MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE Contract No. _____ Docket No. 6874

Application
- [x] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

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

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semiannual Report for Certified Project
- [ ] 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. 3: Maps (Use pocket folder or envelope)

Folders No. _____: Settlement Sheets

Folders No. _____: Drill Logs

Folders No. _____: Royalty Material

72195-65

IN REPLY REFER TO:

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

Office of Minerals Exploration
Building 53 Room 28

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 10 1972

INITIALS	CODE

May 5, 1972

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: Application for financial assistance on the Lenado Property (OME-6415), Pitkin County, Colorado by Mr. James N. Babcock, Aspen, Colorado

The applicant, Mr. James N. Babcock has entered into a Joint Venture agreement with Rheco-Lenado, Inc. to further explore the Lenado property by underground methods in an attempt to penetrate the mineralized zones intersected by the diamond drilling that was completed under OME docket 6415, contract 2236.

The applicant submitted an application that included a voluminous amount of maps, and reports, but lacked the information that was requested by this office on March 3, 1972. The requested material was received in this office and is being referred to you for further processing. Item 6, page 2 of the March 3rd request (enclosed), refers to the many maps and requested that the applicant furnish a 1" to 50 foot scale map adapted from the 1" = 20' scale map of the Aspen Contact Mine and cross section LL.

Mr. Babcock indicated the other day, via telephone, that the job of reducing the map would be excessive in time as well as in cost, and suggested that I send all of the material he has submitted to you -- so here it is, under separate cover, that is.

A review of the contract work shows that some mineralized material was penetrated in one drill hole but because of the complicated geologic structures in the project area no reserves could be calculated on the basis of one drill hole. The mineralized material obtained from the diamond drilling showed high zinc values. The results of the drilling program were considered essentially negative. No additional exploration was considered warranted, at least by drilling from the surface, and it was recommended that no further Government funds be expended in the project area.

No ore was discovered by the OME work therefore no certification of possible production was issued.

The applicant indicates that he has had almost insurmountable problems attempting to sink an incline through overburden in an attempt to get into the Leadville and Belden formations, then into the mineralized material penetrated by the drill holes. Although his estimated total cost is not excessive for a program of this type I feel that these costs may not be realistic in view of the problems and resulting high costs the former Operator had just drilling the area. I would recommend that the application be denied even though past production at the Lenado for the years 1891 - 1898 amounted to 9,469 tons of ore valued at $206.00 per ton.

I have a duplicate of the material brought in by Mr. Babcock February 9, 1972 that is being sent to you under separate cover, but I did not retain a copy of the supplemental information -- requested in my March 3rd memo and received April 21, 1972 -- which is enclosed.

J. William Hasler

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

Enclosures

RECEIVED
APR 21 1972
Denver, Colorado

Dear Bill —

It took 7 weeks to get the signed lein - subordination agreements. — What a pain in the neck. I believe everything else requested is here — except the 1" = 50' scale map. Could we possibly use the present materials? It will be a rough job for me to redraft & edit on a 1" = 50' scale. I suggest you pick out an approp map on scale of 1" = 40' or 1" = 50' & use this!

over.

If you have any questions — please call me collect. I can fly down to Denver if you wish.

As ever —

Jim

Office of Minerals Exploration
Building 53 Room 28

March 3, 1972

Mr. James N. Babcock
P. O. Box 1042
Aspen, Colorado 81611

Dear Mr. Babcock:

We have reviewed your application for financial assistance in minerals exploration at the Lenado property in Pitkin County, Colorado, which you intend to operate under a Joint Venture agreement from Rheco-Lenado, Inc.

There are a number of items you should complete before we forward your application to our Washington office. These items are as follows:

1. The Joint Venture agreement between you and Rheco-Lenado, Inc. is not signed, nor is the Amendment to Mining Lease by Smuggler-Durant Corporation, signed.

2. The Lien and Subordination Agreements are not properly executed, as they are all signed by James N. Babcock. A letter closing out the previous OME contract was sent to Rheco Lenado, Inc., dated January 16, 1970, and all Lien and Subordination Agreement signers under that contract were released from the agreement as of that date.

3. New Lien and Subordination Agreements must be signed by the following owners: Henry Stein, Anna E. Olsen, John L. Herron, Smuggler-Durant Mining Corporation.

Enclosed is a sample of a Lien and Subordination Agreements, as well as new MME Form 52's to be properly executed as shown on the sample.

4. The Solicitors office in Washington will probably require a financial statement from you. These statements are now being requested from nearly all applicants.

5. Your drilling and drifting bids may be out-dated since they show dates in 1969 and costs have risen somewhat since that time. New bids might insure you of a price nearer the actual cost of drilling and drifting today.

6. You have supplied us with numerous maps and sections. This, of course, is good background material; however, for use in a contract, if offered, only one map and section showing the geology and the proposed exploration would be sufficient, preferably on a scale of 1" = 50 feet. (Adapt from 1" = 20' scale map of the Aspen Contact Mine and cross section LL).

Sincerely yours,

J. William Hasler

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

Enclosures

cc: Chief, Office of Minerals Exploration
cc: ~~OME-6415~~ Babcock appl file
OME chron
Mr. Hasler
Mr. Emerick

MME Form 40
(Revised Nov. 71)

OFFICIAL COPY O. M. E. RECEIVED MAY 10 1972 INITIALS CODE

OME Region RECEIVED FEB 9 - 1972 Denver, Colorado

Form approved
Budget Bureau No. 42-R1368

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

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

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

JAMES N. BABCOCK
P.O. BOX 1042
ASPEN, COLO.
81611

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6874

DATE RECEIVED: 5/10/72

REGION: III

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED:

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE

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

ESTIMATED COST OF PROJECT: $ 53,110.

PROPERTY NAME: LENADO EXPLORATION PROJECT

LOCATION COUNTY: PITKIN STATE: COLO.

GENERAL INSTRUCTIONS

Before filling out this application, please read the *OME Regulations for Obtaining Federal Assistance in Financing Explorations for Mineral Reserves* (30 CFR Chap. II). To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit two copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 3(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Department of the Interior, U.S. Geological Survey, Office of Minerals Exploration, Washington, D. C., 20242, or with the nearest OME Field Office.*

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief, and that he would not ordinarily undertake the proposed exploration under current conditions and circumstances at his sole expense.

FEB. 8, 1972
DATE

James N. Babcock
BY *(Signature)*

TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

(submit on accompanying pages)

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

(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).]

James N. Babcock

1. Solicitors will probably require a financial statement from James N. Babcock.
2. Joint venture agreement not signed.
3. Lien and Subordination Agreements no good — all are signed by Babcock. A closing letter was sent to Rdeco-Lundo dated Jan. 16, 1970 and all LtSA expires released from agreement under same date.
4. New LtSA must be executed by following owners: Henry Stein
   Arnd E. Olsen
   John L. Herron
   Smuggler-Durant Mining Corp.
5. Drilling + tunnel bids in application may be too old — dated 1969.
6. Don't think we need all of the maps & sections. One map and section showing geology + proposed work should be enough.

1. Financial eligibility

a) True copies of my letters to credit sources and true copies of replies from these credit sources are attached.

b) I have a joint venture agreement with Rheco-Lenado, Inc. which is a reorganization of the Richmond Hill Exploration Company, Inc., the company responsible for the original O.M.E loan contract 2236, docket number 6415. I have attached a copy of this joint venture agreement. Rheco-Lenado, Inc. address is: P.O. Box 939, Aspen, Colorado, 81611. The Company president is John C. Voorhees, P.O. Box 18735, Oklahoma City, Oklahoma, 73118. Rheco-Lenado retains by the joint venture agreement a 50% interest in the properties, leases, and net profits. The agreement is in the form of a limited partnership, whereby I am the operator and general partner, and Rheco-Lenado is the limited partner.

c) My share of the cost of the exploration work will be furnished from my general accounts, both saving, checking, and business at the First National Bank, Aspen, Colorado.

2. Applicant's Rights in Land

a) My interest in the land and mineral rights is spelled out in the enclosed joint venture agreement. Rheco-Lenado is composed of the original stockholders of Richmond Hill Exploration Company, with the exception of W. B. Rubey, deceased, whose stock now rests with his Estate Trust. Rheco-Lenado remains the lessee of all the original leases involved in the O.M.E. Contract

2236. The lease block is at present entirely intact, and the original lessors still own their respective lease blocks. Some of the leases have been renegotiated and improved. I am enclosing copies of these improved leases. Two parties, Flogaus and Grover refused to ammend their leases, hence the original leases in these instances are still paid up and in effect. All other lease payments and taxes have been paid from the time of the previous O.M.E. loan to present, and the leases are currently in good standing. There are no outstanding liens other than the O.M.E. lien on the properties, on Rheco-Lenado, or on myself.

I suggest dropping the Flogaus and the Grover leases. The Flogaus lease has been explored by the Bimetallic Tunnel, the Daisy tunnel, the Ajax tunnels, the Chancery tunnels, the Leadville tunnel, and by Diamond Drill hole 5 of the previous O.M.E. contract. All indications are that mineralization ceases abruptly to the southwest along the portion of the Lenado Fault system which traverses the Flogaus lease block. The Flogaus lease is short term, has no comingling clauses, has an excessive royalty schedule, and is sadly out of date and inadequate in the light of modern leases. The Grover lease has all of the above inadequacies as well as an extraordinary extralateral-rights clause, and there is no lesser-interest clause. Mr. Grover owns only 1/24 of the Apex, Hidden Treasure, Sea Bird, and Campbird claims. He will not amend, but will sell his interest for $1,500. My attorney does not feel it is necessary to come to terms with Mr. Grover at this time.

Investment in the Project to Date:

1.	Rheco-Lenado expenditures	$ 60,000
2.	O.M.E. expenditures	35,000
3.	My expenditures	35,000
	Total	$130,000

There are no provisions in the above figures for deferred interest on investment capital, or a foregone opportunities factor.

Leases:

Lease block: 520 acres

46 patented claims in 4 sub blocks

3 U. S. Mineral claims

Very favorable leases

35 year term and thereafter as long as mineral product is produced and sold from the premises.

Option to purchase

Cross-mining and comingling clauses

Production royalty: 5% of net smelter return less all costs of transportation

Advance royalty payments for the lease block total $2300 per year

b) Rheco-Lenado has continued its ownership of three unpatented mineral claims: Neap Tide, Ebb Tide, and Silver Tide. All assessment work has been done on these claims and affidavits of labor have been filed with the Pitkin County Clerk. These lands as well as the patented claims are still subject to the O.M.E. lien and subordination agreements.

c) I assume all the previous lien and subordination agreements are still in effect. The only change in the legal picture is my joint venture agreement with Rheco-Lenado. I am therefore submitting with this application 5 copies signed by me, which subordinates my interest in the properties and their mineral production.

3. Physical Description

a) I have enclosed maps, cross-section, logs, and consultant reports with this application.

I have constructed the portal and part of the adit decline entry for a 340 foot decline to intersect the lead-silver intercept found in diamond drill hole 8 of the previous O.M.E. Contract 2236. The purpose of this decline is to evaluate the intercept and to provide underground drill stations to test the target of the previous O.M.E. project: i.e., the possible presence of a replacement type ore deposit in the footwall block of the Leadville dolomite beneath the Lenado reverse fault.

I have expended approximately $35,000 of my own funds on

behalf of Rheco-Lenado and myself. I am now unable to continue the project on my own and must seek financial help. Rheco-Lenado and I have spent six years attempting to complete the exploration project. The project will probably expire without O.M.E. participation. With one intercept we have been unable to attract venture capital, nor can we eveluate by additional surface diamond drilling.

b) I have no interest in the previous mining operations. All of these operations were finished by 1925.

c) past production was sumarized by Kellogg in the original O.M.E. application geological report. I have enclosed a copy of this report with the present application. My recent information indicates the Leadville and Aspen Contact Mines had a total production prorated to present day prices of $4,000,000. I have advailable at my office settlement sheets for a portion of the production of the Aspen Contact Mine.

3. Physical Description: (continued)

d) There are no known ore reserves. There are some possible ore reserves. These have been discussed by M. W. Cox in the enclosed report.

e) I am enclosing a brief narrative summary by me which summarizes my thoughts on the types of deposits, the alteration, and the recap of the economics of the geologic targets.

Geologic Summary

Types of ore deposits and stratigraphically receptive horizons of the Lenado-Aspen district are as follows:

1. True fissure veins

2. Fault fissures with gouge, drag ore, and/or open space filling with non-drag ore.

3. Breccia and shattered zones in the walls and planes of the high-angle reverse faults.

4. Elongated replacement ore bodies, either massive or finely disseminated, in carbonate members of the Palezoic formations. These bodies are largely fault controled.

a. Basal Minturn formation (White Lime member)

b. Belden formation (Weber shale). Dolomites, limestones, limy shales, sedementary or erosional breccias.

c. "Silver Fault Zone" (Weathered, slumped, collapsed karst surface breccia) at the top of the Leadville formation.

d. Several sedementary or erosional breccias in the central Leadville formation. The "Contact fault" of Spurr is one of these.

e. The Gilman sandstone member of the basal Leadville formation - a calcarenite with many quartz grains.

f. The Dyer dolomite

g. Manitou dolomite.

h. Peerless formation - calcarenite with many quartz grains and interbeds of both quartzite and dolomite

5. Crackle zones developed in Parting quartzite and Sawatch quartzite in proximity to closely spaced shears.

All mineralization is epithermal to upper mesothermal. In the Lenado mines no mesothermal minerals are known to occur and there is marked absence of barite.

Hydrothermal alteration is evidenced in the Lenado district by:

1. Carbonate rocks near the faults are sanded at distances up to 150 feet from the faults.

2. Quartzites are softened to clays in the proximity of faults and water courses.

3. Dolomites are turned to a dense, black, fine-grained silica rock over and nearby known ore bodies.

4. Zebra rock occurs in and surrounding the replacement stopes.

5. There is considerable siderite near ore bodies.

6. Crackle rock developed from silicified carbonate rock contains networks of jasper.

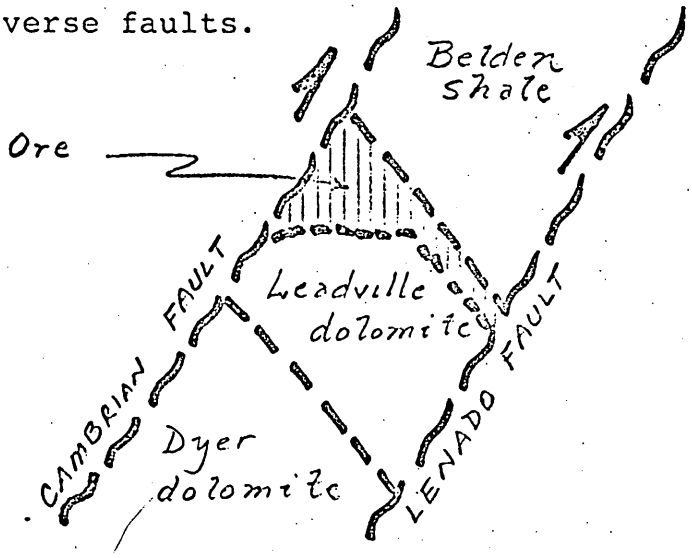
7. Alteration occurs over 3,000 horizontal feet of the Lenado fault strike.

8. Extensive pyritization occurs in the mineralized area. While most of the pyrite in the Belden formation is a product of syngenetic deposition in black anerobic muds, the pyrite in the dolomite is probably hypogene.

I have xeroxed pertinent pages of Spurr's U.S.G.S. Monograph XXI which deals with the Aspen Contact Mine, the Leadville Mine, and the Lenado district. I have included these pages as well as my bibliography of the literature on Aspen geology in this presentation. My geologic map (Plate I) incorporates old maps from 1897 by Francis Freeland, mining engineer. His maps and sections

were based upon transit surveys and show geology in some detail. I secured these maps and sections several months ago after a long search. I opened by hand the upper Varney tunnel and mapped to and down the upper winze.

Freeland's work shows an important refinement on Spurr's earlier work. He interprets the elongate ore deposit in the inter-fault area of the Aspen Contact Mine as a replacement of a truncated sliver of Leadville dolomite, caught between high angle reverse faults.



Ore solutions involved with the above geology may have been dammed by impervious Belden shale on the north and by Cambrian fault gouge on the south.

Spurr points out the rich drag ore and finely milled gouge with very high silver values (3,000 ounces) in the high angle reverse faults and in parallel shears, and he suggests this may indicate a truncated ore deposit at depth. Both Spurr and Kellogg interpret the drag ore as originating in the footwall block of Leadville formation 400 feet below. It is also plausible to believe the

ore to have been originally deposited in open spaces of the Lenado fault, then milled by subsequent renewed fault movements.

Whether or not an ore deposit actually exists in the footwall plate of the Lenado fault as a large-tonnage, typical Aspen district replacement deposit can be determined only by an exploration effort. I feel the extent of alteration, the tension effects of the graben block, the linearity of known Aspen Contact mine ore bodies, and the close geometric and stratigraphic control offered by the new map all argue for an exploration effort.

Economic Analysis:

The Lenado project is attractive on the basis of excellent geologic control and the probability ratios for ore body size and grade. The presentation contains much of the raw data which form the geologic control. Much additional data as well as the cores are available at my office. The targets and their probability of occurrence are outlined in the enclosed interpretive reports.

The potential targets and my estimation of their grade, size,

and order of probability are listed below:

1. Ore intercept in DDH 8.

   a. tons: $\frac{100' \times 100' \times 10'}{10 \text{ cu. ft./ton}} = 10{,}000$ tons

      grade: $100 N.S.R. (net smelter return)

      gross value: $1,000,000

      net value: $500,000

      order of probability of occurrence: 3:1 (3 for 1 against)

   b. tons: $\frac{200' \times 500' \times 10'}{10 \text{ cu. ft./ton}} = 100{,}000$ tons

      grade: $70

      gross: $7,000,000

      net value: $3,000,000

      probability of occurrence: 1:5

2. Zinc intercepts in DDH 7 and 1 and in the old mine:

   a. tons: $\frac{2{,}000' \times 1{,}000' \times 10'}{15 \text{ cu. ft./ton}} = 1{,}400{,}000$

      grade: $20

      gross value: $28,000,000

      net value: $4,000,000

      probability of occurrence: 1:50

   b. tons: $\frac{1{,}000' \times 500' \times 5'}{15 \text{ cu. ft./ton}} = 166{,}000$

      grade: $20

      gross value: $3,320,000

      net value: $320,000

      probability of occurrence: 2:1

3. Low grade ore left in the old mine:

   tons: 10,000

grade: $20

gross value: $200,000

net value: $20,000

probability of occurrence: 10:1

4. Leadville replacement ore deposit at the intersection of the Leadville formation in the footwall block with the Lenado fault:

tons: $\frac{1,000' \times 165' \times 36'}{12 \text{ cu. ft./ton}} = 500,000$

grade: $30

gross value: $15,000,000

net value: $5,000,000

probability of occurrence: 1:4

5. Leadville replacement same as No. 4 except against the Campbird fault. One poor ore intercept in DDH 4.

tons: 500,000

grade: $30

gross value: $15,000,000

net value: $5,000,000

probability of occurrence: 1:20

6. Against the Silver Creek fault, same as No. 4 and No. 5.

probability of occurrence: 1:20

7. Order of probability of at least one of Nos. 4, 5 or 6 occurring: 1:3

8. Order of probability of a deposit of 250,000 tons occurring under Nos. 4, 5, 6 or 7: 1:2

9. Replacement deposit on the top of the Leadville formation along Tilly Gully: One drill intercept, one mine intercept:

tons: $\frac{500' \times 500' \times 10'}{10 \text{ cu. ft./ton}} = 240,000$

grade: $30

probability of occurrence: 1:5

10. Other ore deposits which may occur in the unexplored portions of the 520 acre lease block: the order of probability of the occurrence of ore deposits totaling 500,000 tons of $25 N.S.R. rock is on the order of 1:100.

The size and grade of potential ore bodies in the Lenado area are premised upon similar known and mined ore bodies in the Aspen and Lenado districts. Other similar occurrences are at Gilman, Red Cliff, and Leadville.

In the Aspen district, 3-1/2 miles from Lenado, large documented ore deposits of 1,000,000 tons or greater occurred in single continuous ore shoots in the Smuggler, Della S., Molly Gibson, Durant, Midnight and Aspen mines. The Aspen district, of which Lenado is a part, has produced 1/2 billion dollars of metals calculated at present prices, and was a late-blooming, high-grade camp which received its impetus in 1887 with the arrival of two railroads. The camp declined greatly with the demonetization of silver in 1893.

Limiting parameters on the size and grade of potential ore deposits at Lenado are: thickness of receptor beds, length of formation intercepts with fault planes, probable presence of offsetting faulting complications, presence of open space, permeability of key stratigraphic horizons as well as faults, strength of mineralizing solutions and the consequent degree of alteration.

3. Physical Description: (continued)

f) The area has been sampled by a soils geochemical study by the U.S.G.S. This study was in the form of a reconnaissance, and was without grid or close control. The study does suggest the feasiblity of a thorough geochemical program. The present maps of the U.S.G.S. geochemical study are of little value in locating drill holes.

g) I am enclosing technologic information which I have recently assembled. I want to stress the fact that all this information is new and was not available for the previous O.M.E. project. I would like all the information returned to me if the O.M.E. declines to participate in further loans for this project.

4. Accessibility of Property

a) I will meet the O.M.E. representative.

James N. Babcock
P.O. Box 1042
1610 Silver King Drive
Aspen, Colorado, 81611
phone: 303 925 7068 home
303 925 3333 business

The property is 7 miles up the canyon of Woody Creek, which in turn is 7 miles to the northwest of Aspen. The property is acessible throughout the year. The portal is 150 feet from a maintained, plowed county road. The road is unpaved but was graded as a railroad bed to the Aspen Contact Mine in 1893.

b) There is a railroad siding at Woody Creek, seven miles down canyon from Lenado. Although at precsent there is no loading ramp, one could be constructed. There ~~is~~ are facilities for loading iron ore at Woody Creek. The siding is owned by the D. and R. G. Railroad. Supply points are Grand Junction, Glenwood Springs, and Denver.

5. Exploration Work:

Proposed Exploration

- Open Contact mine
Geol map 1" = 20'

1) Complete the decline 191 feet to the DDH 8 intercept, drift on ore, cross cut 40 feet to the Lenado Fault to test the zinc intercept of DDH 7 and to provide data on the dip of the fault. I propose the decline be continued as a loader drift measuring 7½ feet by 8 feet, as this method costs the same as converting to a tracked system or to a slusher drift of smaller cross section. If ground conditions do not permit this large a drift, then we can shrink it down to a 5 foot by 6½ foot in the clear decline with either a tracked car on a cable or a slusher operation.

I recommend the adit as the only feasible way to complete the project. The previous drilling program resulted in an over all core recovery of less than 35% and in the critical areas such as DDH 7 and 8 and 3, the core recoveries were less than 3%. We attribute the bad core recovery to the 100 feet of loose landslide, the loss of circulation, the sluffing of the upper hole, and the impossibility of adequately casing the hole.

I believe the decline will provide geometric control as well as drill stations below the difficult overburden. I have greatly improved the surface control with transit surveys and have found old underground transit maps and cross sections from the 1890's. With the new data and close geometric control provided by the decline, we can expect to test the original premise of both Rheco-Lenado and the O.M.E. that a favorable order of probability

exists for the presence of a mineralized Leadville formation intercept against the Lenado fault and in the downthrown block. A second important reason to complete the decline is to determine if the DDH8 intercept represents a sufficient sized and grade deposit to be commercial. A third reason is to test for the presence, size and grade of the zinc ore shoot shown in DDH 7.

After the decline is completed, I propose diamond drilling from two underground stations two holes NX sized by the wireline method. This drilling will be done by an independent contractor. The proposed drill holes and their collars are shown on the 8633 foot planimetric geologic map, the 8442 foot planimetric geologic map, the multi-level geologic map of the Aspen Contact mine, and on geologic cross section LL. These maps and section are at a scale of 1" equals 20 feet.

I will describe the proposed holes as follows:

DDH 9: 800 feet long at -63° S.25°E. This hole should parallel the dip of the Lenado fault and be located 25 feet into the footwall block. The hole is designed to test the Leadville formation in close proximity to the dolomite intercept with the Lenado fault. I have excellent fault dip control from the maps of the old workings, and I am reasonably sure of the 400 feet stratigraphic distance to the top of the Leadville formation from the known top of the Lower Member of the Belden formation

found in both DDH 7 and DDH 8.

DDH 10: 300 feet long at -10° S.45°E. This hole is designed to test for open space mineralization and or possible carbonate replacement in and adjacent to the Cambrian fault.

Reasons for selecting the proposed sites as diamond drilling test area are:

1. The Lenado fault takes an abrupt bend at this point.
2. There is the possible presence of offsetting N.20°W. faults to provide openspace.
3. There is proved presence of mineralization in DDH 7 and DDH 8.
4. There is evidence of increasing hydrothermal alteration to the east, as seen in DDH 1a and DDH 1.
5. Area provides the easiest and cheapest access to underground drill stations below the overburden.

5. Exploration Work: (continued)

b) No access roads nor bulldozing are required.

c) If an O.M.E. contract is executed, I would be able to begin work June, 1972. I anticipate very bad ground conditions most of the way; therefore I do not expect progress of greater than 2 feet a day. I should be able to complete the decline within six months. I anticipate begining the drilling program in October of 1972. Rate of drilling should be 11 feet per day. Total time to complete the drilling should be 4 months.

James N. Babcock - Consulting Geologist

1610 Silver King Drive
Post Office Box 1042
Aspen, Colorado 81611

303-925-7068
303-925-3333

February 5, 1972

The Bank of Aspen

Aspen, Colorado, 81611

Gentlemen:

Rheco-Lenado, Inc. and I have a joint venture agreement to explore for mineral deposits on a lease block at Lenado, Colorado. The exploration program will consist of a 300 foot declined loader entry and then 1100 feet of diamond drilling. Cost figures are:

$33,000	decline
2,500	assays
12,000	diamond drilling
$47,500	total project cost

I have funds to the amount of $12,500 and am seeking a loan of $35,000 to be repaid semiannually at your regular interest rates over a five year period. I would like the first installment to be June 1, 1972.

An early reply to this request would be appreciated.

Yours very truly,

James N. Babcock

Consulting geologist

The Bank of Aspen

ASPEN, COLORADO 81611

BRIAN A. COYLE
ASSISTANT CASHIER

February 7, 1972

Mr. James N. Babcock
P.O. Box 1042
Aspen, Colorado

Dear Mr. Babcock:

With regard to your letter of February 5, 1972, concerning your request for a $35,000.00 commercial loan, I regret to inform you that our loan committee has decided to decline your request.

Sincerely,

Brian A. Coyle

Brian A. Coyle
Assistant Cashier

BAC:bg

James N. Babcock - Consulting Geologist

1610 Silver King Drive
Post Office Box 1042
Aspen, Colorado 81611

303-925-7068
303-925-3333

feb 5, 1972

The First National Bank

Aspen, Colorado, 81611

Gentlemen:

Rheco-Lenado, Inc. and I have a joint venture agreement to explore for mineral deposits on a lease block at Lenado, Colorado. The exploration program will consist of a 300 foot declined loader entry and then 1100 feet of diamond drilling. Cost figures are:

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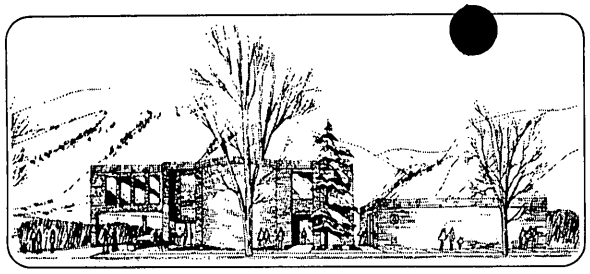
An early reply to this request would be appreciated.

Yours very truly,

James N. Babcock

Consulting geologist



First National Bank in Aspen

POST OFFICE BOX 3318 / ASPEN, COLORADO 81611 / (303) 925-1450

February 7, 1972

Mr. James N. Babcock
Consulting Geologist
1610 Silver King Drive
P.O. Box 1042
Aspen, Colo. 81611

Dear Mr. Babcock:

In reply to your letter of February 5, 1972 regarding application for a loan of $35,000.00 for a mineral exploration program at Lenado, our Discount Committee feel that they are unable to consider your application at this time.

We regret that we are unable to serve you in this respect.

Very truly yours,

John D. Rogers
Vice President

JDR/keb

6. Experience. I am attaching my resume. I will supervise the work.

RESUME

Name: James N. Babcock

Mailing Address: P.O. Box 1042

Residence: 118 Cooper St.
Aspen, Colorado 81611

Phone: 303-925-3333 or
303-925-7068

Biographical

Born: Dec. 10, 1925
Chicago, Illinois

Educated: University of New Mexico
B/S Mechanical Engineering (1946)
B/A Naval Science and Tactics (1946)
B/S Geology (1951)
Ensign USNR (1946)

Northwestern University
B/Ba (1949)

U.C.L.A.
1951-54 3½ years on a PhD. Committee: Drs. Watson and Tunnell
M/A Geology
Teaching Assistant in Petrology (1952)
Member of Revillegigedos Expedition of Scripps Institute of Ocean.

University of Southern California
Secondary Teaching Credential (1959)

Professional Engagements in Geology:

1½ years as Naturalist; U.S.N.P.S. Carlsbad Caverns N.P. (1947-49)

1½ years as Geologist; U.S.G.S. Fuels Branch and A.E.C. (1952-53) Albuquerque and Denver Offices.
Mapping: Red Creek, Colorado
Goose Creek, Idaho
Supervisors: C.B. Read
Harley Barnes
Elmer Baltz

2½ years as Geologist; Texaco, (1954-57) at Santa Paula and Ventura, California. Hans Aschauer, Divisional Geologist; Rex Grivetti, District Geologist.

1 year as Geologist; Geologic Divers, Inc., La Jolla, California (1957). W. Hamilton, President.

1 year as Geologist; San Pedro Copper Co., Albuquerque, N.M.. H. Hall, President (1959).

4 years as Geologist; Richmond Hill Exploration Co., Box 1023, Aspen, Colorado (1964-68). J.P. Kellogg, General Manager; H. Stein, Vice-President.

2 years Consulting Geologist (1968-70) Aspen, Colorado. List of clients furnished on request.

Other employment and business interests:

5 years as Production Manager and Treasurer; Chicago Decalcomania Co., 3310 Elston Ave., Chicago, Illinois. Our family business; 140 employees; gross sales: $1½ million.

1 year as Building Contractor, Palos Verdes, California; class 1 license; self-employed (1958).

2 years as Math Teacher, Palos Verdes, California (1959-61).

2 years as Math and Physics Teacher, Aspen, Colorado (1961-63).

3 years as owner and founder of Aspen Roofing Co., Aspen, Colorado (1962-65).

6 years as owner, founder and builder of the Little Red Ski Hostel, Aspen, Colorado. Accomodates 70 guests (1963-70).

3 years as owner and founder of Pioneer Village Ranch, Basalt, Colorado. A guest ranch (1966-69).

1 year as owner and founder of Barn-Livery, Inc., Aspen, Colorado; apres-ski sleigh-ride and steak fry (1968-69).

1 year as founder and stockholder in T.V. series "Ripcord" (1958).

Married: 16 years; wife, Marjorie; twins, 8 years old, Jefferey and Jeannene.

CLIENTS

1968

Richmond Hill Expl. Co. } Aspen
Silver Dawn Mng. Co.
Bu. Reclam. — Meridith, Colo.

1969

Rheco Lenado
Silver Dawn Mng. Co. } Aspen
Statesman Mng. Co.
Kirkland Townsite — Toronto Can.
James Hess — Carbondale, Colo.
Logan Allen & Assoc. — Saguache, Col
Spook Mines — Bev. Hills, Calif.
Union Pacific R.R. (Mineral Expl.)
Salt Lake City, Utah.

1970

Rheco Lenado
Silver Dawn Mng. Co. } Aspen Colo.
Statesman Mng. Co.
Col-Oro Corp.
Standard Metals Corp. (Denver office)
Chas. Woolcott.
Environmental Study Group } Aspen

1971

Rheco Lenado
Silver Dawn
Statesman } Aspen
Col-Oro Corp

1971 (continued)

Percy La Salle Mng Co.
Spar Consolidated Mng. Co. } Aspen
Col-Oro Corp.
Chas. Walcott.
Fred Baker, Sequim, Wash.
Bill Cox, Friday Harbor Wash.
North Island Mines, Victoria, B.C.
Electro-Care Industries, Beverly Hills, Calif.

Will be happy to submit copies of some of my maps, reports, and feasibility studies. After your inspection these must be returned to me.

7. Estimate of Costs:

I propose to drive 350 feet of loader decline beyond the present face on my own and with my present machinery and supplies. I quote a fixed bid price of $90 per lineal foot of untimbered drift and $110 per lineal foot of timbered drift. I anticipate bad ground all the way. I believe 350 feet of drift will be adequate to provide drill stations, to prove the size and grade of the ore deposit found in DDH 8, and to prove the size and grade of the zinc shoot found in DDH 7.

I have enclosed for comparison four bids on the cost of tunneling on the Rheco-Lenado project. Although these bids are three years old, applied to 1500 feet of 1% grade drift, and would be raised to today's prices; they do give a means of estimating costs.

I will charge no extras and will furnish steel sets if necessary, turnarounds, bypasses, and extra excavation with out charge to the O.M.E. I will timber to the suggestions or specifications of both the O.M.E. and the Colorado Bureau of Mines inspector. I will not charge for my labor, tools, equipment, supplies, buildings, or overhead. I will furnish my own transportation, Workmen's Compensation Insurance, F.I.C.A., telephone, office, and geologic consulting and drafting without charge to the O.M.E.

Should we convert to a slusher or inclined car operation, the same fixed bid price quoted above will apply.

Total cost of the decline is: 350 feet x $110 per lineal foot equals $38,000.

a) Independent contracts.

I am enclosing three bids from diamond drilling contractors. My estimates of costs are as follows:

footage:	1100 feet x $9 per foot	$9,900
cementing:	30 hours x $20 per hour	600
	100 sacks x $5 per sack	500
mobilization:		500
standby:	20 hours x $20 per hour	400
core boxes:	1000/10 x $1 each	100
bit costs:	none anticipated	
reaming	" "	
lost casing:	" "	
	total:	$12,000

Assaying: One sample each five feet for both the drift and the drill cores. Each sample assayed for silver, lead, and zinc. Cost for each metal is $3. Cost for each sample is $9. Total cost of the assaying is: (350 / 1100 feet) / 5 x $9 equals $2610

Total project costs:

Decline:	$38,500	
Drilling:	12,000	
Assaying:	2,610	
	$53,110	total project cost

O.M.E. participation: .75 x $53,110 equals $38,832.50

7. Estimate of Costs: (continued)

b) Personal services. None required. I will act as geologist and engineer.

c) Operating materials and supplies.

Materials on hand: (paid for)

2,000 pounds of Gelex #2 dynamite

crimpers, tampers, spitter, 2 rolls of fuse, 2,000 caps, 1,800 electric caps

5 tons of Dupont ammonium nitrate prills

Bureau of Mines approved steel magazine

5,000 board feet of posts and caps

8,000 board feet of lagging

300 gallons of propane. Large tank and lines

150 gallons of gasoline

100 gallons of deisel #1 fuel

100 pounds of nails and spikes

7. Estimate of Costs: (continued)

d) Operating equipment.

Equipment and Tools on Hand

Some of the equipment is on lease-option-purchase:

Buffalo 9 fan, powered by a GMC Cummins deisel engine. New - $6,000.

Gardner Denver 210 cmf piston-type compressor. New - $7,000.

2 Ingersol Rand jacklegs and drilling machines. New - $2,800.

300 gallon Receiver tank. New - $600.

150 gallon jack tank. New - $300

400 feet of air line, 400 feet of water line, bull hose

300 feet of fan line (15 inch diameter)

2 homelite chain saws. New - $400

Complete set of sockets, wrenches, and mechanic tools.

Shovels, picks, sledge hammers, single jacks, pry bars, scaling bars, wheelbarrow, moils, and hand steel.

Circular saw, 1/2 inch drill, grinder, 1/4 inch drill, sabre saw.

Complete set of woodworking hand tools.

Welder and two boxes of rods, cutting torch and tanks.

10 pieces of drill steel, knock on bits.

3 sets of miners boots and rain gear.

3 sets of mine lamps and chargers.

2 ton chain hoist, 15 ton hydraulic jack, come-along.

1955 International Truck. 8 ton gross

1966 GMC Surburban truck with pipe frame and vise.

1942 Army carry-all with gin poles and winch and 4 wheel drive.

Cargo trailer

1010 John Deere deisel front-end loader with water scrubber. New - $15,000.

7. Estimate of Costs: (continued)

e) Initial rehabilitation and repairs. None required.

f) New buildings, fixtures, installations. None required.

g) Miscellaneous. The O.M.E. will not be responsible for rapairs or maintenance, accounting, workmens compensation or liability insurance, or payroll taxes.

Buildings

These buildings are on the lease block and are for our use without charge.

Compressor house - Dry room - Workshop. 30 feet by 18 feet fully wired, heated by propane.

Mine office. 3 rooms; 700 square feet

Mine portal, snowshed, and receiver tank room.

12 buildings for mine labor living quarters. All have water and electricity.

Inherent advantages of the Down Under Mine and the Dirty Shame decline as an operating mine:

1. The portal is 150 feet from a maintained, plowed county road. The road is unpaved but was graded as a railroad bed to Aspen Contact Mine in 1893.

2. The decline was designed for modern rubber tire equipment. It measures 8' x 7-1/2' and can accomodate small dump trucks, jumbos, Eimco or Wagner load-haul-dump machines, crushers, inside skips.

3. A year around flowing water ditch is culverted 20' in front of the portal.

4. The mine is supplied power by Holy Cross Electric Co.

5. The mine elevation is 8600 feet, which allows work the year around.

6. There is a sawmill 1,000 feet away. This mill supplies the mine with all lagging and many timbers without charge. Dimension lumber costs $90 per 1,000 board feet.

7. A railroad siding and loading area is at Woody Creek, 7 miles down the canyon.

8. Grand Junction, 130 miles distant, is an excellent source of mining equipment and supplies, as is Denver 200 miles away.

9. A large supply of unskilled labor and a few skilled miners are available at Aspen and the Sawmill.

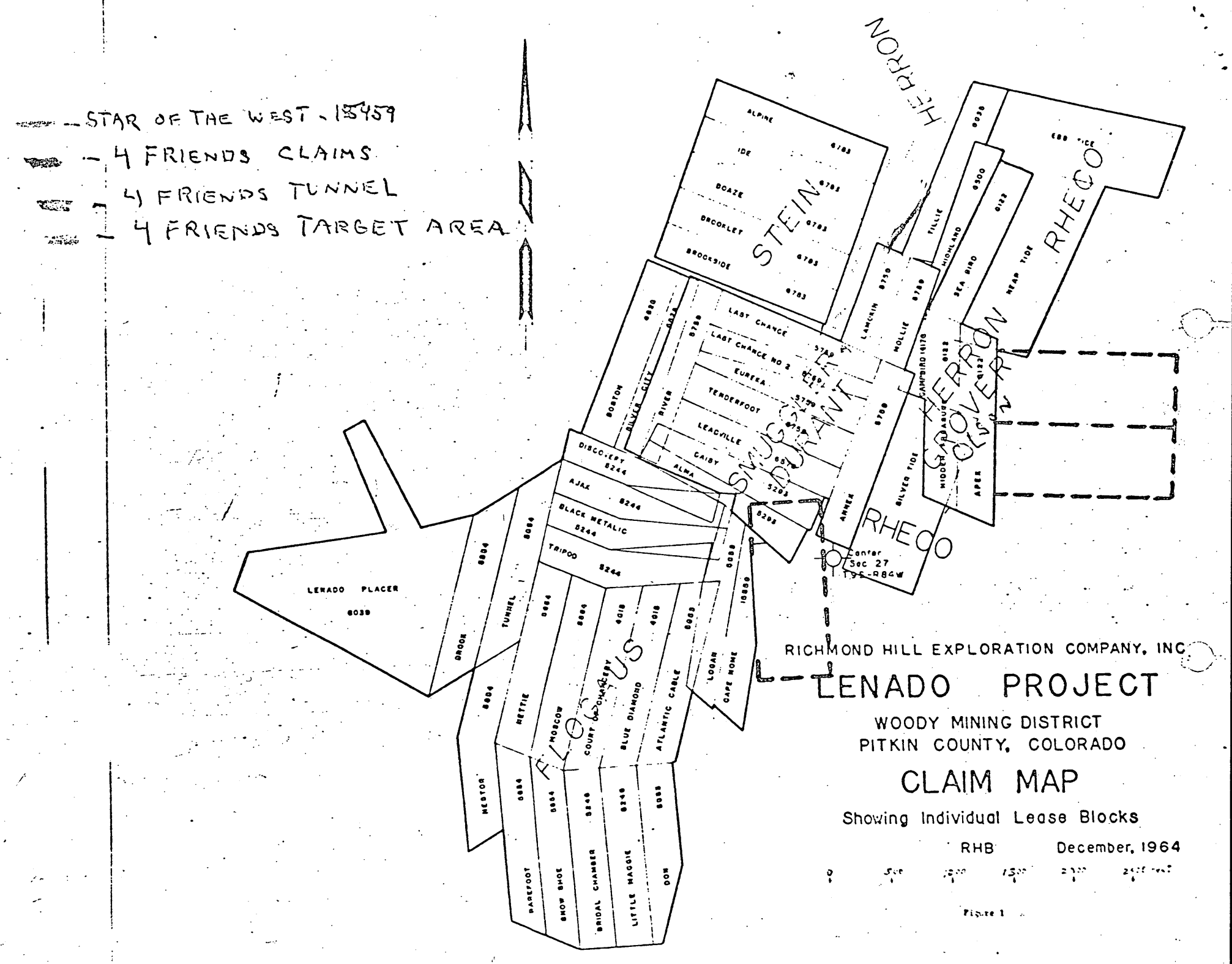
10. Excellent timber is close at hand on the lease block.

11. Mine office buildings and employee houses are available without charge for our use.

12. The Compressor building, dry room, workshop, portal building and road are complete

13. A mill site is available on the lease block.

14. The decline is 2/5 completed. Equipment, tools, supplies, and labor are completely mobilized.


STAR OF THE WEST - 18459
4 FRIENDS CLAIMS
4 FRIENDS TUNNEL
4 FRIENDS TARGET AREA
HERRON
STEIN
ALPINE
IDE
BOAZE
BROOKLET
BROOKSIDE
RHECO
HEAP TIDE
SEA BIRD
HIGHLAND
TILLIE
LAMCHIN
MOLLIE
HERRON
COVER
SILVER TIDE
ANNEX
APEX
LAST CHANCE
LAST CHANCE NO 2
EUREKA
TENDERFOOT
LEADVILLE
GAIBY
ALMA
SILVER CITY
BOSTON
RIVER
DISCOVERY
AJAX
BLACK METALIC
TRIPOD
LENADO PLACER
DROOK
TUNNEL
METTIE
MOSCOW
COURT OF CHANCERY
BLUE DIAMOND
ATLANTIC CABLE
LOGAN
CAPE NOME
NESTOR
BAREFOOT
SNOW SHOE
BRIDAL CHAMBER
LITTLE MAGGIE
DOM
FLOS
Center
Sec 27
T9S-R86W
RICHMOND HILL EXPLORATION COMPANY, INC.
LENADO PROJECT
WOODY MINING DISTRICT
PITKIN COUNTY, COLORADO
CLAIM MAP
Showing Individual Lease Blocks
RHB
December, 1964
Figure 1

FINANCIAL STATEMENT

J.N. & M.T. BABCOCK

BALANCE SHEET

APR 1, 1972

APR 21 1972
Denver, Colorado

ASSETS:	
CASH	$ 13,481.62
SAVINGS	18,192.00
HOME:	
FAIR MARKET VALUE	100,000.00
NOTE RECEIVABLE	29,500.00
LITTLE RED SKI HAUS:	
FAIR MARKET VALUE:	225,000.00
PERSONAL PROPERTY:	
DISCOUNTED VALUE	
1/4 WORTH:	20,000.00
TRUST FUND:	40,000.00
TOTAL ASSETS:	446,174.00

LIABILITIES

LOANS PAYABLE:

MORGAGE ON HOME	30,000
" " L.R.S.H.	13,000
NOTES PAYABLE:	2,000
	45,000

PROPRIETORSHIP

446,174	
− 45,000	
401,174	NET WORTH

LITTLE RED SKI HAUS
STATEMENT OF PROFIT

JAN 1, 1971 THRU DEC 31, 1971

INCOME

ROOM RENTALS: (GROSS SALES)		$71,165.20
REFUNDS:	2931.92	
PACKAGE PLANS:	8146.10	
COLO. BED TAX	3305.25	
	14383.27	-14,383.27
NET INCOME:		56,781.93

EXPENSES

TAXES	1118.61
WAGES	6581.63
LEGAL FEES	1275.00
COMMISSIONS	548.79
INTEREST	1062.00
BAD CHECKS	31.63
RENT	1839.78
LAUNDRY & LINNENS	1851.10
MTCE & SMALL EQUIP.	1745.11
OFFICE SUPPLIES	253.66
SUPPLIES	655.19
BREAKFAST FOOD	3133.17

DEPRECIATION	6137.00
GAS FOR CAR	1169.25
AUTO REPAIRS	809.46
ELEC., WATER, SEWER	1430.36
NAT. GAS.	881.60
TRASH & T.V.	278.50
TELEPHONE	489.29
SKI CORP.	971.34
MISC	298.88
NEWSP. ADS., MAG.	146.17
INSURANCE	652.00
	$ 32,309.52

56,781.93
− 32,309.52
24,472.41

NET PROFIT: 24,472.41

DEPRECIATION	6137.00	
PRINC. PAYMENTS	4107.00	
	2030.00	+ 2030.00

CASH FLOW: 26,442.41

Form **1040** US Department of the Treasury / Internal Revenue Service

Individual Income Tax Return

1971

For the year January 1–December 31, 1971, or other taxable year beginning _____, 1971, ending _____, 19____

Place label on form you file. Correct name, etc., if necessary. Enter social security number(s) only if incorrect or not shown on label.

Name: SI 356-20-1981 360-18-1488 D84 3
JA JAMES N & MARJORIE T. BABCOCK
Prese P. PO BOX 1042
City A ASPEN CO 81611

Your social security number: 356 20 1981
Spouse's social security number: 360 18 1488
Occupation — Yours: geologist
Spouse's: lodge keeper

Please attach Copy B of Form W-2 to back

Filing Status—check only one:

1 ☐ Single
2 ☑ Married filing jointly (even if only one had income)
3 ☐ Married filing separately and spouse is also filing. Give spouse's social security number in space above and enter first name here ▶
4 ☐ Unmarried Head of Household
5 ☐ Surviving widow(er) with dependent child
6 ☐ Married filing separately and spouse is not filing

Exemptions — Regular / 65 or over / Blind

7 Yourself ☑ ☐ ☐
8 Spouse (applies only if item 2 or 6 is checked) ☑ ☐ ☐
Enter number of boxes checked ▶ 2
9 First names of your dependent children who lived with you JEFFERY & JEANNINE
Enter number ▶ 2
10 Number of other dependents (from line 33) ▶ 1
11 Total exemptions claimed ▶ 5

Income

12 Wages, salaries, tips, etc. (Attach Forms W-2 to back. If unavailable, attach explanation)	12	—
13a Dividends (see pages 6 and 11 of instr.) $ — 13b Less exclusion $ — Balance ▶ (If gross dividends and other distributions are over $100, list in Part I of Schedule B.)	13c	—
14 Interest. [If $100 or less, enter total without listing in Schedule B / If over $100, enter total and list in Part II of Schedule B]	14	189 42
15 Income other than wages, dividends, and interest (from line 40)	15	7717 57
16 Total (add lines 12, 13c, 14 and 15)	16	7906 99
17 Adjustments to income (such as "sick pay," moving expense, etc. from line 45)	17	—
18 Adjusted gross income (subtract line 17 from line 16)	18	7906 99

See page 3 of instructions for rules under which the IRS will figure your tax.
If you do not itemize deductions and line 18 is under $10,000, find tax in Tables and enter on line 19.
If you itemize deductions or line 18 is $10,000 or more, go to line 46 to figure tax.

Tax, Payments and Credits

19 Tax (Check if from: ☐ Tax Tables 1–13, ☐ Tax Rate Sch. X, Y, or Z, ☐ Sch. D, ☑ Sch. G or ☐ Form 4726)	19	0
20 Total credits (from line 54)	20	—
21 Income tax (subtract line 20 from line 19)	21	0
22 Other taxes (from line 60)	22	578 00
23 Total (add lines 21 and 22)	23	578 00
24 Total Federal income tax withheld (attach Forms W-2 or W-2P to back) — 24 —		
25 1971 Estimated tax payments (include 1970 overpayment allowed as a credit) — 25 —		
26 Other payments (from line 64) — 26 23 80		
27 Total (add lines 24, 25, and 26)	27	23 80

Bal. Due or Refund

28 If line 23 is larger than line 27, enter BALANCE DUE — Pay in full with return. Make check or money order payable to Internal Revenue Service ▶	28	554 20
29 If line 27 is larger than line 23, enter OVERPAYMENT ▶	29	—
30 Line 29 to be: (a) REFUNDED — Allow at least six weeks for your refund check ▶		
(b) Credited on 1972 estimated tax ▶		

Foreign Accounts

31 Did you, at any time during the taxable year, have any interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (except in a U.S. military banking facility operated by a U.S. financial institution)? If "Yes," attach Form 4683. (For definitions, see Form 4683.) ▶ ☐ Yes ☑ No

Write soc. sec. no. on Check or Money Order. Attach here

Sign here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

James N. Babcock 3/23/72
Your signature — Date

Marjorie T. Babcock 3/23/72
Spouse's signature (if filing jointly, BOTH must sign even if only one had income)

Signature of preparer other than taxpayer, based on all information of which he has any knowledge. — Date

Address

PART I.—Additional Exemptions (Complete only for other dependents claimed on line 10)

32 (a) NAME	(b) Relationship	(c) Months lived in your home. If born or died during year, write B or D	(d) Did dependent have income of $675 or more?	(e) Amount YOU furnished for dependent's support. If 100% write ALL	(f) Amount furnished by OTHERS including dependent.
LINDA LOUISE BABCOCK (a ward of State of Colorado – Retarded child)	DAUGHTER	NONE	NO	$ ALL 2153.10	$

33 Total number of dependents listed above. Enter here and on line 10 ► 1

PART II.—Income other than Wages, Dividends, and Interest

34 Business income or (loss) (attach Schedule C) Little Red Ski Haus	34	24,472	41
35 Net gain or (loss) from sale or exchange of capital assets (attach Schedule D)	35	—	
36 Net gain or (loss) from Supplemental Schedule of Gains and Losses (attach Form 4797)	36	—	
37 Pensions and annuities, rents and royalties, partnerships, estates or trusts, etc. (attach Schedule E)	37		
38 ~~Farm income~~ MINING LOSS DOWN UNDER MINE & CONSULTING EXPENSES or (loss) (attach Schedule F)	38	(19332	20)
39 Miscellaneous income (a) Fully taxable pensions and annuities not reported on Schedule E—see instructions on page 7			
(b) 50% of capital gain distributions (not reported on Schedule D)			
(c) State income tax refunds (caution—see instructions on page 7)			
(d) Alimony			
(e) Other (state nature and source) GEOLOGICAL CONSULTING FEES – E.S.I. CORP. 25773			
(f) Total miscellaneous income (add lines 39(a), (b), (c), (d) and (e))	39	2577	36
40 Total (add lines 34, 35, 36, 37, 38, and 39). Enter here and on line 15 ►	40	7717	57

PART III.—Adjustments to Income

41 "Sick pay" if included in line 12 (attach Form 2440 or other required statement)	41		
42 Moving expense (attach Form 3903)	42		
43 Employee business expense (attach Form 2106 or other statement)	43		
44 Payments as a self-employed person to a retirement plan, etc. (attach Form 2950SE)	44		
45 Total adjustments (add lines 41, 42, 43, and 44). Enter here and on line 17 ►	45	—	

PART IV.—Tax Computation (Do not use this part if you use Tax Tables 1–13 to find your tax.)

46 Adjusted gross income (from line 18)	46	7906	99
47 (a) If you itemize deductions, enter total from Schedule A, line 32 and attach Schedule A (b) If you do not itemize deductions, and line 46 is: (1) $10,000 or more but less than $11,538.43, enter 13% of line 46 (2) $11,538.43 or more, enter $1,500. Note: deduction under (1) or (2) is limited to $750 if married and filing separately.	47	5058	50
48 Subtract line 47 from line 46	48	2848	49
49 Multiply total number of exemptions claimed on line 11, by $675 X5	49	3375	00
50 Taxable income. Subtract line 49 from line 48 ►	50	(-426	51)

(Figure your tax on the amount on line 50 by using Tax Rate Schedule X, Y or Z, or if applicable, the alternative tax from Schedule D, income averaging from Schedule G, or maximum tax from Form 4726.) Enter tax on line 19.

PART V.—Credits

51 Retirement income credit (attach Schedule R)	51		
52 Investment credit (attach Form 3468)	52		
53 Foreign tax credit (attach Form 1116)	53		
54 Total credits (add lines 51, 52, and 53). Enter here and on line 20 ►	54	—	

PART VI.—Other Taxes

55 Self-employment tax (attach Schedule SE) ✓	55	578	00
56 Tax from recomputing prior-year investment credit (attach Form 4255)	56		
57 Minimum tax (see instructions on page 8). Check here ☐, if Form 4625 is attached	57		
58 Social security tax on unreported tip income (attach Form 4137)	58		
59 Uncollected employee social security tax on tips (from Forms W-2)	59		
60 Total (add lines 55, 56, 57, 58, and 59). Enter here and on line 22 ►	60	578	00

PART VII.—Other Payments

61 Excess FICA tax withheld (two or more employers—see instructions on page 8)	61		
62 Credit for Federal tax on special fuels, nonhighway gasoline and lubricating oil (attach Form 4136)	62	23	80
63 Regulated Investment Company Credit (attach Form 2439)	63		
64 Total (add lines 61, 62, and 63). Enter here and on line 26 ►	64	23	80

Schedules A&B—Itemized Deductions AND Dividend and Interest Income

(Form 1040)

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040.

1971

Name(s) as shown on Form 1040: JAMES N. & MARJORIE T. BABCOCK

Your social security number: 356 20 1981

Schedule A—Itemized Deductions (Schedule B on back)

Medical and dental expenses (not compensated by insurance or otherwise) for medicine and drugs, doctors, dentists, nurses, hospital care, insurance premiums for medical care, etc.

1 One half (but not more than $150) of insurance premiums for medical care. (Be sure to include in line 10 below)	150	00
2 Medicine and drugs	70	98
3 Enter 1% of line 18, Form 1040	77	07
4 Subtract line 3 from line 2. Enter difference (if less than zero, enter zero)	0	
5 Enter balance of insurance premiums for medical care not entered on line 1	—	
6 Itemize other medical and dental expenses. Include hearing aids, dentures, eyeglasses, transportation, etc.		
Aspen Clinic	158	00
Cardiology Assoc.	91	00
Dr. Crandall	10	00
Aspen Valley Hosp.	7	50
Dr. Orr	65	00
Dr. Traul	10	00
Dr. Roy Day	8	00
Dr. Ed Taylor	30	00
Dr. Massaro	48	00
State Home & Training Sch	1991	00
	2412	50
7 Total (add lines 4, 5, and 6)	2412	50
8 Enter 3% of line 18, Form 1040	231	21
9 Subtract line 8 from line 7. Enter difference (if less than zero, enter zero)	2281	29
10 Total deductible medical and dental expenses (Add lines 1 and 9. Enter here and on line 27, below.) ▶	2431	29

Taxes.

11 Real estate	579	26
12 State and local gasoline (see gas tax tables)	16	00
13 General sales (see sales tax tables)	257	64
14 State and local income	1292	00
15 Personal property	136	20
16 Other New car sales tax	38	34
17 Total taxes (Add lines 11 through 16. Enter here and on line 28, below.) ▶	2319	44

Contributions.—Cash—including checks, money orders, etc. (Itemize—see instructions on page 10 for examples)

Aspen Lions Club	6	00
Touchstone Clinic	20	00
Community Church	50	00
18 Total cash contributions	76	00
19 Other than cash (see instructions on page 10 for required statement). Enter total for such items here	—	
20 Carryover from prior years		
21 Total contributions (Add lines 18, 19, and 20. Enter here and on line 29, below.)	76	00

Interest expense. Mortgage Int. listed in mining ledger. P.&L.		
22 Home mortgage	—	
23 Installment purchases	—	
24 Other (Itemize)		
Thunder River Realty	146	45
Mr. C. F. Tormohlen	85	32
	231	77
25 Total interest expense (Add lines 22, 23, and 24. Enter here and on line 30, below.) ▶		

Miscellaneous deductions for child care, alimony, union dues, casualty losses, etc. (see instructions on page 10).

26 Total miscellaneous deductions (Enter here and on line 31, below.) ▶ —

Summary of Itemized Deductions

27 Total deductible medical and dental expenses (from line 10)	2431	29
28 Total taxes (from line 17)	2319	44
29 Total contributions (from line 21)	76	00
30 Total interest expense (from line 25)	231	77
31 Total miscellaneous deductions (from line 26)	—	
32 TOTAL ITEMIZED DEDUCTIONS. (Add lines 27 through 31. Enter here and on Form 1040, line 47.) ▶	5058	50

A

Schedule B—Dividend and Interest Income

Name(s) as shown on Form 1040 (Do not enter name and social security number if shown on other side)

Your social security number

Part I Dividend Income

Note: If gross dividends (including capital gain distributions) and other distributions on stock are $100 or less, do not complete this part. But enter gross dividends less the sum of capital gain distributions and non-taxable distributions, if any, on Form 1040, line 13a. (see note below)

1 Gross dividends (including capital gain distributions) and other distributions on stock. (List payers and amounts—write (H), (W), (J), for stock held by husband, wife, or jointly)

None		

2 Total of line 1 . . . . . .

3 Capital gain distributions (see instructions on page 11. Enter here and on Schedule D, line 7.) See note below . . . . .

4 Nontaxable distributions (see instructions on page 11). .

5 Total (add lines 3 and 4) . . . . . .

6 Dividends before exclusion (subtract line 5 from line 2). Enter here and on Form 1040, line 13a . . . . . .

Part II Interest Income

Note: If interest is $100 or less, do not complete this part. But enter amount of interest received on Form 1040, line 14.

7 Interest includes earnings from savings and loan associations, mutual savings banks, cooperative banks, and credit unions as well as interest on bank deposits, bonds, tax refunds, etc. Interest also includes original issue discount on bonds and other evidences of indebtedness (see instructions on page 11). (List payers and amounts)

First Nat'l Bank of Copen	172	00
New York Life Ins. Co.	17	42

8 Total interest income. Enter here and on Form 1040, line 14 . . . . . 189 42

Note: If you received capital gain distributions and do not need Schedule D to report any other gains or losses or to compute the alternative tax, do not file that schedule. Instead, enter 50 percent of capital gain distributions on Form 1040, line 39(b).

B

SCHEDULE C (Form 1040)

Department of the Treasury
Internal Revenue Service

Profit (or Loss) From Business or Profession

(Sole Proprietorship)

▶ Partnerships, joint ventures, etc., must file on Form 1065.
▶ Attach to Form 1040.

1971

Name(s) as shown on Form 1040: JAMES N. & MARJORIE T. BABCOCK

Social security number: 356 20 1981

A Principal business activity (See separate instructions): LODGING ; product: SKI LODGE & BREAKFAST
(For example: retail—hardware; wholesale—tobacco; services—legal; manufacturing—furniture; etc.)

B Business name: LITTLE RED SKI HAUS C Employer Identification Number: 84-0586409

D Business address: P.O. BOX 1042, ASPEN, COLO, 81611 (ZIP code)

E Indicate method of accounting: (1) ☑ cash; (2) ☐ accrual; (3) ☐ other.

F Was there any substantial change in the manner of determining quantities, costs, or valuations between the opening and closing inventories?
☐ YES ☑ NO. If "Yes," attach explanation.

G Were you required to file Forms 1096 and 1099 or 1087 for the calendar year 1971? (See "Item G" in separate instructions for Schedule C.) P 15
☐ Yes ☑ NO. If "Yes," where were they filed? ▶

1 Gross receipts or gross sales $ 71,165.20 Less: Returns and allowances $	2,931.92	$ 69,233	68
2 Inventory at beginning of year (if different from last year's closing inventory attach explanation)			
3 Merchandise purchased $, less cost of any items withdrawn from business for personal use $			
4 Cost of labor (do not include salary paid to yourself)			
5 Material and supplies SKI PACKAGE PLANS (LIFT TICKETS)	8,146 10		
6 Other costs (explain in Schedule C-1) COLO. BED TAX	3,305 25		
7 Total of lines 2 through 6	11,451 35	11,451	35
8 Inventory at end of this year	none		
9 Cost of goods sold and/or operations (subtract line 8 from line 7)		~~56,781~~	~~93~~
10 Gross profit (subtract line 9 from line 1)		56,781	73
OTHER BUSINESS DEDUCTIONS			
11 Depreciation (explain in Schedule C-2)	6137 00		
12 Taxes on business and business property (explain in Schedule C-1) real est. personal prop. city, county, state	1118 61		
13 Rent on business property			
14 Repairs (explain in Schedule C-1)	see below		
15 Salaries and wages not included on line 4 (exclude any paid to yourself)	6681 63		
16 Insurance			
17 Legal and professional fees	1275 00		
18 Commissions & Aspen Chamber, Lodg. assn	548 79		
19 Amortization (attach statement)			
20 (a) Pension and profit-sharing plans (See Instructions)			
(b) Employee benefit programs (See Instructions)			
21 Interest on business indebtedness Delaney + SBA loan	1062 00		
22 Bad debts arising from sales or services bad checks	31 63		
23 Depletion			
24 Other business expenses (explain in Schedule C-1)	15254 86		
25 Total of lines 11 through 24		32,309	52
26 Net profit (or loss) (subtract line 25 from line 10). Enter here and on line 34, Form 1040. ALSO enter on Schedule SE, Part I, line 1		24,472	41

SCHEDULE C-1. EXPLANATION OF LINES 6, 12, 14, AND 24

Line No.	Explanation	Amount	Line No.	Explanation	Amount
24	Cond. rental (Stay)	$ 1839.78	24	Trash & Cable TV	$ 278.50
"	Laundry & linens	851.10	"	Telephone	489.29
14	Intce & small Equip	1745.11	"	Ski Corp. Exp	971.34
24	Off. supplies	253.66	"	Misc	248.88
"	Stepplies	655.19	"	Newsp., eds, mag.	140.17
"	Breakfast food	3133.17	"	Insurance	652.00
"	Gas for car	1169.25	"		
"	Auto Repairs	809.46	"		
"	Elec., Water, Sewer	1430.36	"		
"	Nat. Gas	881.60	"		

CONTINUATION OF SCHEDULE C–1. EXPLANATION OF LINES 6, 12, 14, AND 24

Line No.	Explanation	Amount	Line No.	Explanation	Amount
		$			$

SCHEDULE C–2. EXPLANATION OF DEDUCTION FOR DEPRECIATION CLAIMED ON LINE 11

Note: For new depreciation rules, see Form 4832 (Revised). Form 4832 (Revised) also explains the effect the new rules have on guideline lives under Rev. Procs. 62–21 and 65–13. Taxpayers using these lives: Make no entry in column b, enter amounts in column c for assets held at end of year, and enter accumulated depreciation at end of year in column d. You may (1) group depreciable assets in accordance with the categories shown below, or (2) continue to list your assets in the same manner as in prior years. If you need more space, use Form 4562.

a. Group and guideline class or description of property	b. Date acquired	c. Cost or other basis	d. Depreciation allowed or allowable in prior years	e. Method of computing depreciation	f. Life or rate	g. Depreciation for this year
27 Total additional first-year depreciation (do not include in items below)						
28 Depreciation from Form 4832						
29 Other depreciation:						
Buildings		48,697	10320	SL	25 ~~33 yr~~	1947 ~~1477~~
Furniture and fixtures		12831	5080	SL	10 yr	1280
Transportation equipment		2983	1863	SL	7 yr	1119
Machinery and other equipment		8406	4836	SL	10 YR	840
Other (specify) Piano	1/70	102	10	SL	10 YR	10
Bldg addition	1969	6947	417	SL	25 YR	278
Bldg addition	2/70	1462	58	SL	25 YR	58
Vacuum cleaner	2/70	134	22	SL	6 YR	22
Rug	6/70	988	124	SL	8 YR	124
~~Garage~~ Garage all Suburban	9/70	850	0	SL	3 YR	289
Carpet	12/70	1066	0	SL	8 yr	133
Adding Machine	12/70	148	0	SL	4 yr	37
Sportabout	11/23/70	1316	0	SL	3 yr	0
30 Totals		85929				
31 Less: Amount of depreciation claimed elsewhere in Schedule C						6137
32 Balance—Enter here and on page 1, line 11						

SUMMARY OF DEPRECIATION (Other Than Additional First Year Depreciation)

	Straight line	Declining balance	Sum of the years-digits	Units of production	Other (specify)	Total
33 Under Rev. Procs. 62–21 and 65–13						
34 Depreciation from Form 4832						
35 Other						

EXPENSE ACCOUNT INFORMATION

Enter information with regard to yourself and your five highest paid employees. In determining the five highest paid employees, expense account allowances must be added to their salaries and wages. However, the information need not be submitted for any employee for whom the combined amount is less than $10,000, or for yourself if your expense account allowance plus line 26, page 1, is less than $10,000. See separate instructions for Schedule C, for definition of "expense account."

	Name	Expense account	Salaries and Wages
Owner			
1		none	
2			
3			
4			
5			

Did you claim a deduction for expenses connected with:

(1) Entertainment facility (boat, resort, ranch, etc.)? ☐ YES ☑ NO

(2) Living accommodations (except employees on business)? ☐ YES ☑ NO

(3) Employees' families at conventions or meetings? ☐ YES ☑ NO

(4) Employer or family vacations not reported on Form W–2? ☐ YES ☑ NO

SCHEDULE C (Form 1040)

Department of the Treasury
Internal Revenue Service

Profit (or Loss) From Business or Profession

(Sole Proprietorship)

▶ Partnerships, joint ventures, etc., must file on Form 1065.
▶ Attach to Form 1040.

1971

Name(s) as shown on Form 1040: JAMES N. BABCOCK

Social security number:

A Principal business activity (See separate instructions): MINING; product: LEAD - SILVER ORE
(For example: retail—hardware; wholesale—tobacco; services—legal; manufacturing—furniture; etc.)

B Business name: DOWN UNDER MINE

C Employer Identification Number:

D Business address: P.O. BOX 1042, ASPEN, COLO., 81611 (ZIP code)

E Indicate method of accounting: (1) ☑ cash; (2) ☐ accrual; (3) ☐ other.

F Was there any substantial change in the manner of determining quantities, costs, or valuations between the opening and closing inventories?
☐ YES ☑ NO. If "Yes," attach explanation.

G Were you required to file Forms 1096 and 1099 or 1087 for the calendar year 1971? (See "Item G" in separate instructions for Schedule C.)
☐ YES ☑ NO. If "Yes," where were they filed? ▶

1 Gross receipts or gross sales $ 0 Less: Returns and allowances	$ 0	$ 0	
2 Inventory at beginning of year (if different from last year's closing inventory attach explanation)			
3 Merchandise purchased $ 0, less cost of any items withdrawn from business for personal use $			
4 Cost of labor (do not include salary paid to yourself)			
5 Material and supplies } see below			
6 Other costs (explain in Schedule C–1)			
7 Total of lines 2 through 6			
8 Inventory at end of this year			
9 Cost of goods sold and/or operations (subtract line 8 from line 7)			
10 Gross profit (subtract line 9 from line 1)		0	
OTHER BUSINESS DEDUCTIONS			
11 Depreciation (explain in Schedule C–2)			
12 Taxes on business and business property (explain in Schedule C–1)			
13 Rent on business property			
14 Repairs (explain in Schedule C–1)			
15 Salaries and wages not included on line 4 (exclude any paid to yourself)			
16 Insurance			
17 Legal and professional fees			
18 Commissions			
19 Amortization (attach statement)			
20 (a) Pension and profit-sharing plans (See Instructions)			
(b) Employee benefit programs (See Instructions)			
21 Interest on business indebtedness			
22 Bad debts arising from sales or services			
23 Depletion			
24 Other business expenses (explain in Schedule C–1)			
25 Total of lines 11 through 24		15657	72
26 Net profit (or loss) (subtract line 25 from line 10). Enter here and on line 34, Form 1040. ALSO enter on Schedule SE, Part I, line 1		-15657	72

SCHEDULE C–1. EXPLANATION OF LINES 6, 12, 14, AND 24

Line No.	Explanation	Amount	Line No.	Explanation	Amount
5	Supplies	$ 2553 62			$
13	Equipment Rental Expense	3582 14			
24	Travel expenses	314 16			
24	Telephone & Answering Service	560 [illegible]			
24	Lease payments inc. Int	4602 [illegible]			
24	Travel Expense	375 55			
24	Postage	177 23			
4	Wages	1831 92			

SCHEDULE C (Form 1040)

Department of the Treasury
Internal Revenue Service

Profit (or Loss) From Business or Profession

(Sole Proprietorship)

▶ Partnerships, joint ventures, etc., must file on Form 1065.
▶ Attach to Form 1040.

1971

Name(s) as shown on Form 1040: JAMES N. BABCOCK

Social security number: 365 20 1981

A Principal business activity (See separate instructions): CONSULTING GEOLOGIST & MINING ENGINEER
(For example: retail—hardware; wholesale—tobacco; services—legal; manufacturing—furniture; etc.)

B Business name _____ C Employer Identification Number _____

D Business address: P.O. BOX 1042, ASPEN, COLO., 81611 (ZIP code)

E Indicate method of accounting: (1) ☑ cash; (2) ☐ accrual; (3) ☐ other.

F Was there any substantial change in the manner of determining quantities, costs, or valuations between the opening and closing inventories?
☐ YES ☑ NO. If "Yes," attach explanation.

G Were you required to file Forms 1096 and 1099 or 1087 for the calendar year 1971? (See "Item G" in separate instructions for Schedule C.)
☐ Yes ☑ NO. If "Yes," where were they filed? ▶

1 Gross receipts or gross sales $ 2577.36 Less: Returns and allowances $ —		$ 2577	36
2 Inventory at beginning of year (if different from last year's closing inventory attach explanation)			
3 Merchandise purchased $ _____, less cost of any items withdrawn from business for personal use $ _____			
4 Cost of labor (do not include salary paid to yourself)			
5 Material and supplies			
6 Other costs (explain in Schedule C-1)			
7 Total of lines 2 through 6			
8 Inventory at end of this year			
9 Cost of goods sold and/or operations (subtract line 8 from line 7)			
10 Gross profit (subtract line 9 from line 1)		2577	36
OTHER BUSINESS DEDUCTIONS			
11 Depreciation (explain in Schedule C-2)			
12 Taxes on business and business property (explain in Schedule C-1)			
13 Rent on business property			
14 Repairs (explain in Schedule C-1)			
15 Salaries and wages not included on line 4 (exclude any paid to yourself)			
16 Insurance			
17 Legal and professional fees			
18 Commissions			
19 Amortization (attach statement)			
20 (a) Pension and profit-sharing plans (See Instructions)			
(b) Employee benefit programs (See Instructions)			
21 Interest on business indebtedness			
22 Bad debts arising from sales or services			
23 Depletion			
24 Other business expenses (explain in Schedule C-1)		3664	50
25 Total of lines 11 through 24			
26 Net profit (or loss) (subtract line 25 from line 10). Enter here and on line 34, Form 1040. ALSO enter on Schedule SE, Part I, line 1. Net loss		<1097	14>

SCHEDULE C-1. EXPLANATION OF LINES 6, 12, 14, AND 24

Line No.	Explanation	Amount	Line No.	Explanation	Amount
	Supplies	$ 93.81			$
	Travel expense	3249.36			
	Auto "	5.70			
	Misc	207.97		3664.50	
	~~Telephone~~				
	Lodging	12.97			
	Publications	44.49			

SCHEDULE SE (Form 1040)
Department of the Treasury
Internal Revenue Service

Computation of Social Security Self-Employment Tax

▶ Each self-employed person must file a Schedule SE.
▶ Attach to Form 1040.

1971

▶ If you had wages, including tips, of $7,800 or more that were subject to social security taxes, do not fill in this page.
▶ If you had more than one business, combine profits and losses from all your businesses and farms on this Schedule SE.

Important.—The self-employment income reported below will be credited to your social security record and used in figuring social security benefits.

Name of self-employed person (as shown on social security card): JAMES N. BABCOCK

Social security number of self-employed person: 356 | 20 | 1931

Business activities subject to self-employment tax (grocery store, restaurant, farm, etc.) ▶ SKI LODGE, GEOLICAL CONSULTAN MINING

Part I — Computation of Net Earnings from BUSINESS Self-Employment (other than farming)

1 Net profit (or loss) shown in Schedule C (Form 1040), line 26. (Enter combined amount if more than one business.)	7717	57
2 Net income (or loss) from excluded services or sources included on line 1 ~~Subtract Accrual~~ Specify excluded services or sources	~~1894~~	~~22~~
3 Net earnings (or loss) from business self-employment (Subtract line 2 from line 1, and enter here and on line 8(a), Part III below.)	7717	57
	~~7906~~	~~99~~

Part II — Computation of Net Earnings from FARM Self-Employment

SE

A farmer may elect to compute net farm earnings using the OPTIONAL METHOD (line 6, below) INSTEAD OF THE REGULAR METHOD (line 5, below) if his gross profits are: (1) $2,400 or less, or (2) more than $2,400 and net profits are less than $1,600. If your gross profits from farming are not more than $2,400 and you elect to use the optional method, you need not complete lines 4 and 5.

Computation under Regular Method

4 Net farm profit (or loss) from:
(a) Schedule F, line 52 (cash method), or line 71 (accrual method)
(b) Farm partnerships

5 Net earnings from self-employment from farming. Add lines 4(a) and (b)

Computation under Optional Method

6 If gross profits from farming are:*
(a) Not more than $2,400, enter two-thirds of the gross profits
(b) More than $2,400 and the net farm profit is less than $1,600, enter $1,600

*Note.—*Gross profits from farming are the total of the gross profits from Schedule F, line 28 (cash method), or line 69 (accrual method), plus the distributive share of gross profit from farm partnerships as explained in instructions for Schedule SE.*

7 Enter here and on line 8(b), Part III, below, the amount on line 5 (or line 6, if you use the optional method)

Part III — Computation of Social Security Self-Employment Tax

8 Net earnings (or loss) from self-employment—		
(a) From business (other than farming) from line 3, Part I, above	7717	57
(b) From farming (from line 7, Part II, above)	—	
(c) From partnerships, joint ventures, etc. (other than farming)	—	
(d) From service as a minister, member of a religious order, or a Christian Science practitioner. If you filed Form 4361, check here ☐ and enter zero on this line	—	
(e) From service with a foreign government or international organization		
(f) Other (director's fees, etc.). Specify		
9 Total net earnings (or loss) from self-employment reported on line 8	7717	57

(If line 9 is less than $400, you are not subject to self-employment tax. Do not fill in rest of page.)

10 The largest amount of combined wages and self-employment earnings subject to social security tax is			$7,800	00
11 (a) Total "FICA" wages as indicated on Form W-2	—			
(b) Unreported tips, if any, subject to FICA tax from Form 4137, line 9	—			
(c) Total of lines 11(a) and 11(b)				
12 Balance (subtract line 11(c) from line 10)				
13 Self-employment income—line 9 or 12, whichever is smaller			7717	57
14 If line 13 is $7,800, enter $585.00; if less, multiply the amount on line 13 by .075				
15 Railroad employee's and railroad employee representative's adjustment for hospital insurance benefits tax from Form 4469			—	
16 Self-employment tax (subtract line 15 from line 14). Enter here and on Form 1040, line 55			578	00

7717.57
× .075

Form **4136**

Department of the Treasury
Internal Revenue Service

Computation of Credit for Federal Tax on Gasoline, Special Fuels, and Lubricating Oil

Attach this form to your income tax return for calendar year 1971

or other taxable year beginning _____, 1971, ending _____, 19___

1971

586
A
4
3

Name (as shown on page 1 of your income tax return): JAMES N. BABCOCK

Identifying number: 84-05 86409

Part I

Type of Use	Gasoline, Diesel Fuel and Special Motor Fuels: Number of Gallons Used (A)	Rate of Tax (B)	Column (A) Multiplied by Column (B) (C)	Lubricating Oil [4]: Number of Gallons Used (D)	Rate of Tax (E)	Column (D) Multiplied by Column (E) (F)
1 Nonhighway:						
a. Farm (for farming purposes)		.02 [1] / .04 [1]	$	6	.06	$ .36
b. Motorboat		.02			.06	
c. Other (specify)		.02 [2] / .04 [2]	23.44		.06	
Mining	586					
2 Local transit system [3]		.02				
3 Totals			$23.44			$ .36

Part II — Aviation Fuels

Type of Use	Fuels Other Than Gasoline (Example, Jet Fuel) Number of Gallons Used (A)	Gasoline [5] Number of Gallons Used (B)	Rate of Tax (C)	Column (A) or (B) Multiplied by Column (C) (D)
4 a. Farm (for farming purposes)			.07	$
			.04 / .07 [5]	
b. Aviation (other than noncommercial as defined in Instruction F.4.(c))			.04 / .07 [5]	
			.07	
5 Total				$
6 Total income tax credit claimed (sum of line 3, columns (C) and (F) and line 5, column (D))				$ 23.80

[1] For gasoline, the 4-cent rate applies. For diesel and special fuels, use the 2-cent or 4-cent rate, depending on the rate paid.

[2] For gasoline, the 2-cent rate applies. For diesel and special fuels, use the 2-cent or 4-cent rate, depending on the rate paid.

[3] Attach a statement with the information required under section 6421 of the Internal Revenue Code and its Regulations. List qualifying "lubricating oil" (see instruction D) in line 1c, column (D).

[4] Lubricating oil used in aircraft should be listed on line 1c, column (D).

[5] The 7-cent rate applies only if the additional retailers tax of 3 cents was paid at the time of purchase.

Instructions

A. Who May File.—Any individual, estate, trust, or corporation, including a small business corporation, claiming credit for Federal excise tax on the number of gallons of gasoline, special fuels, and lubricating oil used must file this form. It should be attached to the income tax return.

Partnerships are not required to file this form because the credit for Federal excise tax on gasoline, special fuels, and lubricating oil used is claimed by the partners. However, partnerships must attach a statement to their returns, Form 1065, showing the allocation to the partners of the number of gallons of gasoline, special fuels, and lubricating oil used by type of use as shown above.

Special refund provisions are available if the credit for any of the first three quarters of your taxable year amounts to $1,000 or more. (See Instruction C.)

B. Time for Filing a Claim for Credit.—An income tax credit will be allowed if claimed within the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable years.

C. Quarterly Tax Refund of $1,000 or More.—For any of the first three quarters of your taxable year, a claim, Form 843, may be filed for refund of tax of $1,000 or more for: (a) gasoline used (except, on the farm for farming purposes), (b) lubricating oil used, or (c) special fuels used (except, on the farm for farming purposes) during a calendar quarter. However, no claim will be allowed unless filed on or before the last day of the following quarter. A claim for gasoline, special fuels, and lubricating oil should provide separate computations as in the format shown above. (If you prefer, you may use the above schedule instead of your own statement to show the separate computations.)

D. What Lubricating Oil to Include.—An income tax credit may be claimed for lubricating oil (other than cutting oils and used oil) that is used otherwise than in a highway motor vehicle. Cutting oils are those oils sold for use on metals in cutting and machining operations (including forging, drawing, rolling, shearing, punching, and stamping). Examples of uses of lubricating oil otherwise than in a highway motor vehicle are oiling plant machinery and lubricating vehicles other than highway motor vehicles, such

84
168
166
112
586

1971 FORM 104 (DOC. CODE 13)

COLORADO STATE INDIVIDUAL INCOME TAX RETURN

CALENDAR YEAR 1971

or other taxable year beginning _____, 1971, ending _____, 197__

First name and initial (if joint return, use first names and initials of both) | Last name

(4) 57
356-20-1981
BABCOCK JAMES N
& MARJORIE T
P O BX 1042
ASPEN COLO 81611

(City, town, or post office) (County) (State) (Zip Code)

PLACE PREADDRESSED LABEL HERE

DO NOT WRITE OR STAPLE IN THIS SPACE

1. Your social security number: 356 | 20 | 1981
2. Spouse's social security number if this is a joint return: 360 | 18 | 1488
3. Your occupation: Geologist
4. Spouse's occupation: Lodge Keeper

5. Filing Status – check one:
- ☐ Single (1)
- ☑ Married filing jointly (2)
- ☐ Married filing separately (3)

6. If your husband or wife is also filing a return, give his or her first name, _____ and social security number.

7. Are you filing as – check one:
- ☑ A full year resident
- ☐ A nonresident (6)
- ☐ A part year resident

8. If part year, state period in Colorado.
From ___/___/___ (Mo. Day Year)
to ___/___/___ (Mo. Day Year)

9. If part year resident are you reporting:
- ☐ Full year income (4)
- ☐ Colorado income only (5)

ATTACH COLORADO WITHHOLDING FORMS HERE

10 Did you file a 1970 Colorado return? yes If no, state reason _____ 10

11 ☐ CHECK THIS BLOCK IF YOU ARE FILING THIS RETURN ONLY TO RECEIVE THE FOOD SALES TAX REFUND. READ INSTRUCTION NO. 1. ENTER YOUR NAME, ADDRESS AND SOCIAL SECURITY NUMBER. COMPLETE ONLY LINES 12 THROUGH 15, 29 AND 36.

EXEMPTION SCHEDULE – Complete for exemptions claimed on this return only.

12	Enter one exemption for yourself on this line, two if this is a joint return	2	12
13	Enter first names of dependent children claimed on your federal income tax return: JEFFERY, JEANNINE, LINDA Total	3	13
14	Enter name and relationship of other dependents: _____ Total		14
15	Total for food sales tax credit – lines 12 through 14 – Exclude nonresidents 4		15
16	Old age exemption: self ☐, spouse ☐; Blindness exemption: self ☐, spouse ☐		16
17	Exemption for mentally retarded dependent	1	17
18	Total exemptions, lines 12, 13, 14, 16 and 17	6	18

COMPUTE YOUR COLORADO ADJUSTED GROSS INCOME IN PART 1, PAGE 2 OF THIS FORM

19	Enter your COLORADO ADJUSTED GROSS INCOME from line 67, page 2 of this form	(905) (903)		$ 7906 99	19
20	How is your tax computed? (Check one) 1. Itemized deductions ☑; 2. Standard deduction ☐; 3. Tax table ☐				20
21	TAX PRORATION FOR PART YEAR RESIDENTS REPORTING FULL YEAR INCOME: Tentative tax $_____ times ____/12 equals $_____. Enter net tax on line 22.				21
22	Normal tax. If you are claiming credit for income tax paid other states, show net tax from Form AS-3	(906)		$ 0	22
23	Enter surtax from surtax schedule, page 5 of instruction booklet	(916)			23
24	Enter oil and gas gross production tax from Form 104-G	(917)			24
25	Total tax – add lines 22, 23 and 24			$ 0	25
26	Colorado income tax withheld – attach Colorado withholding forms	(907)	$	26	
27	Payments and credits on 1971 estimated tax – If a joint declaration was filed, enter husband's social security number here | |	(912) (903)		27	
28	Tax withheld on oil and gas production – attach Form 109-G	(902)		28	
29	Colorado food sales tax credit (see instruction No. 1)	(909)	75 00	29	
30	Property tax credit from Form 104-PTC	(919)		30	
31	Total credits (add lines 26 through 30)			$ 75 00	31
32	If your total tax (line 25) is larger than your total credits (line 31) enter the BALANCE DUE here			$ 0	32
33	Balance due $_____ Penalty (901) $_____ Interest (911) $_____			$	33
34	If your total credits (line 31) are larger than your total tax (line 25) enter OVERPAYMENT here			$	34
35	Amount of line 34 to be credited to 1972 estimated tax. If you are filing a joint declaration, enter husband's social security number here | |	(913) (914)		$	35
36	Amount on line 34 to be refunded	(904)		$	36

ATTACH CHECK OR MONEY ORDER HERE

I declare, under the penalties of perjury, that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Colorado Tax Laws and Regulations.

CNOT (908) _____
COGT (918) _____

James N. Babcock 3/23/72
(Signature of taxpayer) (Date)

(Name of individual or firm preparing return) (Date)

Marjorie T. Babcock 3/23/72
(Signature of taxpayer's wife, if this is a joint return) (Date)

Make checks payable to: COLORADO DEPARTMENT OF REVENUE
Mail returns to: THE COLORADO DEPARTMENT OF REVENUE, 1375 SHERMAN STREET, DENVER, COLORADO 80203.

PART 1. COMPUTATION OF COLORADO [illegible]JUSTED GROSS INCOME. If you are filing a joint feder[illegible]come tax return and separate Colorado income tax returns, fill out all three colum[illegible] otherwise complete only column 3. Nonresidents comple[illegible]orm AS-2.

		ITEMS OF INCOME AND MODIFICATIONS	IF SEPARATE COLORADO RETURNS ARE FILED SHOW AMOUNTS APPLICABLE TO: (1) TAXPAYER	(2) SPOUSE	(3) TOTALS	
PER YOUR FEDERAL INCOME TAX RETURN, FORM 1040	37	Wages, salaries, tips, etc.	$	$	$ —	37
	38	Dividends – total dividends, after dividend exclusion			—	38
	39	Interest			189 42	39
	40	Business income Little Red Skie Haus, consulting geologist, mine			7717 57	40
	41	Sale or exchange of property income			—	41
	42	Pension and annuity income			—	42
	43	Rent and royalty income (net)			—	43
	44	Partnership income – name _____:				44
	45	Estate or trust income – name _____:			—	45
	46	Small business corporation income – name _____:			—	46
	47	Farm income			—	47
	48	Miscellaneous income (state nature)			—	48
	49	Total of the above items. (Line 16, Form 1040)	$	$	$ 7906 99	49
	50	Sick pay exclusion	$	$	$ —	50
	51	Moving expense deduction			—	51
	52	Employee business expense deduction				52
	53	Payments to self-employed retirement plans				53
	54	Total of lines 50 through 53. (Line 17, Form 1040)	$	$	$ 7906 99	54
	55	Federal adjusted gross income. (Line 18, Form 1040) (907) (906)	$	$	$ 7906 99	55
COLORADO MODIFICATIONS	56	State and municipal bond interest taxable by Colorado	$	$	$ —	56
	57	The federal net operating loss			—	57
	58	Other modifications increasing federal income (attach schedule)				58
	59	Total of lines 56, 57 and 58 (901)	$	$	$ —	59
	60	Total of lines 55 and 59	$	$	$ 7906 99	60
	61	Federal bond interest	$	$	$ —	61
	62	Colorado income tax refund included in line 48 above				62
	63	Tax exempt pension – state source _____				63
	64	Colorado net operating loss – attach computation				64
	65	Other modifications decreasing federal income (attach schedule)			—	65
	66	Total of lines 61 through 65 (902)	$	$	$ —	66
67		COLORADO ADJUSTED GROSS INCOME – line 60 minus line 66 (905) (903)	$	$	$ 7906 99	67
		Enter your Colorado Adjusted Gross Income on line 19, page 1 of this form.				

IF YOU ARE ITEMIZING DEDUCTIONS COMPLETE PARTS 2, 3, AND 4. IF YOU ARE CLAIMING THE STANDARD DEDUCTION, COMPLETE PARTS 3 AND 4. IF YOU ARE USING A TAX TABLE, GO DIRECTLY TO THE TABLE WITH YOUR ADJUSTED GROSS INCOME, LINE 67.

PART 2. COMPUTATION OF COLORADO ITEMIZED DEDUCTIONS

FROM FEDERAL FORM 1040	68	Net medical expense	$ 2431 29	68
	69	Contributions	76 00	69
	70	Real estate tax	579 26	70
	71	State and local gasoline tax	16 00	71
	72	General sales tax	257 64	72
	73	State and local income tax	1292 00	73
	74	Personal property tax	136 20	74
	75	Interest expense	231 77	75
	76	Other deductions (specify)		76
		new-car sales tax	38 34	
	77	Total federal itemized deductions	$ 5058 50	77
	78	Less state tax on line 73	$ 1292 00	78
	79	Colorado itemized deductions	$ 3766 50	79
	80	Allocated to taxpayer	$	80
	81	Allocated to spouse	$	81

PART 3. COMPUTATION OF FEDERAL INCOME TAX DEDUCTION

82	Enter the total of lines 21, 53, 56 and 57 of your 1971 federal income tax return, Form 1040	$ 0	82
83	Amount allocated to taxpayer	$	83
84	Amount allocated to spouse	$	84

PART 4. TAX COMPUTATION SCHEDULE

85	Colorado adjusted gross income from line 67	$ 7906 99	85
86	Colorado itemized deductions from part 2 (916)	$ 3766 50	86
87	or Colorado standard deduction: If line 85 is $10,000 or more and deductions are not itemized, enter $1000 for a single or joint return, $500 for a separate return. Part year residents see instruction No. 20. (914)		87
88	Federal income tax deduction from part 3 (917)	0	88
89	Exemptions from line 18, page 1 times $750 (or fraction thereof) 6 x 750 = (911)	4500 00	89
90	Total of lines 86 (or 87), 88 and 89	$ 8266 50	90
91	Taxable income, line 85 less line 90 (913) (912)	$ -359 51	91
92	Normal tax on taxable income	$ 0	92

Use rates below. Enter on line 22, page 1.

If the Taxable Income is: Over	But not over	The Normal Tax shall be:
$ 0	$ 1,000	2½% of taxable income.
$1,000	$ 2,000	$ 25 plus 3% of excess over $ 1,000
$2,000	$ 3,000	$ 55 " 3½% " " " $ 2,000
$3,000	$ 4,000	$ 90 " 4% " " " $ 3,000
$4,000	$ 5,000	$130 " 4½% " " " $ 4,000
$5,000	$ 6,000	$175 " 5% " " " $ 5,000
$6,000	$ 7,000	$225 " 5½% " " " $ 6,000
$7,000	$ 8,000	$280 " 6% " " " $ 7,000
$8,000	$ 9,000	$340 " 6½% " " " $ 8,000
$9,000	$10,000	$405 " 7½% " " " $ 9,000
All over $10,000		$480 " 8% " " " $10,000

State amount and source of any income received but not reported on this return none

AMENDMENT

This Amendment, made and effective as of the 7th day of February, ~~1971~~ 1972 between JAMES M. BABCOCK of Aspen, Colorado ("Babcock") and RHECO-LENADO, INC., a Colorado corporation with an office in Aspen, Colorado ("Rheco-Leando").

On October 1, 1971 Babcock and Rheco-Leando entered into an Agreement pertaining to certain mining leases covering mining claims situated in the Woody Mining District of Pitkin County, Colorado, a copy of which Agreement is attached to this Amendment agreement and will be referred to below as the "Agreement".

The parties hereto have mutually agreed to modify and amend the Agreement to allow Babcock to recoup from net operating profits, prior to the division thereof, the total amount expended by him in constructing the decline entry to the ore intercept found in diamond drill hole No. 8, as specified in paragraph numbered 2 on page 2 of the Agreement. The parties wish to evidence their Amendment agreement by a written memorandum.

THEREFORE, in accordance with the foregoing and in consideration of the mutual promises of the parties and other valuable consideration, the receipt and adequacy of which is acknowledged, the parties have agreed as follows:

1. In the event Babcock shall complete the decline entry from the surface portal thereof to a point of interception with the ore found in diamond drill hole number 8, as required by paragraph numbered 2 appearing on page 2 of the Agreement, by April 1, 1973, then Babcock shall be entitled to recoup the full amount of his expenditures and costs incurred in constructing such decline entry from 100% of the Net Operating

Profits" realized from mining the Subject Interests. Net Operating Profits as used in this Amendment shall have the same meaning and be calculated in the same manner as provided in the Agreement.

2. The total cost and expenses incurred or expended by Babcock in completing the decline entry specified above, shall be determined by uitilizing usual and customary accounting procedures and giving credit to the actual labor devoted by Babcock to the project at the rate of $ 1,000.00 per month. When actual mining and sale of ores begins by Babcock pursuant to the Agreement, a statement itemizing such total costs and expenditures shall be presented to Rheco-Lenado, which company shall have the privilege, should it so desire, of auditing the books and records of Babcock in connection with such costs and expenditures in order to verify the accuracy thereof.

3. After Babcock has recouped the total of the aforementioned expenditures and costs from 100% of the Net Operating Profits realized from operations under the Agreement, Net Operating profits thereafter shall be divided and utilized as provided in the Agreement.

4. Except as specifically modified by this Amendment, all of the terms and provisions of the Agreement shall remain in full force and effect.

James M. Babcock

JAMES M. BABCOCK

RHECO-LENADO, INC.

BY John L. Grosbee

President

It is agreeable with Rheco-Lenado, Inc. to drop the Grover and Flogaus Leases by non-payment of rentals in 1972.

This page belongs in the JMB - Rheco - Joint Venture agreement

ending April 1, 1973, (which period is hereinafter referred to as the "Evaluation Period") for the purpose of prospecting, exploring, evaluating, developing for mining purposes.

2. Babcock agrees, at his expense, to enter upon the properties covered by the Subject Interests as soon as possible as weather conditions will reasonably permit and to construct a decline entry to the ore intercept found in diamond drill hole number 8. Such decline will measure at least 5 feet by 7 feet in cross section. In the event Babcock should fail to complete the decline by April 1, 1973, then all of his rights and interests hereunder shall cease and this Agreement shall terminate. Babcock further agrees to make such payments to the Lessor owners of the mining claims forming a part of the Subject Interests and to perform all other obligations to such owners as may be necessary in order to maintain the various mining leases and options covering such Subject Interests in force and effect during the Evaluation Period. The period from the date hereof to April 1, 1973 is hereinafter referred to as the "Initial Exploration Period".

3. The interest acquired by Babcock herein shall be a 50% economic interest in the Subject Interests and shall entitle Babcock and Rheco-Lenado to allowances for depletion in proportion to their respective interests. Babcock shall have the right upon acquiring his interest in the Subject Interests to request and receive from Rheco-Lenado such instruments of assignment and conveyance as may be reasonably required by Babcock in order to vest the undivided interest earned by it in Babcock.

4. All work performed by Babcock on the properties comprising the Subject Interests shall be done in a good and minerlike manner and in compliance with all applicable Federal and State of Colorado laws, rules and regulations.

5. Rheco-Lenado shall not be liable for any work done on or materials furnished for or used upon the properties covered by the Subject Interests by Babcock during the Evaluation Period. Babcock agrees that all work done on and materials furnished or used upon said property and all other evaluation expenses of Babcock during the life of the said

This page belongs in the JMB-Rheco Joint Venture agreement

hereby incorporated herein and made a part hereof, except that references therin to "this Agreement" shall be changed to read "this Operating Agreement".

IN WITNESS WHEREOF, the parties have executed these presents September 20 , 1971.

JAMES N. BABCOCK

James N. Babcock

ATTEST:

RHECO-LENADO, INC.

Secretary

~~By:~~ President

STATE OF COLORADO)
) ss.
COUNTY OF PITKIN)

The foregoing instrument was acknowledged before me this 11th day of October, 1971 by JAMES N. BABCOCK.

Witness my hand and official seal.

My Commission expires March 9, 1975

Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF PITKIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 1971 by _____ ~~as President and~~ _____ as Secretary of RHECO-LENADO, INC., a Colorado corporation.

Witness my hand and official seal.

My Commission expires _____

Notary Public

STATE OF OKLAHOMA, County of OKLAHOMA, ss:

The foregoing instrument was acknowledged before me this 20th day of September, 1971 by JOHN C. VOORHEES as President of RHECO, LENADO, INC., a Colorado corporation.

Witness my hand and official seal.

My commission expires August 5, 1975.

Notary Public

MINING LEASE

(With Right of First Refusal)

THIS AGREEMENT, made and entered into as of the day of January, 1970, by SMUGGLER-DURANT MINING CORPORATION, whose address is 1780 Broadway Suite 903 New York, N.Y. 10019 (hereinafter called "Lessor"), in favor of RHECO-LENADO, INC., (hereinafter called "Lessee"), a Colorado corporation, whose address is P. O. Box 1023, Aspen, Colorado 81611;

W I T N E S S E T H:

Lessor is the owner of the property, hereinafter called the "Premises," described in Exhibit "A" attached hereto and made a part hereof, which property is located in the Woody Creek Mining District, Pitkin County, Colorado. For the purposes of this instrument, the undivided interests in the estates created by this lease are the "Interests Leased" appearing opposite the claim names in Exhibit "A".

This agreement will set forth all of the terms and conditions under which Lessor grants to Lessee a mining lease covering the Premises, for the purposes, and for the term, hereinafter provided.

IN CONSIDERATION of the covenants and agreements hereinafter set forth, and of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Lessor, the above parties agree to the following:

litigation, acts of God and acts of the public enemy. The duration of this lease shall be extended for a period equal to the period for which performance is suspended by reason of force majeure. All periods of force majeure shall be deemed to begin at the time Lessee stops performance hereunder by reason of force majeure. Lessee shall notify Lessor of the beginning and ending date of each such period.

SECTION 22. DISPUTES NOT TO INTERRUPT OPERATIONS.

Subject to the above right of Lessor to terminate this agreement, disputes or differences between the parties hereto shall not interrupt performance of this agreement or the continuation of operations hereunder. In the event of any dispute or difference, operations may be continued, and settlements and payments may be made hereunder, in the same manner as prior to such dispute or difference, until the matters in dispute have been finally determined between the parties, and thereupon such payments or restitutions shall be made as may be required under the terms of the settlement or final determination of the dispute.

SECTION 23. NOTICES.

Any notice required or permitted to be given hereunder shall be deemed properly given upon delivering the same to the party to be notified, or upon mailing the notice, by registered or certified mail return receipt requested, to the party to be notified, at the address hereinafter set forth, respectively, or such other address within the United States of America as the party to be notified may have designated prior thereto by written notice to the other:

Lessor: SMUGGLER-DURANT MINING CORPORATION
1780 Broadway Suite 903
New York, N.Y. 10019

recording counterpart shall not limit, decrease or increase, or in any manner affect, any of the terms of this agreement, or any rights, interests or obligations of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in counterparts, all as of the day and year first above written.

LESSOR:

ATTEST: Eva B. Baxter

Secretary

SMUGGLER-DURANT MINING CORPORATIO

By: Donald M. Hyman

President

LESSEE:

RHECO-LENADO, INC.

ATTEST:

Secretary

By Henry S. Stein

President

STATE OF New York
COUNTY OF New York } ss.

The foregoing instrument was acknowledged before me this 11 day of May, 1970, by Donald M. Hyman as President, and Eva B. Baxter as Secretary of SMUGGLER-DURANT MINING CORPORATION, a corporation.

Witness my hand and official seal.

Notary Public

My commission expires: _____.

CHARLES A. LAVERTY
NOTARY PUBLIC, State of New York
No. 30-7444700
Qualified in Nassau County
Certificate filed in New York County
Term Expires March 30, 1972

STATE OF COLORADO)
) ss.
COUNTY OF PITKIN)

The foregoing instrument was acknowledged before me this 6th day of April, 19 70, by Henry L. Stein, as President, and John A. F. Wendt, as Secretary of RHECO-LENADO, INC., a Colorado corporation.

Witness my hand and official seal.

William E. Clark
Notary Public

My commission expires: May 20, 1972.

Highway 50 North
P. O. Box 1167
Montrose, Colorado 81401

Telephone: 303-249-3501
303-249-3701

MacPherson Drilling Co., Inc.
subsidiary of
connors drilling ltd.

April 5, 1972

Mr. James N. Babcock
Consulting Geologist
P.O. Box 1042
Aspen, Colorado 81611

Dear Sir:

The following schedule of items is presented as our proposal for drilling on your property at Lenado, as per your invitation to bid.

ITEMS

1. Mobilization and demobilization: $350.00.

2. Diamond Core Drilling:

	NXWL	BX or AXWL
0.0 to 250 feet	$8.35 per ft.	$ 7.75 per ft.
250 to 500 "	9.10 "	8.35 "
500 to 750 "	10.00 "	9.10 "
750 to 1000 "	11.20 "	10.00 "

3. Reaming for casing, if required: NX - $4.85 ft. BX - $4.40 ft.

4. Casing lost in holes: 75% list price f.o.b. job site.

5. Cementing and drilling out cement: $18.50 per hour.

6. Delays: Standby, waiting for cement to set during a regular drill shift, stabilization of drill holes with mud or mud substitutes, etc.: $14.50 per hour.

7. Moving equipment from portal to working area, setting up, tearing down, moving from hole to hole, installation of casing, pulling casing and return of equipment to mine portal: $14.50 per hour.

8. Surveying drill holes: $18.50 per hour plus instrument rental. (Approximately $300.00 per month).

9. The following will be furnished at no cost to MacPherson Drilling Co. or by MacPherson Drilling Co. at its cost plus 10%: Cement, cement substitutes, drill mud, drill fluid additives, timber for setups, core boxes, lighting and living facilities for the crew.

10. To do the work, MacPherson Drilling Co. will furnish a drill of suitable design and capacity with all fittings, accessories and supplies (exceptions noted). The drill will be operated by competent personnel, two shifts per day of eight hours each, six days per week.

The opportunity to bid for this work is sincerely appreciated.

Past experiences in the Lenado district has shown that the use of a low water loss drill fluid is desireable for the completion of holes to their ultimate depth. Although the material is quite expensive, its end result proves much more economic than the extensive use of reaming for casing or cementing.

I suggest the use of $50.00 per eight hour shift to cover the cost of cement or drill mud and additives.

Please call on us at your convenience, should there be any questions.

Very truly yours,

MacPherson Drilling Co., Inc.

E. G. Tucker
Manager

EGT/pm

JOY MANUFACTURING COMPANY
707 BOYD BOULEVARD
P. O. DRAWER 489
LaPORTE, INDIANA 46350

March 29, 1972

Mr. James N. Babcock
Consulting Geologist
P. O. Box 1042
Aspen, Colorado 81611

Dear Mr. Babcock:

Thank you for inviting us to bid on your proposed underground drilling near Aspen, Colorado.

Our prices are based on the conditions outlined in your Invitation to Bid. The invitation, in brief, states that you will drill a minimum of 1,100 feet in two (2) holes. You will provide living accommodations for the crew, ample underground work space, compressed air and water to the drill stations, safe working conditions, good ventilation, and a laborer to work as a full time helper on the drill.

We will provide a competent lead operator with the necessary equipment to prosecute the work.

Please consider the following:

Mobilization			$500.00.
Demobilization			$500.00.
	NX Wire Line	BX Wire Line	AX Wire Line
0. to 400. feet	$11.50/ft.	$11.30/ft.	$11.20/ft.
400. to 800. feet	$11.90/ft.	$11.70/ft.	$11.60/ft.
Cementing, if necessary			$16.00/hr. plus cost of cement.
Standby Time for your convenience			$14.00/hr.
Reaming, if necessary			$6.00/ft.
Drilling Mud used			$2.60/50-lb. bag.
Drilling Mud Additives used			At job site cost.

Sheet No. 2 To: Mr. James N. Babcock

March 29, 1972

Acid Surveys	$16.00/hr.
Pajari Surveys	$30.00/hr.
Weather-Treated Cardboard Boxes holding ten (10) feet of core	$1.25/ea.
NX Casing lost or ordered left in place	$3.50/ft.
BX Casing lost or ordered left in place	$2.50/ft.
AX Casing lost or ordered left in place	$2.00/ft.

We feel that the use of wire line equipment will eliminate, to a great extent, any cementing or reaming of the drill holes. In the event we do have to cement the hole, we will use Lumnite cement. It is very difficult to estimate the amount of cement to be used and the amount of time consumed in cementing; however, if cementing is necessary, we would cement the caving area once or twice and if the job was not successful, we would reduce the hole. We would probably use 6 or 7 bags of Lumnite cement on the entire job. Lumnite sells for approximately $8.00 per bag.

We do not charge for fishing time or for moving the drill from hole to hole.

We would work one shift - that is, we would provide one operator for this job, unless you prefer to run the operation on a two-shift basis; in which case we would provide a second drill operator and would expect you to provide a drill helper at no cost to JOY.

We will use a modern JOY 12-SB underground core drill and JOY wire line operating equipment. If we work on the basis of one shift per day, six (6) days per week, our estimated completion time would be approximately three (3) months. If we run on a two-shift basis, we should finish the job in approximately six (6) weeks.

The machine and pump will consume approximately 500 c.f.m. at 100 p.s.i. when in operation. Ample work space for pulling the rods in 20' sections should be about 30 feet in line with the drill hole, with a work space of 10 feet at the face and approximately 8 feet where the sheave wheel is anchored. Space for a 10 foot pull can be approximately 10 feet less in length. We would, of course, prefer an area big enough to pull and stack the rods in 20 foot lengths for better progress.

Sheet No. 3 To: Mr. James N. Babcock

March 29, 1972

We will assume that the single phase electric power at the drill sites will be used for illumination only. Compressed air will be used to power the drill and the pump.

There may be further questions you may want answered on our proposed plan of operation for this particular job or on our pricing. Do not hesitate to contact us.

We hope that we may be of further service to you on this project.

Yours truly,

JOY MANUFACTURING COMPANY

J. M. Murray, General Manager
Drill Division

JMM:rh

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 (801) 487-3671

BRANCH OFFICES
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CABLE: BOYLESBROS
MEXICO, D.F.
PERU (LIMA)
CABLE: BOYLESCOP

JOHN J. KING, Jr.
District Manager

April 3, 1972

Mr. James N. Babcock
P.O. Box 1042
Aspen, Colorado 81611

Dear Jim:

Please find the enclosed, our proposal for accomplishing your planned coring program at Woody Creek, near Aspen, Colorado.

1. Mobilization/Demobilization of men and equipment to mine portal and return to Golden, Colorado, lump sum $700.00.
2. Core drilling

Per linear foot	NC	NX	BX
0 - 250'	$12.15	$11.00	$10.10
250 - 500'			11.00
500 - 800'			12.15

3. Reaming if found to be needed, would be accomplished at $7.25 per foot reamed, irregardless of the size being reamed.
4. Cementing if found to be needed, would be accomplished at $21.00 per crew hour, plus the cost of cement and cement substitutes such as drilling fluids, drill fluid addatives, lost circulation materials, etc., at our list price f.o.b. jobsite.
5. Delay time for the convenience of your company or requested by representative of your company would be charged for at $19.00 per crew hour.
6. Lost casing in holes will be charged for at our list price f.o.b. jobsite.
7. Core boxes (waxed carton) can be furnished by Boyles Bros. at $1.50 NC, $1.35 NX, $1.15 BX.
8. Moving into mine, between holes, setting up and tearing down, installing and pulling casing, will be charged for at $19.00 per two man crew hour.

It is understood that your company would furnish sufficient air, Timbers, water, lights, etc., to the drill setups, at no cost to Boyles Bros.

If it is found that a larger compressor is needed, Boyles Bros. would rent their C.P. 600 Compressor on a monthly rental rate of $650.00 pro-rated by the day, plus fuels, maintenance, and operator.

It is also understood that you would furnish cabins at Lerado for drilling personnel free of charge, and make all drill sites of sufficient size to enable safe and satisfactory working conditions.

We wish to express our sincere appreciation for the opportunity of presenting this proposal. If granted this work, we would need a minimum of ten days notice to prepare for mobilization.

If there are any questions or further assistance that we may help you with, please do not hesitate to call on us.

Sincerely yours,
BOYLES BROS. DRILLING COMPANY

John J. King, Jr.
District Manager

JJK:mmv

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calculations for the weighted average of the ore intercept in DDH 8 Lenado Exploration Project

by JMB 1969

Interval	feet	recovery	oz. Ag	wt'd Ag (ft x rec. x assay)	% Pb	wt'd Pb (ft x rec. x assay)	wtd Pb (ft x assay)
163-165	2.0	.50	16.6	16.6	16.9	16.9	33.8
165-167	2.0	.50	8.1	8.1	26.3	26.3	52.6
167-170	3.0	.25	18.8	14.2	65.8	49.7	197.5
170-173	3.0	.25	9.3	7.0	19.4	14.7	58.2
173-174	1.0	1.00	2.4	2.4	17.6	17.6	17.6
174-176½	2.5	.80	17.7	35.4	48.0	96.0	120.0
176½-177½	1.0	(?) .70	16.7	11.7	65.4	46.7	65.4
177½-179½	2.0	1.00	20.5	41.0	60.7	121.4	121.4
179½-182	2.5	1.00	14.8	37.0	25.4	63.4	63.5
182-184	2.0	.70	5.7	8.0	12.1	16.9	24.2
184-185½	1.5	1.00	6.5	9.7	14.3	21.5	21.6
185½-187	1.5	1.00	14.7	22.1	45.0	67.5	67.5
187-188½	1.5	1.00	15.6	23.4	44.2	66.3	66.3
188½-190	1.5	1.00	7.9	11.8	23.3	35.0	34.9
				248.4		659.9	943.7

27'/248.4 — 9.2 oz Ag

27'/659.9 — 24.5% Pb

27'/943.7 — 35.0% Pb

assuming all lost core was barren.

assuming core recovered was representative of the lost interval

JMB prefers this figure

all cores were split, then (probably) chip selected for a representative sample. The total of chips was (probably) less than 50% of the recovered core

JPK sampled and recorded all data

JMB was not in employ of Rheco Lenado at this time

35% = 700 lbs

80% of 700 lbs = 630 lbs

630 x .14½ = $91.40 for lead at best

@ 60% recovery = 420 lbs x .13 = 54.60

Ag 14 x .90 x 1.60 = 20.20

91.40

20.20

at best 111.60 NSV

Ag: 14 x .80 x 1.30 = 14.55

14.55

69.15 NSV at worst

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S).
REQUIRED FEE(S) PAID.

☐ Show to whom, date and address where delivered

☐ Deliver ONLY to addressee

RECEIPT

Received the numbered article described below.

REGISTERED NO.

CERTIFIED NO. 133794

INSURED NO.

DATE DELIVERED 6-8-72

(1) SIGNATURE OR NAME OF ADDRESSEE (*Must always be filled in*) Jim Babcock

(2) SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

(3) SHOW WHERE DELIVERED (*only if requested*)

c55—16—71548-11 347-198 GPO

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

ASPEN, CO
JUN 8 1972
USPO

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PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, $300

Print your name and address below. If you want to restrict delivery, or to have the address of delivery shown on this receipt, check block(s) on other side. Moisten gummed ends and attach this card to back of article.

RETURN TO

U. S. Geological Survey
Office of Minerals Exploration
Department of Interior Building, Rm. 4450
Washington, D. C. 20242

DD Form 3811 Apr. 1969 c55—16—71648-11

-873-Denied (Babcock)

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/6/72		120
		220

June 6, 1972

AIRMAIL

Mr. James N. Babock
Post Office Box 1042
Aspen, Colorado 81611

Re: OME-6874 (Silver)
James N. Babcock
Lenado Property
Pitkin County, Colorado

Dear Mr. Babcock:

We are returning to you under separate cover by certified mail the technical material furnished with your recent application. The material includes the following items:

Geologic map of the area east and north of the Aspen Contact mine, Lenado, Colo. scale 1" = 40'.
Geologic cross sections, Drill holes 1 offset, 2, 3, 4, 6, 7, 8. Scale 1" = 40'.
Drill core logs, Drill holes 1, 1 offset, 2, 3, 4, 7, 8. Scale: 1" = 20'.
Agreements - Babcock and Rheco-Lenado.
Drilling bid - 1969
Tunnel bid - 1969
Kellogg report - 1964
Spurr report - 1898
Quotation from USGS Bulletin 1135-C.
Cox report - 1969
Cox report maps (7)
Leases (4)
Maps (24)

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

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

HKirkemo/gla 6-6-72

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/31/72	Kirkemo	120
"	Weeks	120
"	McMurdy	
		130
		120
		220

MAY 3 1 1972

AIRMAIL

Mr. James N. Babcock
Post Office Box 1042
Aspen, Colorado 81611

Re: OME-6874 (Silver)
James N. Babcock
Lenado Property
Pitkin County, Colorado

Dear Mr. Babcock:

Careful study of your application for financial assistance in further exploring the Lenado property and of other information available to us indicates that the probability of disclosing significant silver ore reserves is not sufficiently promising to justify Government participation in the proposed exploration. Accordingly, we regret to inform you that your application is denied.

We wish to thank you for your interest in the mineral exploration program.

The technical material furnished with your application will be returned under separate cover.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
OME Region III
Mr. Weeks
Mr. Kirkemo
130

RAWeeks/HKirkemo/gla 5-31-72

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5-31-72	Weeks	
"	[illegible]	
"	Kirkemo	

May 31, 1972

Memorandum

To: The File

From: Robert A. Weeks, Office of Minerals Exploration

Subject: OME-6874 (Silver)
James N. Babcock
Lenado Property
Pitkin County, Colorado

Justification for Denial of Application

The applicant proposed to explore mineralized zones intersected by diamond drilling that was completed under prior OME Contract 2236, Docket 6415, by sinking an inclined shaft, crosscutting, and additional diamond drilling. The estimated cost of the proposed work totals $53,110.00.

A careful review of the exploration work conducted under the prior contract and the additional exploration work proposed indicates that the mineralization found thus far was more valuable for the noneligible metals, lead and zinc, than it was for silver; that the geologic structure is extremely complex and poorly understood; that the drilling was beset by major mechnical difficulties due to talus, landslides, heavy ground associated with complex faulting, loss of circulation, and poor core recovery; that tunneling and sinking would be difficult in such heavy ground; and that the decision not to certify a discovery of valuable minerals on the prior OME contract was correct and is still valid.

Two holes on the previous OME contract intercepted mineralized material. One showed relatively high values in zinc and low values in silver, the other cut 27 feet of material averaging 35.54 percent lead, 3.95 percent zinc, and 13.25 ounces silver per ton. The value of silver accounted for only 14.3 percent of the total value of the material.

In view of the large content of noneligible metals in the mineralized rock that would be the principal target of the proposed exploration, I concur with the Field Officer's recommendation that the application be denied.

Robert A. Weeks

Robert A. Weeks

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

RAWeeks/HKirkemo/gla 5-31-72

MMS Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/11	Weeks	

MAY 11 1972

Mr. James N. Babcock
Post Office Box 1042
Aspen, Colorado 81611

Re: OME-6874 (Silver)
James N. Babcock
Lenado Property
Pitkin County, Colorado

Dear Mr. Babcock:

Your application for exploration assistance, dated February 8, 1972, has been assigned Docket No. OME-6874. Please identify all future correspondence relating to your application by this docket number.

We enclose for your information a copy of Exhibit A, entitled "Notice to Prospective Federally Assisted Construction Contracts", which describes certain recent additional regulations and requirements. This should be filed with your copy of the application.

Sincerely yours,

Robert A. Weeks

Robert A. Weeks
For: Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

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

RAWeeks:cac 5/11/72

7½×8' 5-24-72

Inclined shaft 121 feet (330 feet)

X-cut 40

diamond drill-holes

DDH-9 800 ft @ -63°

DDH 10 300 @ -10°

1100

underhand xcut drilling } @ $10/ft, $110/ft timbered - includes supervision costs?

drill 1100 ft @ $9/ft

$53,110 total

15% 38,832.50

(May be able to reduce to 38,110 ± total. 28,582 gov't. pd.)

DDH 7 -

[illegible] Ag, [illegible] Zn

DDH 8 - 27 ft

@ 1.59 13.25 oz/Ag = $21.07

@ 15.5 33.54 % Pb = 110.17

@ 18 3.95% Zn = 14.22

$147.46/ton

Ag [illegible] 14.3% of total May '72 value.

5-24-72
R.W.

Previous contract results

Non definitive results

difficult ground to drill and to

hi cost - slow

low return grades: Granite or slates

complex structure, not ~~as~~ as expected

results contingent on structural interpretation,

not too much additional information

obtained by previous work.

values in ore is predominantly from

Zn - Pb content.

Proposed work proposed.

Would, if successful, provide information

on ~~area~~ area surrounding a 27' mineralized

intercept, and determine by drilling

a possible continuation of that ore, and

plan for other orebodies in favorable

areas.

Possible reductions in proposed cost of work proposed.

Loader discline at 7½' x 8' - cut to 5 x 7 - 191' - all at 96/ft + 20/ft blasting

x cut. 40-feet. - leave allow 75 " 120

prepare drill sites 110 ft - reduce to 50 ft. allow 50-60/ft

" 50-60/ft

reduce diff costs from 38,500 to 23,500

2750
2700
18,145 = 23,500