as to eligibility of the applicant, only a smaller program could have been considered for OME participation.

Should the situation change with respect to the support and control of New Midwest Mining, Ltd., we would be glad to consider a new application.

Sincerely yours,

Harold Kirkemo (gla)
Harold Kirkemo, Chief
Office of Minerals Exploration

RECEIVED
JUN 1 3 1969
Division of Mineral Resources
and General Legal Services

Copy to Mr. Ed Keating

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

HKirkemo/gla 6-12-69

Rec'd. 4/30/69

HK file

April 28, 1969

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

Re: OME-6771 (Silver)
New Midwest Mining, Ltd.
Midwest Property
Mineral County, Colorado.

Dear Sir:

This will acknowledge receipt of your letter dated April 22, 1969 concerning the subject Application.

This will now advise you that it is our intention to file an amended Application within the thirty-day period allowed, that is, on or before May 22, 1969.

Sincerely yours,

NEW MIDWEST MINING, LTD.

By: Gateway Access Corporation,
General Partner

R. L. Wahl, President.

New Midwest Mining, Ltd.
650 - 17th Street
Suite 812
Denver, Colorado 80202.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/18/69	Kirkemo	120
		220
	Long	140
		120
4/22	cal	220
		120M

AIRMAIL

APR 22 1969

New Midwest Mining, Ltd.
650 17th Street, Suite 812
Denver, Colorado 80202

FROM SOLICITOR
APR 2 9 1969
FOR SIGNATURE

Re: OMX-6771 (Silver)
New Midwest Mining, Ltd.
Midwest Property
Mineral County, Colorado

Gentlemen:

After reviewing your application and the supplemental information supplied by Welborn, Dufford & Cook, attorneys at law, we have determined that New Midwest is not the real party in interest and, therefore, not eligible to participate in the OMX program.

The information supplied indicates that CF&I Steel Corporation is contributing most of the capital to New Midwest, controls New Midwest through Gateway Access Corporation, and receives the largest share of the partnership profits and can receive more than 50 percent of the profits. In addition, CF&I will control any resulting corporation under the partnership agreement and can own the majority of the equity as well as voting control in such corporation. Due to the overwhelming control of New Midwest by CF&I we have determined that New Midwest does not qualify as a proper applicant.

The terms of Article VI of the partnership agreement are inconsistent with the "Certification" on the application as the limited partners of the first class have firmly obligated themselves to contribute nearly as much cash, $200,000, as the estimated total cost, $240,000, of the proposed exploration. The balance, $40,000, of funds needed for the project may be available from commercial sources if the financial statement of CF&I was offered or collateral offered.

The letters to the banks are unacceptable because the requests are for an unsecured loan of $200,000 without corporate or individual liability for the loan, no security is offered, and no definite repayment plan is proposed. Also, the amount requested is greater than the Government's share of the estimated cost of the proposed project.

Under these circumstances, we conclude that you are ineligible for assistance. We will withhold final action on your application for 30 days from the date of this letter in the event you should wish to submit an amended or new application. If we do not hear from you by then, we will consider your application as withdrawn and will place it in our inactive files.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to: Mr. Philip G. Dufford
Welborn, Dufford & Cook
Attorneys at Law
1700 Broadway, Suite 1100
Denver, Colorado 80202

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
OME Region III w/copy Asst. Sol.'s memorandum 4/11/69
Harold Kirkemo

HKirkemo/gla 4-15-69

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

APR 11 1969

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O. M. E.
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APR 11 1969
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Memorandum

To: Assistant Chief, Office of Minerals Exploration

From: Assistant Solicitor, Oil and Gas and Minerals Exploration

Subject: New Midwest Mining, Ltd. (Silver) OME-6771
Midwest Property
Mineral County, Colorado

We have reviewed the application and supplemental information supplied by applicant's attorneys in the letter of March 13, 1969 and have determined that the applicant is ineligible for OME assistance at this time for the following reasons:

I. New Midwest is not the real party in interest and is therefore not the proper applicant.

From the materials in the file, including the application and the Articles of Limited Partnership for New Midwest Mining, Ltd., it appears that New Midwest is a limited partnership composed of three classes of limited partners and one general partner.

(a) General Partner - Gateway Access Corporation - Gateway has full management control of New Midwest, but has no equity in the partnership capital, nor in the profits.

(b) Limited Partners of the First Class -
(1) CF&I Steel Corporation - CF&I has no direct management control of New Midwest, however, three of the five officers of Gateway Access Corporation are also employees and officers of CF&I. CF&I contributes the first $50,000 of the partnership capital and can contribute up to $150,000 of the partnership capital. CF&I's share in partnership profits can range from 40% to 52.5% depending on their total capital contribution (see Article VI of the Articles of Limited Partnership). If a corporation is formed pursuant to Article XVI of the partnership agreement, CF&I has the right to acquire 75% of the voting stock,

which of course would give them full control, although their interest in corporate equity and profits may be less than 50%.

(2) Allan R. Phipps, Clara U. S. Phipps, Charles M. Steele, collectively will contribute from $50,000 to $100,000 of the partnership capital and will receive from 17.5% to 30% of the partnership profits depending on their capital contribution. Collectively they can acquire up to 25% of the voting stock and up to 30% of the equity in any corporation which may be formed as a result of the exploration work.

(c) Limited Partners of the Second and Third Classes - These individuals contribute patented mining claims or mining leases to the partnership, but contribute no capital. Their collective interest in the partnership equity and profits is 30%. They have the right to purchase nonvoting stock in any corporation which may be formed as a result of the exploration work in the amount of their interest in the partnership, up to 30% of the corporate equity.

The partnership agreement also provides that the mandatory cash contribution of the partners of the first class shall be discounted by any amounts received from OME.

Since it appears that CF&I: (a) is contributing most of the capital to New Midwest; (b) controls, albeit indirectly, the only general partner, Gateway Access, who in turn controls the applicant; (c) receives the largest share of the partnership profits and can receive more than 50% of the profits; (d) will control any resulting corporation and can own a majority of the equity as well as voting control in such corporation, we have determined that CF&I and not New Midwest is the real party in interest and any application for OME assistance should come directly from that corporation.

II. The terms of Article VI of the partnership agreement are inconsistent with the "Certification" on the application.

The pertinent parts of the Certification read:

"The undersigned * * * certifies * * * that he would not ordinarily undertake the proposed exploration under current conditions, and circumstances at his sole expense."

Article VI of the Articles of Limited Partnership provides in Part "A":

> "The limited partners of the first class agree to make cash contributions to the limited partnership in the aggregate sum of $200,000, less any amounts which may be secured for the benefit of the partnership pursuant to funds obtained through the Office of Minerals Exploration of the Department of the Interior * * *"

This language, taken together with the tenor of the entire partnership agreement contemplates an intent to proceed with the exploration project regardless of their success in obtaining outside financial assistance. The limited partners of the first class have firmly obligated themselves to contribute a significant amount of cash, nearly as much in fact as they estimate as the total cost of the proposed exploration ($200,000 v. $240,000).

III. The letters submitted by the applicant purporting to show the unavailability of funds from commercial sources on reasonable terms are unacceptable. In their letters to the banks requesting the loans the applicant:

(a) Requests a loan of $200,000 and estimates the cost of the proposed project at from $300 to $500 thousand dollars vs. a estimated cost of $240,000 on his application to OME, yet they do not make any effort to show the banks their ability to finance the remaining $100,000 to $300,000 which they estimate the project will cost;

(b) The applicant specifically requests that no corporate or individual liability attach to the loan. This can hardly be termed an inducement for the bank to consider the loan;

(c) The applicant offers no security whatever for the loan and further offers no definite repayment plan.

It is doubtful that even the most liberal lending institution would give such a "loan application" even the slightest consideration. Section 2 of the Act specifically provides in pertinent part:

"No funds shall be made available under this chapter unless applicant shall furnish evidence that funds from commercial sources are unavailable on reasonable terms." (Underlining added). (30 U.S.C. 642(f)).

In our opinion requesting an unsecured loan for $200,000 specifically releasing the debtor from liability, for the purpose of exploring for minerals in a project costing twice that amount, when the debtor has not even attempted to show his ability to finance the balance of the project, is patently unreasonable.

IV. The applicant states in Section 2 of the application:

"All claims will be subject to Government royalty and liens, although present exploration is limited to Gateway Lode, Gateway No. 1 and No. 2 unpatented claims and the 8 patented claims listed above."

The Gateway Lode, and Gateway Nos. 1 through 4 are in possession of the applicant by virtue of an ASSIGNMENT OF MINING LEASE, dated August 20, 1968, between the Lessee, Charles A. Davlin, and the applicant. However, no Lien and Subordination Agreements from the owners of these claims, John R. Jackson and Inez M. Jackson, appear in the file.

Robert W. Long

Robert W. Long
Assistant Solicitor
Oil and Gas and Minerals Exploration

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/21/69		120
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		220
		120M

MAR 21 1969

MEMORANDUM

To: Assistant Solicitor
Oil and Gas and Minerals Exploration

From: Acting Chief
Office of Minerals Exploration

Subject: OME-6771 (Silver)
New Midwest Mining, Ltd.
Midwest Property
Mineral County, Colorado

We received the enclosed reply from the Applicant in response to our letter of March 10, 1969 which was based on your memorandums dated January 30 and February 17, 1969.

Please advise whether the additional information is adequate to qualify the Applicant for the OME program. We have not as yet reviewed the application for its technical aspects.

Harold Kirkemo

Harold Kirkemo

Enclosures

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Region III w/copy of incoming ltr. dtd 3/13/69
Mr. Kirkemo

HKirkemo/bsl 3/21/69

WELBORN, DUFFORD & COOK
ATTORNEYS AT LAW
1700 BROADWAY SUITE 1100
DENVER, COLORADO 80202

ROBERT F. WELBORN
PHILIP G. DUFFORD
JOSEPH E. COOK
DAVID R. PHIPPS
THOMAS G. BROWN
DAVID W. FURGASON

TELEPHONE
AREA CODE (303) 244-6013

March 13, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 20 1969

INITIALS	CODE
bol	120
HK	~~120~~

Mr. W. L. Emerick
c/o Harold Kirkemo, Acting Chief
Office of Minerals Exploration
United States Department of the Interior
Geological Survey
Washington, D.C. 20242

Re: OME-6771 (Silver)
New Midwest Mining, Ltd.
Midwest Property
Mineral County, Colorado

Dear Mr. Emerick:

Your letter written on behalf of Mr. Kirkemo, dated March 10, 1969, and concerning the captioned file has been transmitted to our office for reply in our capacity as legal counsel for the limited partnership of New Midwest Mining, Ltd.

With respect to the information requested in your letter, we submit the following statements on behalf of New Midwest Mining, Ltd. using paragraph numbers which correspond to the numbered paragraphs set forth in your letter.

1. Under the provisions of Section 2 of the certificate of incorporation of The Colorado Fuel and Iron Corporation, now CF&I Steel Corporation, it is provided that such corporation shall have all of the general powers conferred by the law of the State of Colorado.

Under the provisions of Article III of the articles of incorporation of Gateway Access Corporation, it is provided that such corporation shall have the authority "to carry on any or all other lawful business purposes permitted by the Colorado Corporation Code as amended..."

You are advised that under the provisions of the Colorado Corporation Act, Colorado Revised Statutes, 1963, Section 31-2-1(18), a general power is given to all Colorado corporations "to enter into general partnerships, limited partnerships (whether the corporation be a limited or general partner), joint ventures, syndicates, pools, associations and other arrangements for carrying on of one or more of the purposes set forth in its articles of incorporation, jointly or in common with others."

You are further advised that both the articles of incorporation of The Colorado Fuel and Iron Corporation, now CF&I Steel Corporation, and Gateway Access Corporation, authorize such corporations to engage in mining purposes which is the principal purpose of the limited partnership New Midwest Mining, Ltd.

2. The Colorado statute which authorizes the corporate partners, CF&I Steel Corporation and Gateway Access Corporation to enter the partnership of New Midwest Mining, Ltd. either as a general partner or as a limited partner, or as both a general partner or a limited partner is the Section 31-2-1(18) cited and quoted above.

3. There are no officers as such of the partnership New Midwest Mining, Ltd. The only party to the partnership who has any management powers is the general corporate partner, Gateway Access Corporation, and applicable Colorado law prohibits any limited partner from exercising management powers. As to such general partner, the officers are: R. L. Wahl, President, who is an employee of CF&I Steel Corporation; Mr. Alan Phipps, Vice President, and he is a shareholder of Gateway Access Corporation; Mr. Cameron Kirk is the corporate Secretary, and he is also an employee of CF&I Steel Corporation and the corporate Secretary of such corporation; Mr. Charles Davlin, Assistant Secretary, and he is a shareholder in Gateway Access Corporation; Mr. A. N. Hawa, Treasurer of such corporation, and he is also an employee of CF&I Steel Corporation and the Treasurer of such corporation.

4. As to the individual partners in New Midwest Mining, Ltd., Mr. Alan R. Phipps is an officer, director and shareholder in the corporate partner Gateway Access Corporation; Mrs. Clara V. S. Phipps is a shareholder in the corporation Gateway Access Corporation; Mr. Charles M. Steele has no

relationship with either of the corporate partners, except as a minority shareholder of Gateway Access Corporation; Mr. Charles A. Davlin is an officer and director of the corporate partner Gateway Access Corporation; Mr. John R. Jackson is a director of the corporate partner Gateway Access Corporation. The remaining individual partners, Cole D. Neff, Elwood N. Neff and Alfred M. Neff have no relationship to either of the two corporate partners.

If there is additional information which you require in connection with this matter, please advise.

Very truly yours,

WELBORN, DUFFORD & COOK

Philip G. Dufford

Philip G. Dufford

PGD:CD

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/10/69	Emerick	120
3/10	cal	220
		120M

MAR 10 1969

AIRMAIL

New Midwest Mining, Ltd.
650 17th Street, Suite 812
Denver, Colorado 80202

Re: OME-6771 (Silver)
New Midwest Mining, Ltd.
Midwest Property
Mineral County, Colorado

Gentlemen:

Preliminary review of your application for financial assistance in exploring the subject property indicates that before we can continue its processing certain additional information, as listed below, must be submitted to us.

1. A statement giving sections of corporate by-laws or charter which gives the two corporate partners, Gateway Access Corporation and CF&I Steel Corporation, the authority to enter into the partnership.

2. A list of the Colorado statutes under which the two corporate partners have entered the partnership as general partners, limited partners, or both.

3. A list of the officers of New Midwest Mining, Ltd., including their relationship, if any, to the two corporate partners.

4. A statement listing the relationship of all partners to the two corporate partners.

This request for additional information should not be construed as a commitment by the Government to grant an exploration contract. We shall continue to hold your application in our active file pending receipt of the data requested.

Sincerely yours,

Wilbur L. Emerick (gla)

W. L. Emerick
For: Harold Kirkemo
Acting Chief,
Office of Minerals Exploration

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
OME Region III w/cy
Asst.Sol.'s memo 2/17/69
Mr. Kirkemo

WLEmerick/gla 3-10-69

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

February 17, 1969

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Solicitor, Oil and Gas and Minerals Exploration

Subject: OME-6771 (Silver)
New Midwest Mining, Ltd.
Midwest Property
Mineral County, Colorado

In response to your memorandum of February 12, 1969, we have reviewed the entire application submitted by New Midwest Mining, Ltd. As you have observed, some of the information requested in our memorandum of January 30, 1969 is now in hand. However, we still need the information requested in numbered items 2, 3, 4 and 5 of our memorandum of January 30th. It appears particularly essential that we ascertain the information requested in items 4 and 5.

Robert W. Long

Robert W. Long
Assistant Solicitor
Oil and Gas and Minerals Exploration

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/12/69	Kirkemo	120
		110
		220
		120M

February 12, 1969

Memorandum

To: Assistant Solicitor, Oil and Gas and Minerals Exploration

From: Chief, Office of Minerals Exploration

Subject: CME-6771 (Silver)
New Midwest Mining, Ltd.
Midwest Property
Mineral County, Colorado

We received the application from New Midwest Mining, Ltd., prior to mailing our request to the Applicant for the information regarding eligibility listed in your memorandum of January 30, 1969.

Some of the information you requested is provided by certain documents in the application. We have summarized the information now available and applicable to the five numbered items in your memorandum. We would appreciate your advice on any additional information we should request from the Applicant regarding eligibility. Our summary and comments are as follows in the order listed in your memorandum.

1. Refer to Articles of Limited Partnership for New Midwest Mining, Ltd.
Financial arrangement shown principally in Articles VI, VII, VIII, X, XI, XII, pages 3, 4, and 5.
Profit-sharing information--Article IX, page 5.

2. It appears that this information is not available in the application and we may have to request it from Gateway Access Corporation and CF&I Steel Corporation.

3. Statement in paragraph 2, page 1, of the Articles of Limited Partnership refers to the provisions of the Limited Partnership Act of the State of Colorado. If additional details for this item are desired, we will ask the Applicant to furnish it.

4. Roy L. Wahl, Jr., signed the CME application and the Articles of Limited Partnership, page 10, as President, General Partner, Gateway Access Corporation. Two drilling bids are addressed to CF&I Steel Corporation attention Mr. R. L. Wahl. It is not clear whether this is the same individual mentioned above, nor is it clear whether Mr. Wahl is an official of CF&I.

Charles A. Davlin signed the Articles of Limited Partnership, page 10, as Secretary under Attest, Gateway Access Corporation. The same individual signed as Assistant Secretary, New Midwest Mining, Ltd., on the Applicant's letter to the First National Bank of Denver and the Cherry Creek National Bank, both sent January 27, 1969.

An illegible signature on the Articles of Limited Partnership, page 10, appears as Secretary under Attest, for the limited partners.

These signatures do not fully answer your inquiry on this item and presumably we should request the Applicant to clarify the list of officers in the applicant company and their relationship to the two coporate partners.

5. The Articles of Limited Partnership, page 2, shows First Class, Second Class, and Third Class categories of limited partnership. The capital or property contributions to be made by the limited members in these classes are described under Article VI, A, B, and C, pages 3 and 4. No other relationship of the limited partners to the two corporate partners is indicated. If additional information is desired, we will ask the Applicant to furnish it.

We are not processing this application any further pending your advice on the matter of eligibility.

(gla)

Frank E. Johnson

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
OME Region III w/cy Assistant Solicitor's memorandum 1/30/69
Mr. Kirkemo

HKirkemo/gla 2-12-69

IN REPLY REFER TO:

~~Ref~~
120

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

JAN 30 1969

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Solicitor, Oil and Gas and Minerals Exploration

Subject: Eligibility of New Midwest Mining Limited, for OME assistance

With reference to the memorandum of January 20, 1969, from James L. Gualtieri, OME, Denver, and your informal inquiry on this subject, we are unable to render an opinion at this time. More information is essential before the eligibility of the applicant can be determined.

The question presented was the financial eligibility of New Midwest in view of the financial status of the persons (including corporations) who compose this partnership. We will consider New Midwest as an entity in itself, not as a composite of its members. However, we will consider all of the facts surrounding the formation, control, objectives, financial status and legal status of New Midwest to determine if this firm is an independent venture which can qualify under the regulations or simply a device created to circumvent the regulations.

In order to facilitate this determination, the applicant should be requested to submit the following.

1. Partnership Certificate and contract, including financial and profit sharing information.

2. Statement giving sections of corporate by-laws or charter which gives the two corporate partners the authority to enter into the partnership.

3. List of the Colorado statutes under which the two corporate partners have entered the partnership as general partners, limited partners, or both.

4. List of officers of New Midwest, including their relationship, if any, to the two corporate partners.

5. Statement listing the relationship of all partners, to the two corporate partners.

In addition, the entire application should be submitted for review prior to advance geologic work or preparation of a proposed contract. The application must be submitted by an officer or partner of New Midwest who has the authority to bind the partnership. We do not feel that an officer of a limited partner (Mr. Wahl of CF&I) has such authority, unless he is also an officer of New Midwest acting with the written authority of the general partner, Gateway Access Corporation.

Robert W. Long

Robert W. Long
Assistant Solicitor
Oil and Gas and Minerals Exploration

IN REPLY REFER TO:

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

Office of Minerals Exploration
Building 53 Room 200

February 7, 1969

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: New Midwest Mining, Ltd. (Silver)
Midwest Property
Mineral County, Colorado

Enclosed is a memorandum from T. A. Steven pertinent to the properties of the New Midwest Mining, Ltd.

J. William Hasler
mc.

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

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O. M. E.
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FEB 10 1969
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OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

OME Region III
RECEIVED
JAN 24 1969
Denver, Colorado

TO : J. William Hasler

DATE: Jan. 23, 1969

FROM : T. A. Steven

SUBJECT: OME request from New Midwest Mining, Ltd.

I have scanned the subject report as you requested. Much of the material on corporate structure, lease conditions, etc. are beyond my concern and I shall not deal with them. I will comment briefly on three aspects only:

1. People involved
2. Geologic probability of discovery
3. Method of exploring

1. I have known R. L. Wahl casually since 1944. I consider him a very competent mining engineer and mine manager, and a trustworthy man. I have dealt with both Charles A. Davlin and Clyde H. Mathews several times, and have been favorably impressed with their general competence and character. I know John R. Jackson and Charles M. Steele very well, and count them both such good personal friends that I probably should disqualify myself from commenting on this request.

2. The geologic probability of discovering lead-zinc-silver deposits on the Midwest vein is excellent, but the extent or grade of any such deposits that may be found cannot be estimated from present data. Where I have seen the vein underground in the Midwest mine, the wall rocks are largely highly argillized and the mineralization is spotty. The general appearance is closely similar to the upper parts of the productive zones in the Amethyst, OH, and Bulldog Mountain veins to the west and the Soloman-Holy Moses vein to the east. This part of the vein has a good potential at depth. Farther north in the area the company proposed to explore, the metal values they report from the Knauss Tunnel and nearby shallow workings accord with stories I have heard from a number of "old timers" at Creede and appear to be well founded. The spotty high-grade ore in this area is similar to local hot-spots found above the main producing zones of other veins in the district. I fully expect the exploratory tunnel the company proposes will intersect the upper part of a mineralized zone comparable with the producing levels of other mines in the district. Whether the mineralized zone will contain ore-grade material of minable width and length cannot be told without actual physical exploration.

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

OME Region III
RECEIVED
JAN 24 1969
Ft. Collins, Colorado

3. The vein-zone is highly broken, and at least locally intensely argillized. The proposal to drive the tunnel in the foot wall and cross-cut to the vein at regular intervals seems logical. My only worry here is that in these relatively high levels, the mineralization may be too spottily distributed to be adequately tested by spaced cross-cuts.

The proposed diamond-drilling from the spaced cross-cuts to test for ore at depth seems almost a necessity in view of my opinion that the level of the exploratory tunnel is very high in the more favorable zone. An unfortunate feature here, however, is the badly broken character of the vein zone which means that core recovery may be very poor. Diamond drilling in the Creede district in the past has had such little success that I remain a pessimist.

In summary, I think the proposed exploration program is well founded and has an excellent chance of intersecting the upper parts of lead-zinc-silver deposits that could well be of economic grade and size. Most of the metalliferous material so discovered probably will be below the level of the exploratory tunnel, but it is not now feasible to drive a tunnel at any lower level. Historically, diamond-drilling in the Creede district has been almost completely unsuccessful and I strongly urge that OME not try to foist a major drilling program off on the company. The minor drilling they propose is OK if for no other reason than to convince them of its futility.

Thomas A. Steven

Thomas A. Steven
Southern Rocky Mountains Branch

Mr. Kirkemo

Office of Minerals Exploration
Building 53 Room 200

January 20, 1969

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O. M. E.
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Mr. Harold Kirkemo, Assistant Chief
Office of Minerals Exploration
U. S. Geological Survey
Room 4460 - Interior Building
Washington, D. C. 20242

Dear Kirk:

I have received one copy of an application from a Mr. R. L. Wahl of Colorado Fuel and Iron Steel Corporation to be reviewed for completeness and acceptibility. The property in question is located in the Creede area and the commodity for which the application is made is silver. The pressing question is a legal one and concerns eligibility.

The applicant is listed as New Midwest Mining, Limited and is situated in Denver. Under the list of corporate officers or partners are the following:

Gateway Access Corporation, Denver, Colorado	General Partner
Colorado Fuel and Iron Steel Corporation, Denver, Colo.	Limited Partner
Allan R. Phipps, Denver, Colorado	Limited Partner
Clara V. S. Phipps, Denver, Colorado	Limited Partner
Charles M. Steele, Creede, Colorado	Limited Partner
Charles A. Davlin, Denver, Colorado	Limited Partner
John R. Jackson, Creede, Colorado	Limited Partner
Cole D. Neff, Evergreen, Colorado	Limited Partner
Elwood N. Neff, Bremerton, Washington	Limited Partner
Alfred M. Neff, San Carlos, California	Limited Partner

Interests of the Limited Partners in the New Midwest Mining, Limited are listed as follows:

General Partner:

Gateway Access Corporation 00.000%

Limited Partners:

Colorado Fuel and Iron Steel Corpoation	40.000%
Allan R. Phipps	21.900%
Clara V. S. Phipps	2.700%
Charles M. Steele	5.400%
Charles A. Davlin	2.500%
John R. Jackson	2.500%
Cole D. Neff	16.668%
Elwood N. Neff	4.166%
Alfred M. Neff	4.166%

The question that needs answering is this: does the applicant under this setup of limited partnerships, wherein Colorado Fuel and Iron Steel Corporation is a minority partner (only 40 percent) but nevertheless holds the largest interest of the nine partners, qualify for Office Of Minerals Exploration assistance under the pauper clause?

Most sincerely,

James L. Gualtieri, Geologist
Office of Minerals Exploration

cc: OME chron
Mr. Hasler
"W"

February 10, 1969

New Midwest Mining Ltd.
650 17th Street
Suite 812
Denver, Colorado 80202

Subject: OME-6771

Gentlemen:

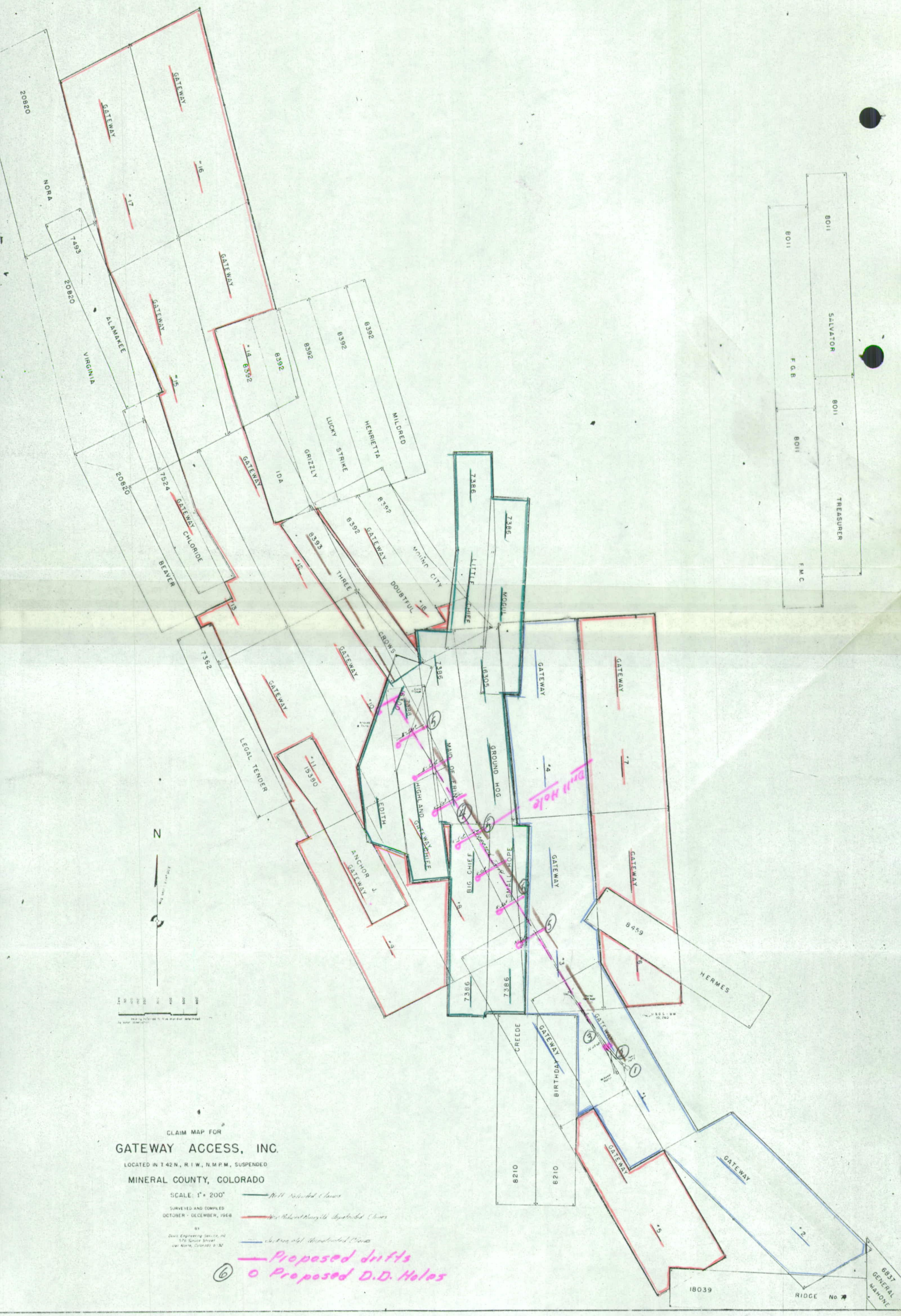
Your application for exploration assistance, dated February 1, 1969, submitted to our office at Denver, Colorado, has been assigned Docket No. OME-6771.

Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy R-III


CLAIM MAP FOR
GATEWAY ACCESS, INC.
LOCATED IN T.42 N., R.1 W., N.M.P.M., SUSPENDED
MINERAL COUNTY, COLORADO
SCALE: 1" = 200'
SURVEYED AND COMPILED
OCTOBER - DECEMBER, 1968
BY
Davis Engineering Service, Inc.
576 Spruce Street
Del Norte, Colorado 81132
Proposed drifts
Proposed D.D. Holes
N
Drill Hole
SALVATOR
TREASURER
F.G.B.
F.M.C.
8011
GATEWAY
NORA
20820
7493
ALAMAKEE
VIRGINIA
7524
CHLORIDE
BEAVER
7362
LEGAL TENDER
13390
ANCHOR J
EDITH
HIGHLAND GATEWAY CHIEF
MAID OF ERIN
CROWS
THREE
DOUBTFUL
MOUNT CITY
LITTLE CHIEF
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MILDRED
HENRIETTA
LUCKY STRIKE
GRIZZLY
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GROUND HOG
BIG CHIEF
SMALL HOPE
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HERMES
CREEDE
BIRTHDAY
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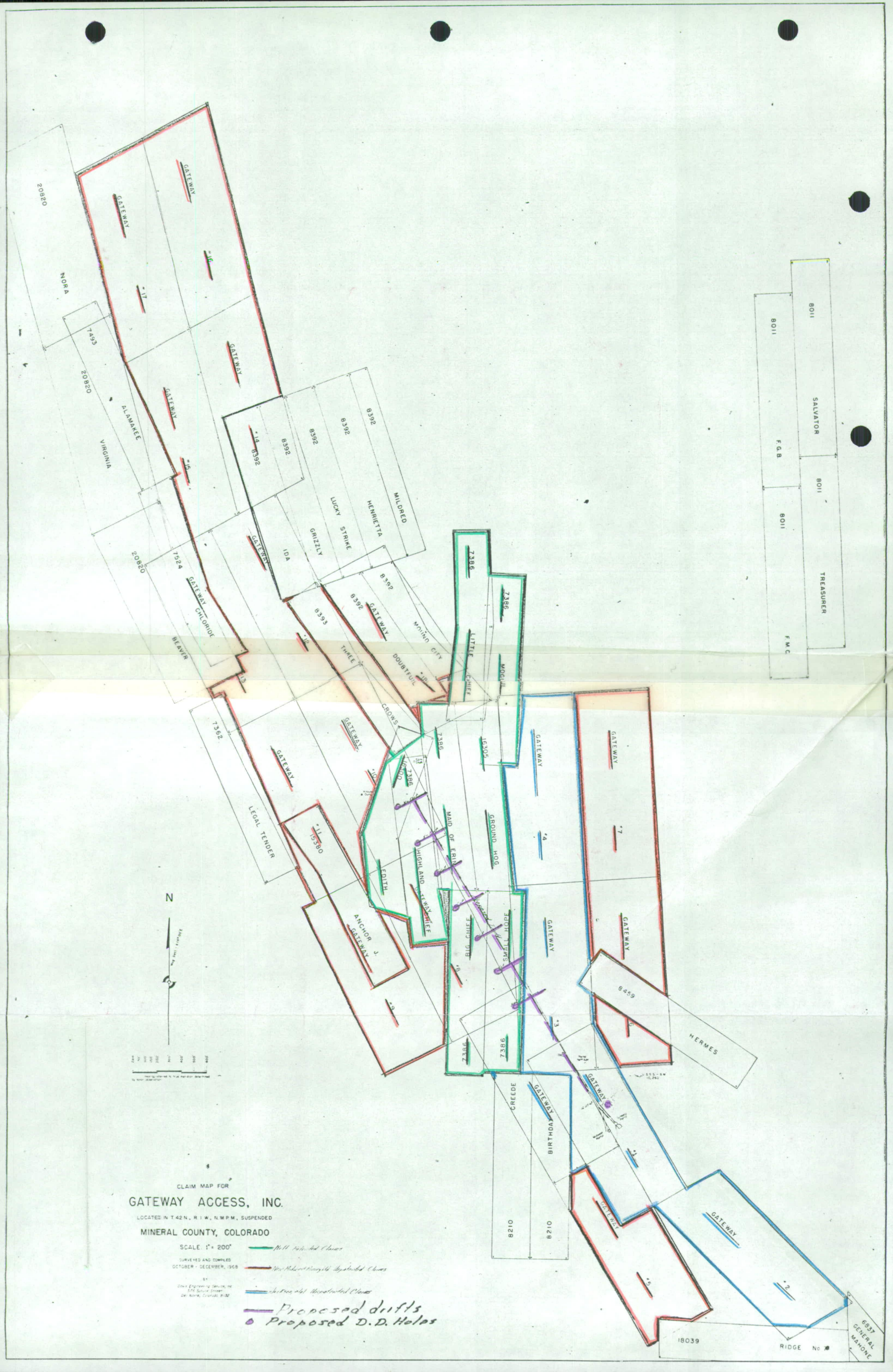
6837
GENERAL MAHONE


CLAIM MAP FOR
GATEWAY ACCESS, INC.
LOCATED IN T.42 N., R.1 W., N.M.P.M., SUSPENDED
MINERAL COUNTY, COLORADO
SCALE: 1" = 200'
SURVEYED AND COMPILED
OCTOBER - DECEMBER, 1968
Proposed drifts
Proposed D.D. Holes
N
SALVATOR
TREASURER
F.G.B.
F.M.C.
8011
GATEWAY
NORA
20820
7493
ALAMAKEE
VIRGINIA
MILDRED
HENRIETTA
LUCKY STRIKE
GRIZZLY
IDA
7524
CHLORIDE
BEAVER
8392
8393
THULE
MOUND CITY
DOUBTFUL
CROWS
7386
LITTLE CHIEF
MOGUL
16305
GROUND HOG
MAID OF ERIN
HIGHLAND CHIEF
EDITH
BIG CHIEF
SMALL HOPE
ANCHOR J.
LEGAL TENDER
7362
15380
8459
HERMES
CREEDE
BIRTHDAY
8210
18039
RIDGE No.
6937
GENERAL MAHONE