OME-6326 and OME-6840

When final MME Form 63 is sent to Roger C. Pierce in January 1974, before closing the contracts, refer to letter to Roger C. Pierce in Docket OME-6326: Unsold Production, last paragraph.

MME Form 9
Rev. Nov. 65

Closed 3/4/75

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE

Contract No. 2297 Docket No. 6840

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits November 1971
- [ ] 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
- [x] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments 10/1/71
- [x] On-site Exam. Report (Tab) 2/26/71
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

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

Right Side

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

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

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty Material

72195-65

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/13/72		120
		220
		120M

January 13, 1972

Memorandum

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

From: Chief, Office of Minerals Exploration

Subject: Report of Review--Contract 2297
Docket No. OME-6840 (Silver)
Blue Sky Mining Corporation
Beaverhead County, Montana

The subject Report of Review questions the absence in the file of acceptable evidence to support payment by the Government to the Operator of $3,750.00 for services of the Supervisor-engineer-geologist employed by the Operator. Such evidence was described as checks or copies of the Operator's payroll to support actual salary payments to the employee.

The Operator has provided us with certified true copies of four checks listed below drawn on the First National Bank, Dillon, Montana, by Blue Sky Mining Corporation and written to Bill Hand, Supervisor-engineer-geologist, for professional services totalling $3,750.00, and bus, freight, and miscellaneous expenses totalling $148.35.

Check No.	Date	Payee	Amount
682	July 12, 1971	Bill Hand	$ 300.00
690	Aug. 26, 1971	Bill Hand	200.00
694	Sept. 15, 1971	Bill Hand	1,468.00
702	Oct. 22, 1971	Bill Hand	1,930.35
		Total	$3,898.35

This evidence adds further support to the Field Officer's approval of the vouchers and his knowledge that the claim for services of the employee were incurred in accordance with the contract terms. We are filing this material in the docket for this project and it is available for inspection at any time.

The Report of Review together with a copy of this memorandum will be sent to the Field Officer who, after review, will forward the Operator's copy of the same material to the Operator.

Harold Kirkemo

Harold Kirkemo

cc: Director's Reading File
Mineral Resources
OME Docket
Mr. Kirkemo
HKirkemo/gla 1-13-72

cc: Field Office's and Operator's copies of Report of Review

I-C-DC-OME-1(b)-72

Docket copy

UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

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

INITIALS	CODE
Cac	120
gfa	130
	120

MW

Report of Review-Contract 2297
Docket No. OME-6840 (Silver)
Blue Sky Mining Corporation
Beaverhead County, Montana

Washington, D.C.
November 1971

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
OFFICE OF SURVEY AND REVIEW
Audit Operations, Region I
801 19th Street, N.W., Room 813
Washington, D.C. 20240

JAN 3 1972

Memorandum

To: Director, Geological Survey

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

Subject: Review of Contract No. 2297
Docket No. OME-6840 (Silver)
Blue Sky Mining Corporation
Beaverhead County, Montana

As requested by the Chief, Office of Minerals Exploration, we made a cost review of contract No. 2297. The results of our review are shown in the attached report.

C. D. Bare

Attachment

We reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to the Minerals Exploration Contract No. 2297 with Blue Sky Mining Corporation (Operator) made under Public Law 85-701. We also examined the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey. The review was made during November 1971 at Washington, D.C.

The contract was awarded on May 28, 1971, with work to begin on or before July 1, 1971, and to be completed within six (6) months from the date of the contract. The total allowable cost is $32,640, with OME participation on a 75-percent basis or for a sum not in excess of $24,480.

The purpose of the project was to explore by diamond core drilling from a single surface site for silver-bearing ore bodies in and along a quartz-filled shear zone cutting granite.

Repayment of disbursed Federal funds plus interest at 7-3/4 percent is to be paid on the basis of established royalties of all minerals and metals produced from the land during the exploratory operations and for a period of 10 years from the date of the contract should a certification of possible production be made by OME.

The work under this contract was performed on property explored under OME contract No. 2181, Wayne Erickson, awarded January 30,

1964. This contract was mutually terminated on December 11, 1964. Amendment No. 1 to Contract 2181 states that if the contract were terminated, royalties would be paid to the Government on all production, even though a certification was waived, from January 30, 1964, to January 30, 1974, or until the contract was repaid with simple interest at a rate of 6¼ percent per annum. At the time Contract 2297 was awarded, royalties in the amount of $101.81 had been applied against costs of $9,568. Therefore, any royalties accruing shall be applied first to the payment of Contract 2181.

During operations on Contract 2297, field inspections were made, and three vouchers submitted by the Operator were approved by the OME Region I Office.

For each voucher submitted under this contract, a pro-rata share of the monthly salary as stated in the contract estimate was claimed and paid for supervision. Article 6 of the contract states that the Government contribution is limited to actual costs and that the costs shown in the contract estimates are maximums.

Although the docket file indicates that the Supervisor-Engineer-geologist spent at least one day each month when contract progress was inspected by an OME Region I Field Office staff member, there is no other acceptable audit evidence in the file to support actual time worked on the contract. Likewise, there is no other acceptable

audit evidence, checks or copies of the Operator's payrolls, to support actual salary payments to this employee of the Operator. Therefore, we are questioning $3,750 for Supervisor-Engineer-geologist.

The units of work authorized, paid, and questioned under contract No. 2297 are summarized on Exhibit I.

Subject to the foregoing comments, the costs identified as approved by audit on Exhibit I are eligible for OME participation at 75 percent in conformity with the Act and the contract.

On October 7, 1971, the OME Field Officer suggested to the Chief, Office of Minerals Exploration that the project not be certified.

C. D. Bare

Regional Director

SUMMARY OF CONTRACT TERMS, CLAIMED COSTS, AND UNEXPENDED BALANCE

	Authorized Amount	Costs Paid	Unexpended Balance	Questioned Cost	Approved By Audit
Fixed Unit Costs					
Drill site preparation	$ 250	$ 250	$		$ 250
Road maintenance during project	250	250	-0-		250
Total Fixed Unit Costs	$ 500	$ 500	$ -0-	-0-	$ 500
Actual Costs					
Category (1) Independent Contracts					
Mobilization and demobilization 1 drill unit	$ 1,200	$ 1,200	-0-		$ 1,200
Diamond core and overburden drilling, 2,110 feet	19,517	19,100	417		19,100
Reaming and casing, 200 feet at $4.00/foot	800	188	612		188
Lost casing in completed holes, 200 feet at $2.00/foot	400	146	254		146
Cementing and redrilling 50 hours at $14.00/hour	700	812	(112)		812
Water Supply for 2,110 feet of drilling, at $1.75/foot	3,683	-0-	3,693		-0-
Total Category (1)	$26,310	$21,446	$4,864	-0-	$21,446
Category (2) Personal Services					
1 - Supervisor-engineer-geologist, 4 months at $1,200/month	$ 4,800	$ 3,750	$1,050	$3,750	-0-
Total Category (2)	$ 4,800	$ 3,750	$1,050	$3,750	-0-

SUMMARY OF CONTRACT TERMS, CLAIMED COSTS, AND UNEXPENDED BALANCE

	Authorized Amount	Costs Paid	Unexpended Balance	Questioned Cost	Approved By Audit
Category (3) Operating Materials and Supplies					
Cement, drill muds, additives, 40 sacks materials listed or equivalents Priced at: Cement at $8.00/100-lb. sack Drill mud at $2.50/50-lb. sack Additives Caustic soda $20.00/50-lb. sack Cellex at $65.00/50-lb. sack	$ 200	$ 224	$ (24)		$ 224
Cardboard core boxes, 210 at $1.00/box	210	210	-0-		210
Sample sacks, 50 sacks at $0.60/sack	30	46	24		46
Sludge collecting and sampling supplies	40			-0-	
Total Category (3)	$ 480	$ 480	-0-	-0-	$ 480
Category (7) Miscellaneous					
Office and accounting expense, 4 months at $75.00/month	$ 300	$ 188	$ 112		$ 188
Assaying for gold and silver 50 samples at $5.00/sample	250	280	(30)		280
Total Category (7)	$ 550	$ 468	$ 82	-0-	$ 468
Total Cost Estimates	$32,640	$26,644	$ 5,996	$3,750	$22,894
Government Participation at 75%	$24,480	$19,983			$17,171

Government's copy

RECEIVED
JUN - 1 1971
O. M. E.
SPOKANE, WASH.

MME Form 50
July 1965

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

RECEIVED
JUN - 8 1971
O. M. E.
SPOKANE, WASH.

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6840	Silver	2297	Beaverhead	Montana

It is agreed MAY 28 1971 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Blue Sky Mining Corporation

whose mailing address is 521 S. Washington, Dillon, Montana 59725, hereinafter called the "Operator," as follows:

ARTICLE 1. Authority and scope.--(a) This contract entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before July 1, 1971 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 6 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $32,640.00. The Government will contribute 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $24,480.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest at the rate of 7¾ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's right in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

SEE ANNEX I AND II

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the lien agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

SEE ANNEX I AND II

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 7 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

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

(c) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.-- The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with three copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the related costs.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as two copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of the same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

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

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

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

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

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

CATEGORY (2)--PERSONAL SERVICES.

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

Subcategory (b)--Labor.

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

CATEGORY (4)--OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 7. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retains his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract, or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or Producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 7(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

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

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

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

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

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

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

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

ARTICLE 9. Termination of the Government's obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 9 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 13.

ARTICLE 10. Notices to be given by the Government may be delivered to the Operator, or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 11. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 12. Nondiscrimination in Employment. The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961 as amended and supplemented are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 14. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for

liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 15. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 16. Changes and added provision.--

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

THE UNITED STATES OF AMERICA

BLUE SKY MINING CORPORATION
(Operator)

By Roger C. Pierce

Title President

By [signature]
Acting Assistant Director, U. S. Geological Survey
for Administration

I, Hazel D. Pierce (Name), certify that I am the secretary of the corporation named as Operator herein; that Roger C. Pierce (Name) who signed this contract on behalf of the Operator, was then President (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

Martin Jindal
Asst. Sol. Off.
Kirkemo
Kilgoard
Brown 5/27/71
Murphy 5/27

[CORPORATE SEAL]

MONTANA STATE LIBRARY
SEAL

EXPLORATION CONTRACT
BLUE SKY MINING CORPORATION
OME-6840

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of six (6) unpatented lode mining claims in Secs. 26 and 27, T. 4 S., R. 12 W., Elkhorn Mining District, Beaverhead County, Montana. These claims are shown on Figure 1, entitled "Property map, Blue Sky Mining Corporation, Beaverhead County, Montana," which is attached and made part hereof.

The following six (6) unpatented lode mining claims are recorded in the official records of Beaverhead County, Montana, as follows:

Claim Name	Book	Page
Dox No. 1	164	27 and 28
Dox No. 2	164	29 and 30
Comet No. 1	155	463 and 464
Comet No. 2	155	465 and 466
Comet No. 3	164	25 and 26
Comet Fraction	155	461 and 462

The Operator is in possession of a one-half interest in the six (6) unpatented lode mining claims under the terms of a quit-claim mining deed executed December 13, 1968, by the owners, Roger C. Pierce and Hazel Pierce.

The Operator is in possession of the remaining one-half interest in the six claims under the terms of a lease dated January 23, 1969 between H. L. Patterson, owner, and the Operator.

A Lien and Subordination Agreements dated February 27, 1971, and executed by H. L. Patterson is attached and made part hereof.

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY	
Operator	
Docket No. OME –	
Contract No. 14-23-090–	2297
Contract Date	MAY 23 1971

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of Beaverhead, State of Montana, described as follows:[2] The unpatented lode mining claims known as Dox no.1, Dox no.2, Comet no.1, Comet no.2, Comet no.3, and Comet Fraction located in Sections 26 & 27, T.4 S., R.12 W., M.P.M., Elkhorn Mining District,

hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

Blue Sky Mining Corporation [3],

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

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

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

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

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

United States Government O.M.E. loan no.6326, Contract no.2181 incurred by Wayne Erickson Comet et al Claims.

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated _____, and recorded in Book_____, Page____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions None (State "None" or "See Annex No. ____".)

Dated this 27 day of February, 19 71.

H L Patterson (Seal) 509 Kentucky Avenue (Street)
Dillon, Montana 59725 (City & State)

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

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

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

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

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

I, _____ (Name), certify that I am the _____ (Title—Secretary, etc.) of the corporation named herein; that _____ (Name), who signed this agreement was then _____ (Title—Pres., Vice-Pres., etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____
(Corporate Seal)

EXPLORATION CONTRACT
BLUE SKY MINING CORPORATION
OME-6840

ANNEX II

WHEREAS, the land referred to in Article 2 of the contract was the subject of a prior contract dated January 30, 1964, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Wayne Erickson (Contract 2181, as amended, OME-6326, hereinafter called the "Prior Contract"); and

WHEREAS, the Prior Contract was performed in part and the balance as of March 31, 1971 of the Government's contribution thereunder is $9,558.09, and

WHEREAS, the Prior Contract was terminated pursuant to Articles 6 and 7 of the contract and Article 3(d) of Amendment No. 1 thereto, which provided for repayment of said contribution with interest in the same manner and amount as if certification of possible production had been made, and

WHEREAS, the work now provided for in this contract is to further explore a portion of the lands included in the Prior Contract;

NOW THEREFORE, it is agreed that:

1. The balance of the contribution of the Government under the Prior Contract in the sum of $9,558.09, plus accrued interest at the rate of 6-1/2% per annum, shall be and is hereby added to the estimated contribution of the Government under this contract as indicated in Exhibit A, for repayment to the Government under the provisions of this contract. Any royalty accruing under this contract shall be applied first to the payment of said $9,558.09 plus accrued interest, but in no event shall more than one royalty be due or paid on the same production.

$466.19
6 1/4%

$ 9466.19

EXPLORATION CONTRACT
BLUE SKY MINING CORPORATION
OME-6840

EXHIBIT A

The purpose of the project is to explore by diamond core drilling from a single surface site for silver-bearing ore bodies in and along a quartz-filled shear zone cutting granite.

GENERAL PROVISIONS

Drill holes shall be drilled no less than 100 feet from the outer boundaries of the claim group shown on Figure 1.

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

Diamond drill core shall be stored in boxes identified as to hole number with markers in the core sections indicating the depths represented.

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

Significantly mineralized core recovered from hole intervals not exceeding 5 feet each shall be split and one split assayed for gold and silver. Wherever core recovery is less than 60 percent, a split of the corresponding retained sludge and a split of the recovered core shall be assayed separately and the assay results combined according to standard practice to represent a single sample. The remaining core shall be stored in proper sequence with the unsampled core, and the remaining sludge shall be stored in suitable containers properly identified as to source and location. The stored core and sludge samples shall be made available for Government inspection and possible use. With prior Government approval, the Operator may dispose of the stored core and sludge.

All drill holes shall be logged and true copies of assay certificates, copies of drill logs, and maps or sketches showing the work completed during the reporting period, the location, width and assay value of all samples taken and the geological formations and structures traversed by the drill holes shall be furnished monthly to the Government.

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

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

The Government will not contribute toward the costs of incomplete drill holes or to the cost of casing left in place at the request of the Operator.

DESCRIPTION OF THE WORK

The work shall consist of preparing one surface drill site and drilling not more than 6 holes totalling not more than 2,110 feet, including overburden drilling, from the site. The approximate locations of the drill holes are shown on Figure 2 entitled "Proposed Exploration, Blue Sky Mining Corporation, Beaverhead County, Montana," which is attached and made part hereof. The number, approximate bearing, inclination, and approximate length of each hole are as follows:

Hole No.	Bearing	Inclination	Approximate length 1/ Feet
3	S.38°E.	-48°	330
4	S.38°E.	-70°	370
5	S.9°E.	-45°	270
6	S.9°E.	-67°	390
7	S.65°E.	-45°	310
8	S.65°E. 2/	-67°	440

1/ No hole shall be drilled for more than 20 feet beyond a vein zone correlative with that exposed on the 400 level.

2/ If previously drilled holes indicate a SW rake to ore shoot, Hole No. 8 with prior Government approval, may be drilled on a more southwesterly bearing.

ESTIMATED COSTS OF THE PROJECT

Fixed Unit Costs 3/

Drill site preparation	$ 250.00

Road maintenance during project	$ 250.00	$ 500.00

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization, 1 drill unit	$ 1,200.00	
Diamond core and overburden drilling, 2,110 feet	19,517.50	

Price Per Foot

BXWL	AXWL
$9.50	$9.00

Reaming and casing, 200 feet at $4.00/foot	800.00	
Lost casing in completed holes, 200 feet at $2.00/foot	400.00	
Cementing and redrilling, 50 hours at $14.00/hour	700.00	
Water supply for 2,110 feet of drilling, at $1.75/foot	3,692.50	
		$26,310.00

Category (2) Personal Services

None except:

1-Supervisor-engineer-geologist 4 months at $1,200.00/month	4,800.00	
		$ 4,800.00

Category (3) Operating Materials and Supplies

None except:

Cement, drill muds, additives 40 sacks materials listed or equivalents	$ 200.00	

Cement at $8.00/100-lb. sack
Drill mud at $2.50/50-lb.sack
Additives
Caustic soda $20.00/50-lb. sack
Cellex at $65.00/50-lb. sack

Cardboard core boxes, 210 at $1.00/box	$ 210.00	
Sample sacks, 50 sacks at $0.60/sack	30.00	
Sludge collecting and sampling supplies	40.00	
		$ 480.00

Category (7) Miscellaneous

Office and accounting expense, 4 months at $75.00/month	300.00	
Assaying for gold and silver, 50 samples at $5.00/sample	250.00	
		550.00

Total Estimated Cost of the Project $32,640.00

Government participation at 75% $24,480.00

3/ The completed job is the unit of work, and costs include labor, supplies, and equipment used.

EXHIBIT B

NONDISCRIMINATION IN EMPLOYMENT

(Section 202, Executive Order 11246, September 24, 1965)

"During the performance of this contract, the contractor agrees as follows:

'(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
'(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.
'(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
'(4) The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
'(5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contractingagency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
'(6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
'(7) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.'"

U.S. GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OME 6480 (SILVER)

T. 4 S., R. 12 W.

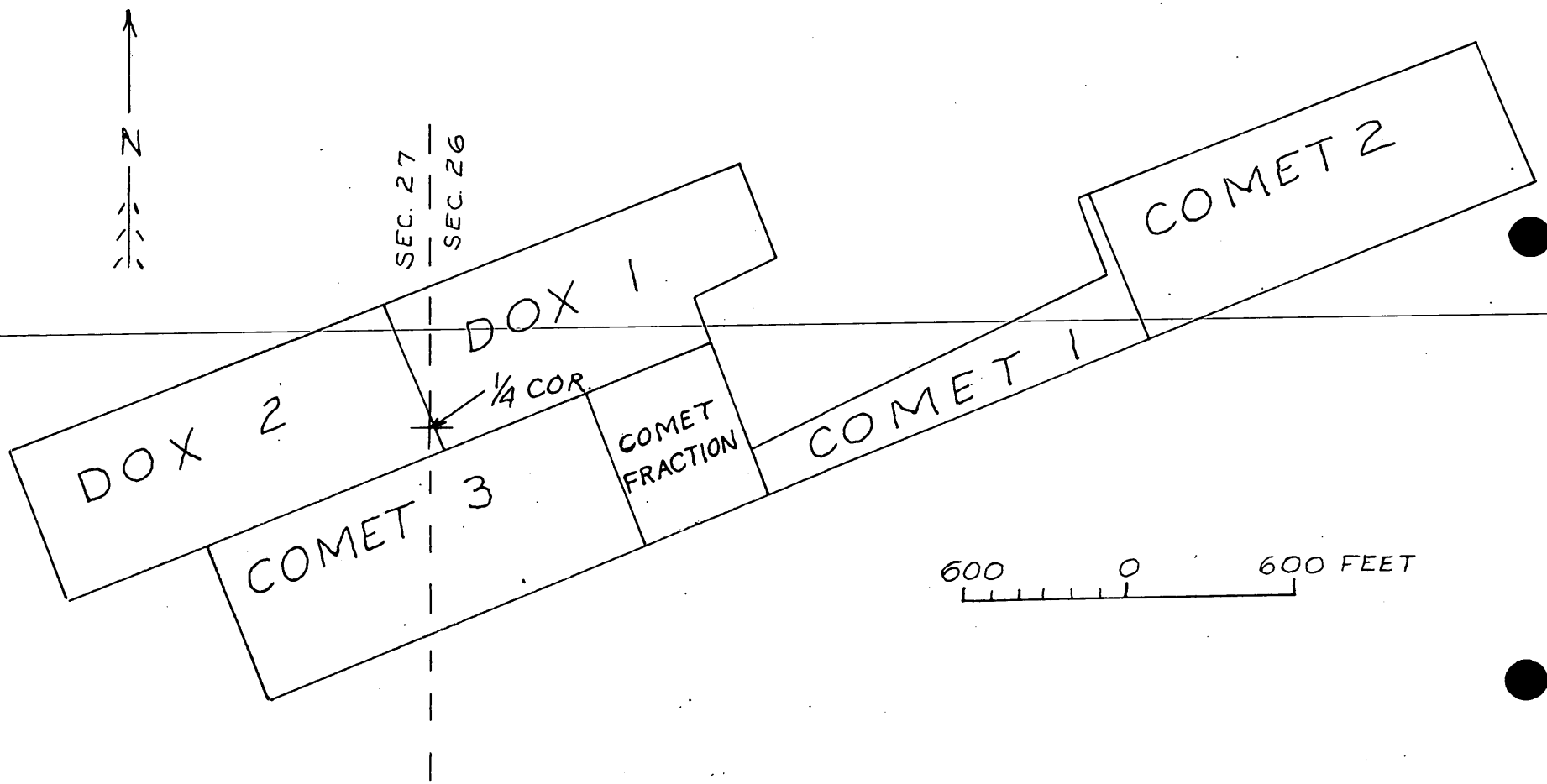

FIGURE 1- PROPERTY MAP, BLUE SKY MINING CORPORATION, BEAVERHEAD COUNTY, MONTANA

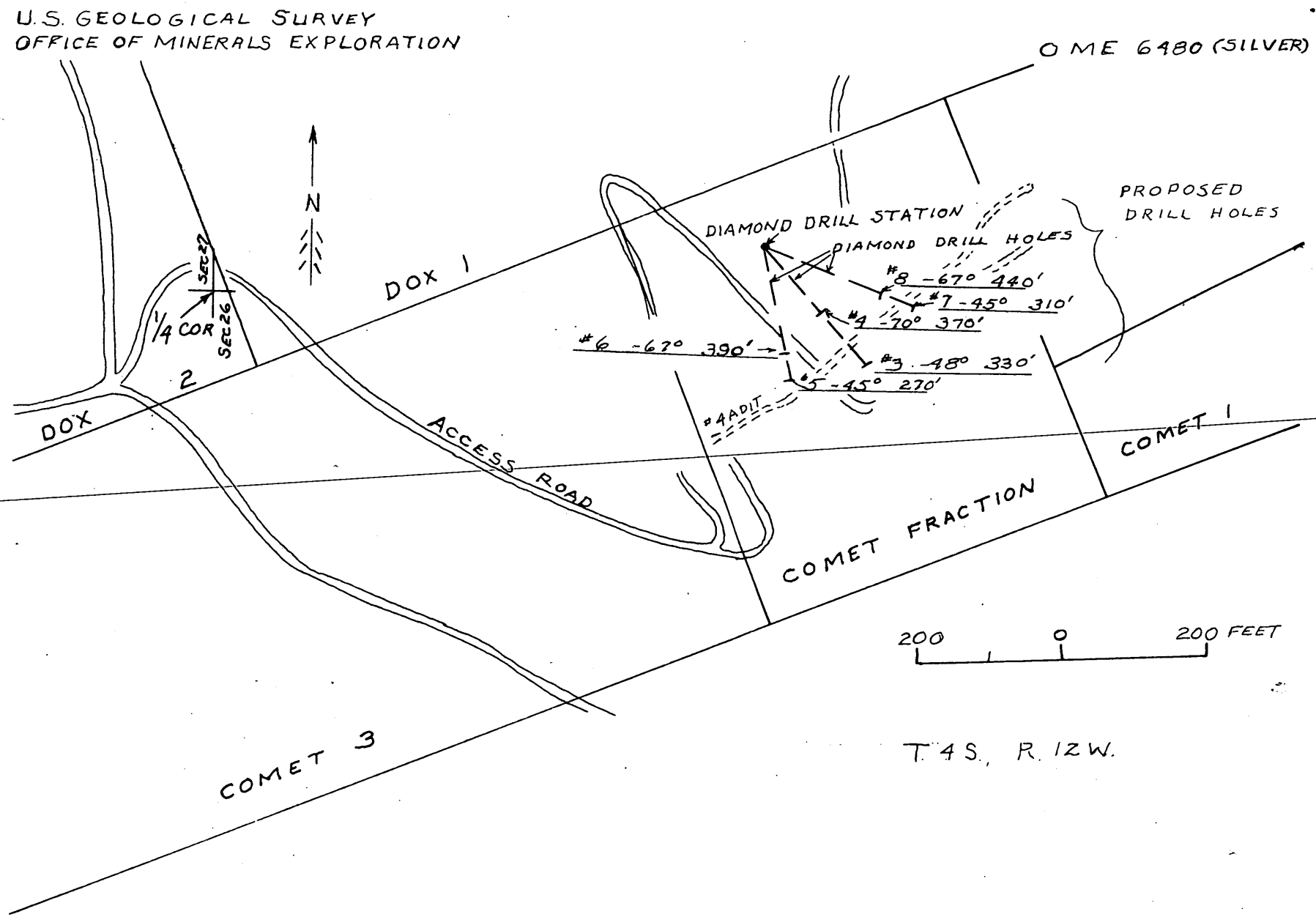

FIGURE 2- PROPOSED EXPLORATION, BLUE SKY MINING CORPORATION, BEAVERHEAD COUNTY, MONTANA

MME FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERAL EXPLORATION

TO:	DATE	INITIALS
1. Chief, Office of Minerals Exploration		
2. Re: New application		
3. Blue Sky Mining Co. Comet Mine		
4. Beaverhead County, Montana formerly Wayne ERickson OME-6326 (silver)		
5. Willard P. Puffett		
FROM: Field Officer, Region 1	2/10/70	

FOR: Check items for action desired

____ Action	____ Reply for signature of ____	
____ Approval	____ Investigate	____ Surname
____ Comment	____ Recommendations	____ Signature
____ Conference	____ Rewrite	____ File
____ Instructions	X Your information	

REMARKS: Attached is new application-now fairly complete after receiving new information requested in my letter to Applicant of January 12, 1971. I think tht I'll be able to prepare a report without scheduling a field examination. Hence will not prepare a preliminary summary at this time. The Lien and Subordination Agreements are improperly prepared and signed, but new ones can be requested if a contract is favorably considered.

MME Form 40
(Revised Nov. 68)

Budget Bureau No. 42-R1368
Approval expires Dec. 1971

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

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

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

Blue Sky Mining Corporation,
521 S Washington,
Dillon, Montana 59725

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6840

DATE RECEIVED: 2-12-71

REGION: 1

DIVISION CODE:

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 12 1971
INITIALS | CODE

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED: Montana

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Roger C. Pierce	521 S Washington Dillon, Montana	President
Hazel D. Pierce	521 S Washington Dillon, Montana	Vice President & Secretary
William A. Cook,	925 S. Curry Pike, Bloomington, Indiana	Chairman of Board

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

ESTIMATED COST OF PROJECT: $57,040.00

PROPERTY NAME	LOCATION COUNTY	STATE
Comet Mine	Beaverhead	Montana

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.

December 22, 1970
DATED

Roger C. Pierce
BY *(Signature)*

President
TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

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Application for Financial Assistance in Minerals Exploration

COMET GROUP
(Silver)

Elkhorn District
Beaverhead County, Montana

by

Blue Sky Mining Corporation
December 22, 1970

GENERAL INFORMATION

An application for financial assistance on this property was made by Wayne Erickson in September 1963 with the office of Mineral Exploration.

Information such as geology, maps, accessibility of project area, existing workings, etc have not been duplicated in the present application since they are available in the prior one.

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SUMMARY

Recent exploration and study of this property indicates a substantial ore potential.

The applicant proposes to diamond drill at depth specific areas so that indicated mineralization can be proven.

The total estimated cost of all proposed work is $57,040.00

Blue Sky Mining Corporation
521 S Washington,
Dillon, Montana
December 21,1970

The First National Bank,
Dillon, Montana

Gentlemen:

The Blue Sky Mining Corporation owns controlling interest in a number of silver mining claims located on Comet Mountain in the Elkhorn Mining District, Beaverhead County, Montana.

Recent engineering studies indicate that these claims merit further exploration by diamond drilling. Preliminary estimates show that this work will cost approximately $55,000.

Under what conditions and terms would you lend the Blue Sky Mining Corporation 75% of the specified amount to finance indicated exploration?

Respectfully yours,

Blue Sky Mining Corporation.

Roger C. Pierce

Roger C. Pierce, President

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First National Bank

DILLON, MONTANA 59725

December 21, 1970

Blue Sky Mining Corporation
521 So. Washington St.
Dillon, Montana

Gentlemen:

We do not have funds available to make a loan as requested in your recent application. We do not make exploration loans.

Very truly yours,

G. J. Lane
Asst Vice-President

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SPOKANE, WASH.

Blue Sky Mining Corporation
521 S Washington,
Dillon, Montana
December 21, 1970

State Bank and Trust Company,
Dillon, Montana

Gentelmen:

The Blue Sky Mining Corporation owns controlling interest in a number of silver mining claims located on Comet Mountain in the Elkhorn Mining District, Beaverhead County, Montana.

Recent engineering studies indicate that these claims merit further exploration by diamond drilling. Preliminary estimates show that this work will cost approximately $55,000.

Under what conditions and terms would you lend the Blue Sky Mining Corporation 75% of the specified amount to finance indicated exploration.

Respectfully yours,

Blue Sky Mining Corporation

Roger C. Pierce.

Roger C. Pierce, President

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SPOKANE, WASH.

STATE BANK & TRUST COMPANY
ESTABLISHED 1899
DILLON, MONTANA

December 22, 1970

Blue Sky Mining Corp
Dillon, Montana

Gentlemen:

Our loan committee has reviewed you application for a loan, and I regret to advise you that we are unable to advance funds to you under the terms and conditions you desire.

Sincerely,

Robert J Harrison

Robert J Harrison
Vice President

RJH/s

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PROPOSED DIAMOND DRILLING

Diamond Drill station no.1

Hole #1	N43° W – 45°	370 ft
Hole #2	N28° W – 45°	370 ft
		740 ft

These holes are to prospect for possible intersection of the no.6 and the no. 7 veins. They will intercept the veins at about 200 ft from the surface.

Diamond Drill station no.2

Hole #3	S38° E – 48°	330 ft
Hole #4.	S38° E – 70°	370 ft
Hole #5	S9° E – 45°	270 ft
Hole #6	S9° E – 67°	390 ft
Hole #7	S65° E – 45°	310 ft
Hole #8	S65° E – 67°	440 ft
		2110 ft

The holes from station #2 explore the downward extrusion of a mineralized area that has been mined above the 400 ft level on the no.4 vein. Holes #3,5,and7 cut the vein about 100 ft below the 400 level and holes #4,6 and 8 about 250 ft below this level. Hole #3 has also been extended so that it may intercept #3 vein. Station #2 is located 80 ft SW of the center of the 400 level ore shoot because it is believed that the ore rakes in this direction. An alternative to station "2 is to drill 2 or 4 holes from the road above it.

Diamond Drill station #3

Hole #9	S30° E – 35°	400 ft
Hole #10	S50° E-35°	430 ft
		830 ft

These holes will explore at depth the mineralized ore zone that the old timers mined above the Telstar tunnel level. The intercepts are about 200ft below tje tunnel.

The total diamond drill footage in thie application is 3,680 feet.

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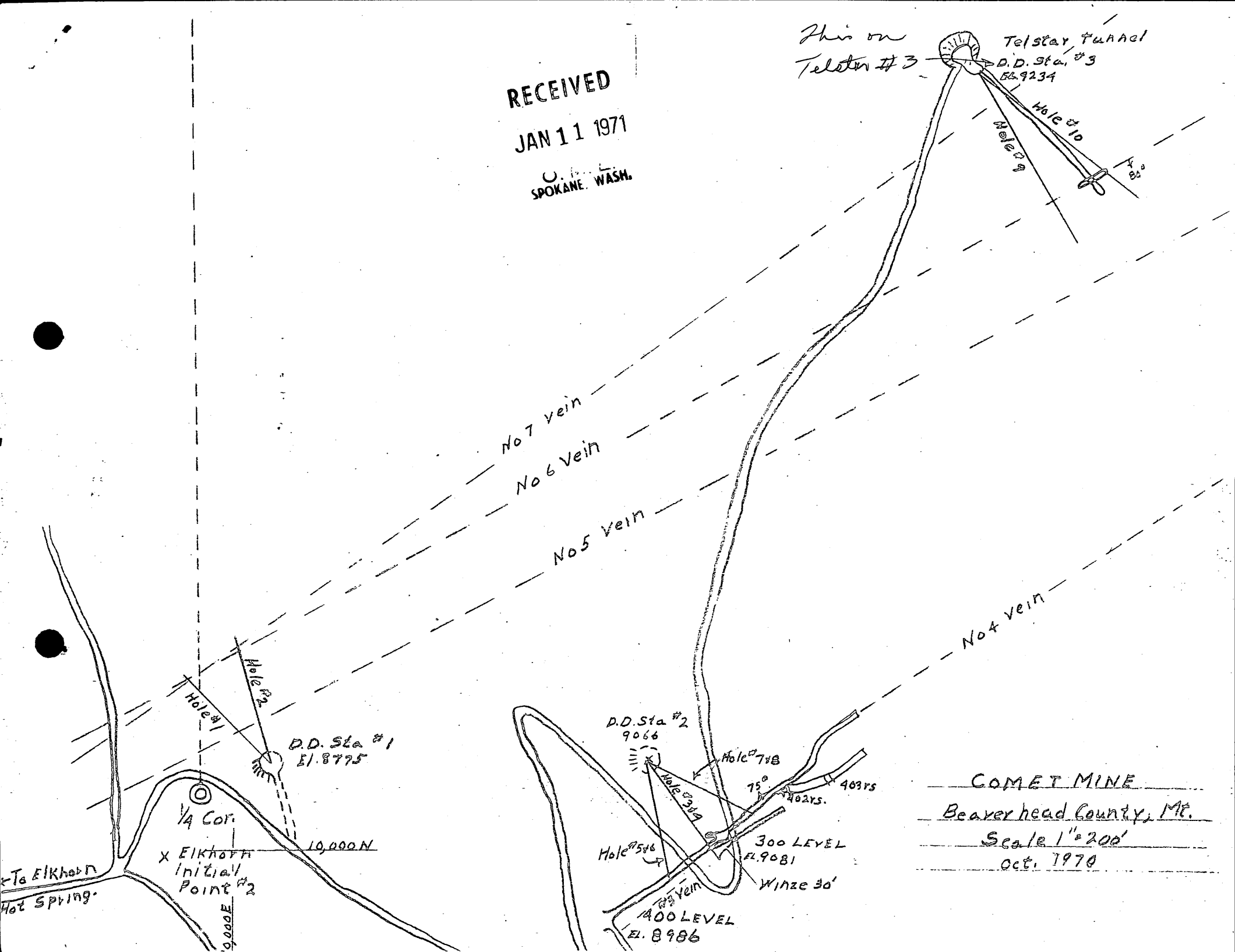

COMET MINE
Beaverhead County, Mt.
Scale 1" = 200'
Oct. 1970

COST ESTIMATE OF PROPOSED EXPLORATION

Coring (A X section minimum 3 veins)	$ 9.25 per ft
Casing or cementing	1.75 "
Water supply	1.50 "
Move in and set up--tear down and move out	0.35 "
Access roads and diamond drill stations	0.50 "
Core boxes	0.15 "
Survey inclination of holes (instrument and drill down time)	0.35 "
Supervision and engineering	1.65 "
	$15.50 per ft

With proper management there is enough water in the winze on the 400 tunnel level to supplu the drill, especially on a one shift basis. The water will flow by gravity to #1 drill station. It will have to be pumped to #2 station and hauled to #3.

The cost of drilling is comparatively high due to the property's inaccessability and remoteness from hotel and reataurant accommodations. It is about 45 miles from Dillon. The workers will probably live in cabins and batch in the Elkhorn Hot Springs area which is about 4 miles from the mine.

The total cost of the proposed exploration is (3680 ft X$15.50) or a total of $57,040.00.

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BACKGROUND ON OPERATING EXPERIENCE

Blue Sky Mining Corporation has been mining subject property for a period of 2 years, driving drifts on raises on known ore leads. A qualified licensed mining engineer has been employed as consultant.

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EQUIPMENT OWNED BY BLUE SKY MINING CORP TO BE USED IN CONJUNCTION WITH DRILLING PROGRAM

1.	One John Deere crawler loader for building roads to drill sites	$8,000.00
2.	One 315 C.F.M. Schramm air compressor to furnish air to pump water for drilling	3,500.00
3.	One Ingersoll Rand air driven water pump for pumping water to drill site	500.00
4.	900 ft 4" water or air line w/couplings for transporting water to drill site	1,500.00
5.	One 300 gal air-water pressure tank	320.00
6.	400 feet 2" air-water line w/fittings	300.00
7.	One 3/4 ton 4 wheel drive Chevrolet pick up for transporting equipment	1,200.00
8.	One modern cabin equipped with water and sewer facilities for housing drilling crew, approximately 4 miles from drilling site. Complete fueling equipment located at cabin site	5,000.00
9.	One 300 amp gasoline motor driven arc welder for making welding repairs	600.00
10.	150 feet of 1½" air hose	150.00
11.	One oxygen-acetylene welding and cutting kit with burning and welding torches and gauges plus hose for miscellaneous repairs	200.00
12.	Blue Sky Mining Corporation will furnish engineering supervision by licensed engineer at $1.65 per foot	

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SPOKANE, WASH.

Blue Sky Mining Corp.
521 S Washington,
Dillon, Montana 59725
January 19,1970

United States Department of the Interior,
Geological Survey,
Washington D.C.20242

Attention: Mr. Harold Kirkemo, Chief,
Office of Minerals Exploration

Re: O.M.E.-6326 Silver
Wayne Erickson- Comet Et al claims
Beaverhead County, Montana
Contract 2181

Dear Mr. Kirkemo:

Re: Mr. Puffett's ~~your~~ letter of Jan.12, 1970.

The half interest of Roger C. Pierce was transferred to Blue Sky Mining Corporation by quit claim deed of which a copy was included in our correspondence to the Spokane office on Dec.18, 1969.

Blue Sky Mining Corporation stockholders as follows:

William A. Cook one (1) share.

Cook Incorporated five thousand (5000) shares.
Address 925 South Curry Pike,
Bloomington, Indiana 47401

Miles F. Kanne one (1) share. Same address as above.

Dan G. Sterner ninety-eight (98) shares. Same address.

Charles T. or Paiola B. Dotter four hundred (400) shares
4004 S.W.Greenleaf Drive,
Portland, Oregon 97221

Frank P. Thomas four hundred (400) shares.
925 South Curry Pike,
Bloomington, Indiana 47401

Ivan and/or Judith Fucilla two hundred (200) shares
1485 Fremont,
Los Altos, California 94022

Dr. Robert T. Ginsberg one hundred (100) shares.
205 S. Drive,
Mountain View, California

Roger C. and/or Hazel Pierce five thousand (5000) shares.
521 S Washington,
Dillon, Montana 59725

Telstar #2 claim is included in the Blue Sky Mining Corp ownership.

The San Francisco claim is still owned by Margaret G. (Mrs. Harry G.) Relling of Spokane, Washington.

Very truly yours,

Roger C. Pierce Pres.

Blue Sky Mining Corp.

Received in Spokane office Jan. 11, 1971

THIS LEASE, made and entered into this 23rd day of January, 1969, by and between H. L. PATTERSON, party of the first part, hereinafter referred to as Lessor, and BLUE SKY MINING COMPANY, a Montana corporation, the party of the second part, hereinafter referred to as Lessee;

W I T N E S S E T H:

That for and in consideration of the rents and covenants herein contained and by Lessee to be paid and performed, the Lessor has leased, demised and let and by these presents does lease, demise and let unto the Lessee an undivided one-half interest in and to the following described mining claims, to-wit:

DOX NO. 1 Mining Claim, as located October 8, 1960, the Certificate of Location whereof is recorded in Book 164 of Lode Locations at Pages 27 and 28, Official Records of Beaverhead County, Montana.

DOX NO. 2 Mining Claim, as located October 8, 1960, the Certificate of Location whereof is recorded in Book 164 of Lode Locations, at pages 29 and 30 thereof, Official Records of Beaverhead County, Montana.

COMET NO. 1 Mining Claim, as located June 8, 1960, the Certificate of Location whereof is recorded in Book 155 of Lode Locations at pages 463 and 464, Official Records of Beaverhead County, Montana.

COMET NO. 2 Mining Claim, as located June 8, 1960, the Certificate of Location whereof is recorded in Book 155 of Lode Locations at pages 465 and 466, Official Records of Beaverhead County, Montana.

COMET NO. 3 Mining Claim, as located October 8, 1960, the Certificate of Location whereof is recorded in Book 164 of Lode Locations at pages 25 and 26, Official Records of Beaverhead County, Montana.

COMET FRACTION Mining Claim, as located June 8, 1960, the Certificate of Location whereof is recorded in Book 155 of Lode Locations at pages 461 and 462, Official Records of Beaverhead County, Montana.

Said claims are situated in the Elkhorn Mining District, Beaverhead County, Montana.

TO HAVE AND TO HOLD all and singular, the above-described mining claims unto the Lessee for a term of three (3) years from the date hereof.

IT IS FURTHER AGREED:

1. PURPOSE OF LEASE - Said claims are leased to Lessee for the purpose of mining and removing the minerals found in said lands, together with the right to make such buildings, ditches, draws, roads, excavations or other improvements upon such premises as may be necessary.

2. ASSESSMENT WORK - Lessee shall perform by August 1st of each year, all assessment work required under the applicable mining laws to keep the said mining claims herein described or subsequently located hereunder in good standing and shall make due and timely proof thereof on or before said date of the performance of such work.

3. TAXES - Lessee shall pay all taxes which may be assessed against said land and the improvements thereon, used or controlled by Lessee, and the personal property thereat, used or controlled by Lessee.

4. REPORTS - Lessee shall furnish to Lessor, upon request, in writing, from time to time, and as compiled and prepared, but not oftener than quarterly, duplicate copies of all exploration reports, concentrating plant reports, mine maps, analysis maps and plans of development made and used in the operations on said premises. It shall furnish to Lessor a monthly report showing the estimated weights and analysis of all ore material stockpiled according to each classification, whether merchantable, concentratable, or nonmerchantable. It shall furnish to Lessor a monthly report of all ores mined and shipped or beneficiated from said premises, showing the values, tonnage and analysis thereof, together with a record and analysis of

any tailings and rejects, and specifying the claims from which said ores were mined.

5. OPERATIONS TO BE CONDUCTED IN ACCORDANCE WITH GOOD MINING; WORKMEN'S COMPENSATION; INDEMNIFICATION.- Lessee shall have the sole and absolute supervision of mining and milling operations hereunder. Lessee will open, use and work the mine or mines on said lands in such manner only as is usual and customary in skillful and proper mining operations of similar character and in accordance with the requirements, methods and practices of good mining engineering.

Lessee will timber tunnels, shafts, drifts or other working points as required in accordance with good mining practices, and repair all old timberings that may be necessary with 8-inch by 8-inch timbers or larger. Lessee will keep all drifts, shafts, tunnels and other passageways and workings thoroughly drained and cleaned of loose rock and rubbish of any kind whatsoever insofar as practicable.

In its occupancy of the demised premises and in carrying on the operations to be carried on hereunder, Lessee shall comply with all requirements of State and Federal statutes to the extent applicable to such operations, and shall maintain in full force and effect Workmen's Compensation insurance.

Lessor shall not be liable to Lessee for any damage occurring by reason of any defect in, upon or about the demised premises nor be liable for any damage occasioned by said premises being out of repair or for any damage arising from any act or neglect of any person on any adjoining or contiguous property. Lessee agrees to indemnify and hold harmless Lessor from and against any and all loss, liability or claims for the death and/or injury to any person and/or for the loss or damage to property in or about the demised premises or to property of other persons occurring during the term hereof and resulting directly or indirectly out of any of Lessee's operations hereunder. It is

understood and agreed that Lessee shall carry on all mining and milling operations hereunder as an independent contractor. Lessee agrees to hold Lessor harmless from and against any and all liens that may be placed upon the demised premises resulting from any operations or activities of Lessee hereunder.

6. MINIMUM WORK REQUIREMENTS - Lessee agrees to work and mine said premises working not less than sixty (60) shifts of eight (8) hours each during each and every year of the term of this lease.

7. ROYALTIES ON ORES - On all ores mined or removed from said premises, Lessee shall pay to Lessor a royalty of five per cent (5%) of the net mill or smelter returns. By "net mill or smelter returns" is meant the amount received for such ores after deducting therefrom the cost of milling, smelting, and freighting or haulage from the mine to the mill or smelter.

8. RIGHT OF INSPECTION - The Lessor, his agents, engineers, or other persons in his behalf, with his assistance, shall have the right to enter at all times the mines and other workings connected therewith and other operations of Lessee under this lease, in order to examine, sample, assay, inspect, survey, or measure them or any part thereof. Lessee agrees to render to Lessor, his agents or engineers, proper assistance in making such inspection, surveys or examination.

9. FORCE MAJEURE - It is understood and agreed any period or delay in the performance of any obligation hereunder occasioned by strikes, acts of God, war, rebellion, or other causes (except financial) reasonably beyond the control of the defaulting party, shall be excused during the continuances of such cause or causes and such delay shall not be considered a default hereunder by such party, but such party shall exert every reasonable effort to overcome any such cause of delay, and shall give otherparty prompt written notice of all such delays and their expected duration.

10. NOTICE OF DEFAULT AND TERMINATION - In the event of failure of Lessee to perform any obligation assumed by it hereunder and the failure of Lessee to correct such default within sixty (60) days (or in the event such default is of such a nature that it cannot reasonably be corrected within sixty (60) days, in the event of failure of Lessee to commence within such sixty-day period to correct such default and to diligently prosecute to completion the work of correcting such default) after written notice from Lessor so to do, Lessor may, at his option, terminate this agreement.

11. OPTION TO PURCHASE - Lessee shall have the right and option at any time during the term hereof, or during the time of any extension of such term, to purchase said mining claims by paying to Lessor the sum of THIRTY-FIVE THOUSAND DOLLARS ($35,000.00). In the event of the exercise of such option, all rents and royalties theretofore paid by Lessee hereunder shall be credited against such purchase price.

It is expressly understood by and between the parties hereto that said premises are subject to a lien for a Government OME Loan No. 6326, Contract No. 2181. Lessee will comply with all provisions of said loan and agreement and in the event the Lessee exercises its option to purchase said claims, Lessor agrees to pay one-half of the balance then owing on said loan, which said sum shall be deducted from the $35,000.00 purchase price, in addition to royalty payment deductions.

12. BENEFIT - This agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

13. NOTICES - Any notice to be given hereunder shall be properly given if mailed by registered mail to:

To Lessor: H. L. Patterson
509 Kentucky Avenue
Dillon, Montana 59725

To Lessee: Blue Sky Mining Company
521 S. Washington
Dillon, Montana 59725.

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

H L Patterson
LESSOR

BLUE SKY MINING COMPANY

ATTEST:

Hazel Pierce
Secretary

By Roger C. Pierce
Its President

LESSEE

STATE OF MONTANA)
ss
County of Beaverhead)

On this 23rd day of January, 1969, before me, the undersigned, a Notary Public for the State of Montana, personally appeared H. L. PATTERSON, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

Also, on the 23rd day of January, 1969, before me, the undersigned, personally appeared ROGER PIERCE and HAZEL PIERCE, known to me to be the President and Secretary respectively of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this certificate above written.

Leal McDavis
Notary Public for the State of Montana
Residing at Dillon, Montana
My Commission expires June 24, 1970.

RESOLUTION

WHEREAS, Blue Sky Mining Corporation was organized for the purpose of mining what is known as the Comet claims situated in Beaverhead County, Montana; and

WHEREAS, the corporation does not have sufficient funds on hand to continue the operation of said Comet Mine; and

WHEREAS, it now appears that this corporation can (possibly) obtain a loan from the Office of Mineral Exploration, a governmental lending agency, and thereby obtain funds for extensive mineral exploration and discovery operations in the mining properties owned and controlled by this company; and

WHEREAS, the directors of this corporation held a telephone conference among themselves on the _____ day of December, 1970, during the course of which it was unanimously agreed by all of the directors of this company that Roger Pierce, president of the company, should be authorized to apply for a loan from said Office of Mineral Exploration in order to obtain funds for mineral exploration and discovery operations of this company;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Blue Sky Mining Corporation that Roger Pierce, president of Blue Sky Mining Corporation, is hereby directed and authorized to take all actions necessary on behalf of said company in order to apply for a loan from the Office of Mineral Exploration;

BE IT FURTHER RESOLVED, that the said Roger Pierce, president, and the secretary of this corporation, are hereby authorized to execute all documents necessary or required in order to apply for and to obtain a loan of moneys from the Office of Mineral Exploration, a governmental lending agency, and to execute any and all documents necessary or required in order to mortgage any and all properties of Blue Sky Mining Corporation to said Office of Mineral Exploration, or to any other lending agent or agency, in order to obtain said loan of moneys to Blue Sky Mining Corporation.

CONSENT AND WAIVER

We, the undersigned, being all of the directors of Blue Sky Mining Corporation, do hereby waive the holding of any formal meeting of the directors of said corporation for the purpose of considering the adoption of the above and foregoing resolution and we, and each of us, do hereby consent (pursuant to the provisions of Section 15-22-134, R.C.M., as amended) to the adoption of the foregoing resolution by the directors of this company without a formal directors meeting being held.

Roger C. Pierce Pres.

Roger D. Pierce Sec'y. Treas.

William [illegible]

Charles T. Dorar

_____

DIRECTORS

MINING DEED

Tribune Print, Dillon, Montana

THIS INDENTURE, Made the 13 day of December in the year of our Lord one thousand nine hundred and Sixty-Eight between

ROGER C. PIERCE and HAZEL PIERCE, husband and wife,

of Dillon, Montana, PARTIES OF THE FIRST PART,

-and-

BLUE SKY MINING CORPORATION, a Montana corporation with its principal place of business at Dillon, Montana

the party of the second part, WITNESSETH, that the said parties of the first part, for and in consideration of the sum of Ten and No/100 DOLLARS, lawful money of the United States of America to them in hand paid by the said party of the second part, the receipt whereof is hereby acknowledge, have granted, bargained, sold, remised, released and forever quitclaimed, and by these presents do grant, bargain, sell, remise, release and forever quitclaim unto the said party of the second part, and to its successors heirs and assigns

Telstar 1
Telstar 2
Magnet Millsite
Comet 1 (one-half interest)
Comet 2 (one-half interest)
Comet 3 (one-half interest)
Comet Fraction (one-half interest)
Dox 1 (one-half interest)
Dox 2 (one-half interest)

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SPOKANE, WASH.

TOGETHER with all the dips, spurs, and angles, and also all the metals, ores, gold and silver bearing quartz, rock and earth therein; and all the rights, privileges and franchises, thereto incident, appendant and appurtenant, or therewith usually had and enjoyed; and also, all and singular the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining, and the rents, issues and profits thereof; and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of the said part of the first part, of, in and to said premises, and every part and parcel thereof, with the appurtenances.

TO HAVE AND TO HOLD, all and sigular, the said premises, together with the appurtenances and priviliges thereto incident, unto the said party of the second part, its successors heirs and assigns forever. It is expressly covenanted that it is intended hereby to convey any and all right, title, interest and estate which may hereafter be acquired to said premises, or any part thereof, by virtue of any patent which may hereafter be issued by the United States Government therefore, under proceedings heretofore or to be instituted in that behalf.

IN WITNESS WHEREOF, The said parties of the first part have hereunto set their hands and seals the day and year first above written.

Signed, Sealed and Delivered in the Presence of

Roger C. Pierce (SEAL)
Hazel Pierce (SEAL)

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O. M. E.
SPOKANE, WASH.

521 S Washington,
Dillon, Montana
February 9, 1971

United States Department of the Interior,
Office of Minerals Exploration,
656 U. S. Courthouse,
W 920 Riverside Avenue,
Spokane, Washington 99201

Re: letter January 12, 1971 Comet Mine, Beaverhead County, Montana. Former OME 6326 Silver Contract 2181

Attention: Willard P. Puffett.

Dear sir:

San Francisco lode survey no.3353 is not available by reason of too high a price by owners.

The claims specifically included in the project are Dox #1, Diamond Drill Station no 1, Comet Fraction, Diamond Drill Station no2, and Telstar no2, Diamond Drill Station no3.

See enclosed bids from three contractors.

See revised drilling estimates for engineer's salary.

See category 3, excavating and road building, Diamond Drill Station no1. This area will be soil sampled before drilling.

Please find enclosed cross section map of all work completed on the 400 level including mill returns and assays.

Very truly yours,

Blue Sky Mining Corporation

Roger C. Pierce.

Roger C Pierce, President

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O. M. E.
SPOKANE, WASH.

PROPOSED DIAMOND DRILLING

Diamond Drill Station no.1

	Bearing	Inclination		
Hole #1	N43W	45	----------	370 ft
Hole #2	N28 W	45	----------	370 ft
				740 ft

These holes are to prospect for a possible intersection of the no.6 and the no.7 veins. There are large outcrops of quartz in this area but some soil sampling is needed in order to find the highest intensity of mineralization before drilling is started.

Diamond Drill Station no.2

Hole #3	S38 E	48	----------	330 ft
Hole #4	S38 E	70	----------	370 ft
Hole #5	S 9 E	45	----------	270 ft
Hole #6	S 9 E	67	----------	390 ft
Hole #7	S65 E	45	----------	310 ft
Hole #8	S65 E	67	----------	440 ft
				2110 ft

The holes from station #2 explore the downward extrusion of a mineralized area that has been mined above the 400 ft level on the no.4 vein. Holes #3,5 and 7 cut the vein at about 100 ft below the 400 level and holes #4,6, and 8 about 250 ft below this level. Hole #3 has also been extended so that it may intercept #3 vein. Station #2 is located 80 ft SW of the center of the 400 level ore shoot because it is believed that the ore rakes in this direction. An alternative to station #2 is to drill 2 or 4 holes from the road above it.

Diamond Drill Station no.3

Hole #9	S30 E	35	----------	400 ft
Hole #10	S50 E	35	----------	430 ft
				830 ft

The minimum drilling required at all stations would be as follows:

Hole #1	----------	370 ft
Hole #3	----------	330 ft
Hole #5	----------	270 ft
Hole #9	----------	400 ft
		1370 ft

The balance of the holes would be drilled as needed.

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ESTIMATED COST OF PROJECT

Category (1) Independent Contracting.

a. Mobilization and demobilization of personnel and equipment 1 drill unit	$1200.00
b. Diamond core and overburden drilling @$9.25 per ft. (minimum of AQWL thru veins, BQ @$9.50 per ft AQ @$9.00 per ft.)	$34,040.00
c. Reaming for and supply of casing.1000 ft @$4.00 per ft. *	4000.00
d. Cementing, redrilling and other drill hole stabilizing operations, and moving and setting up.100 hrs @$14.00 per hour	1400.00
e. Casing lost in completed holes, 300 ft @$2.00 per ft.	600.00
f. Water supply (25% probably truck hauled)	5520.00
	$46760.00

Category (2) Supervision and Technical Services.

None except 1 Supervisor-Engineer. 5 months @ $1200.00 per month	6000.00

Category (3) Private Excavating

None except Access roads, drill stations, road maintenance, standby power etc. 1 track type loader, 130 hrs @ $14.00 per hour.	1820.00

Category (4) Operating materials and supplies.

None, except	
368 cardboard core boxes @ $1.00 each	368.00
Cement, cement substitutes, drilling mud and additives	525.00
150 sample sacks @$.60 each	90.00
Sludge catching and sampling supplies	90.00
	1073.00

Category (5) Miscellaneous.

None, except,	
Office and accounting expenses. 5 months @ $75.00 per month	375.00
Assaying 100 samples. Gold and Silver @$5.00 per sample	500.00
Chemical Trace analysis.100 determinations, molybdenum and silver @$2.00 per determination.	200.00
Engineering supplies (for soil sampling, hole surveying etc.)	312.00
	1387.00

Total Estimated Cost of Project	$57,040.00
Government Participation @ 75%	$42,780.00

With proper management there is enough water in the winze on the 400 tunnel level to supply the drill, especially on a one shift basis. The water will flow by gravity to #1 drill station. It will have to be pumped to #2 station and hauled to #3.

The cost of drilling is comparatively high due to the property's inaccessability and remoteness to hotel and restaurant accommodation. It is about 45 miles to Dillon. The workers will probably batch and live in cabins in the Elkhorn Hot Springs area which is about 4 miles from the mine.

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O. M. E.
SPOKANE, WASH.

MINERAL RESOURCE DEVELOPMENT, INC.

P. O. Box 877 - Helena, Montana 59601

RECEIVED
FEB 10 1971
U. M. L.
SPOKANE, WASH.

January 27, 1971

Blue Sky Mining Company
521 S. Washington
Dillon, Montana 59725

Gentlemen:

Thank you for the opportunity to bid your proposed drilling program. The following proposal is based on a minimum of 1,370 feet and maximum of 3,680 feet (4 to 10 test holes) located about 50 miles West of Dillon, Montana.

Coring BX Size	$12.00 per foot
Coring AX Size	$10.00 per foot
Water Supply	$ 2.25 per foot
Mobilization & Demobilization	$1,200.00 Lump Sum
Reaming Casing	$ 4.00 per foot

Access to the drill sites to include Bulldozer preparation is not included in this bid.

Thank you.

Robert M. Rudio

RMR:hk

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FEB 10 1971

O. M. E.
SPOKANE, WASH.

P. O. Box 26
Philipsburg, Mont. 59858
Jan. 25, 1971

Blue Sky Mining Co.
521 S. Washington St.
Dillon, Mont. 59725

Dear Sir:

Estimates on your proposed diamond drilling at your Comet Mine is as follows:

Mobilization and demobilization----------	$1,200.00
Coring AQ thru vein----------	$9.25/ft.
Reaming for casing ----------	$4.00/ft.
Drill hole stabilization (supplies not incl.), moving and setting up and standby ----------	14.00/hour
Water supply ----------	1.75/ft.
Casing lost ----------	2.00/ft.

Access roads and drill sites are not included in any of these estimates.

Sincerely,

Gunnar S. Johnson

Gunnar S. Johnson M. E.

ACE TRADING COMPANY

MINING & CONTRACTOR'S EQUIPMENT

P. O. BOX 16

BUTTE, MONTANA

TELEPHONE: AREA CODE 406 - 792-1013

RECEIVED

FEB 10 1971

O. M. E.
SPOKANE, WASH.

January 28, 1971

Blue Sky Mining Company,
521 South Washington Street,
Dillon, Montana, 59725.

Dear Sir;

We are pleased to quote on your proposed Diamond Drilling Program at the Comet Mine, near Dillon, Montana, as follows;

Mobilization and Demobilization,	$1,300.00	
Coring, BX	9.75	per foot
Coring, AX	9.25	per foot
Reaming for Casing	4.00	per foot
Hole Stabilization	16.00	per Hour
plus cost of supplies		
Moving to New Drill Sites	16.00	per Hour
Casing lost	2.50	per foot

We trust that this Quotation is satisfactory to your requirements and we would be happy to discuss this program with you at your convenience.

Yours very truly,
Ace Trading Company,

H. G. Young

H, G, Young, President

F. 15645

ST. 3+85

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Wayne Erickson

ADDRESS 913 W. Park Street - Riverton, Wyoming

MINE Comet Mine Ore

ANACONDA, MONTANA, 59711

December 17, 1964

SMELTER LOT B-931 (Dec. c/c)

CAR NUMBER	WEIGHTS Pounds Gross	WEIGHTS Per Cent Water	WEIGHTS Pounds Dry	ASSAYS Per Cent Copper	ASSAYS Ounces Silver	ASSAYS Ounces Gold	TREATMENT CHARGE Dollars	PRICE PER TON Dollars	VALUE Dollars	Draft No.
1 Truck	31,800	2.50	31,005	.18	15.40 (1540)	.003		17.81	$ 276.10	
L. C. Jones, Haul @ $ 8.50 per ton									135.15	
									140.95	
State Bank and Trust Company of Dillon c/c Pierce and Pattersen, Royalty @ 10% 15.50 TONS 238.70 ozs.									14.10	
									126.85	
Office of Mineral Exploration, U. S. Department of Interior, Royalty @ 5%									6.34	
									$ 120.51	

Richards Stope 400 level

SILICA	82.9
ALUMINA	4.4
IRON	1.5
CaO	2.5

COPY

PAYMENT FOR METALS

Copper	@	Less 3½c	
Silver 100%	@112.854¢		17.38
Gold 100%	@ $ 31.81825		8.25
Silica			8.18
Date of Quotations	11/27/64		

TREATMENT

BASE

Add—12c for each 1% Iron

Add—10% of sum of metal payments in excess of $15.00

Deduct—2.5c for each 1% Silica in excess of Alumina

NET TREATMENT - - - - - - - -

RECEIVED FEB 10 1971 SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By [illegible]

F. 15645

ST. 3785

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Wayne Erickson

ADDRESS 913 West Park - Riverton, Wyoming

MINE Const Mine Ore

ANACONDA, MONTANA, 59711
December 17, 1964

SMELTER LOT B-921 (Doc. c/c)

CAR NUMBER	WEIGHTS Pounds Gross	WEIGHTS Per Cent Water	WEIGHTS Pounds Dry	ASSAYS Per Cent Copper	ASSAYS Ounces Silver	ASSAYS Ounces Gold	TREATMENT CHARGE Dollars	PRICE PER TON Dollars	VALUE Dollars	Draft No.
4 Trucks	141,800	2.36	138,454	.13	8.40	.008		9.85	$ 681.89	
L. C. Jones, Haul @ $ 8.50 per ton									602.65	
									79.24	
State Bank & Trust Company of Dillon c/o Pierce & Patterson, Royalty @ 10% 69.22 TONS. 581.44 gr.									7.92	
									71.32	
Office of Mineral Exploration U.S. Dept. of Interior, Royalty @ 5%									3.57	
Richards Stope 400 level. Total #22.02									$ 67.75	

SILICA	83.1
ALUMINA	6.4
IRON	1.8
CaO	0.3

COPY

PAYMENT FOR METALS

Copper		@	Less 3½c	
Silver	100%	@	112.8544 [illegible]	9.48
Gold	100%	@	$ 31.81825	0.25
Silica				2.12

Date of Quotations 11/27/64

TREATMENT

BASE

Add—12c for each 1% Iron

Add—10% of sum of metal payments in excess of $15.00

Deduct—2.5c for each 1% Silica in excess of Alumina

NET TREATMENT - - - - - - - -

RECEIVED FEB 10 1971 O.M.E. SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By [illegible]

181-P-15645

The Anaconda Company, Anaconda Sampler

O.B. No. 2

RECEIVED FROM Blue Sky Mining Corporation

ADDRESS 521 So. Washington
Dillon, Montana 59725

ANACONDA, MONTANA, 59711 August 21, 1969

MINE Comet Ore

SMELTER LOT NO. B-535 (Aug. a/c)

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
4 Trucks	205,690	0.40	204,867	.12	5.00	.009		7.27	744.69	
Bennett Owen, Haul @ $ 8.50 per ton ($874.18)									744.69	

102.84 TONS, STOPE BETWEEN RAISE NO. 1 AND RAISS NO. 2. 400 LEVEL COMET MINE.

SILICA	85.6
ALUMINA	5.2
IRON	1.9
CaO	.2

COPY

PAYMENT FOR METALS				
Copper	@		Less 3½c	
Silver 100%	@	141.220	~~xxxx~~	7.06
Gold	@			
Silica	@			.21
Date of Quotations 8/8/69				

TREATMENT

BASE

Add – 12¢ for each 1% Iron

Add – 10% of sum of metal payments in excess of $15.00

Deduct – 2.5¢ for each 1% Silica in excess of Alumina

NET TREATMENT

RECEIVED FEB 10 1971 O. N. ANACONDA

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings correct.

The Anaconda Co., Anaconda Sampler

By C. N. Boyce

ANALYTICAL REPORT

O. B. No. 2.

FRONTIER LABORATORY
Box 159
Melrose, Montana 59743
Phone 406-835-2851

Blue Sky Mining Co.
521 South Washington
Dillon,
Montana 59725

Date August 28, 1969

Date	Sample Description	Au oz/T	Ag oz/T	Gu %	Pb %	Zn %					Control No.
8-25-69	Stock pile #1		5.72								234
" " "	Stock pile #2		7.90								232
" " "	Stope Sample, Comet Mt.		36.56								233

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FEB 10 1971
O. M. E.
SPOKANE, WASH.

Approved by Lawrence A. Hoglund
Chemist

181-P-15645

The Anaconda Company, Anaconda Sampler

STOPE No. 3

RECEIVED FROM Blue Sky Mining Corporation

ADDRESS c/o Roger C. Pierce, 521 South Washington - Dillon, Montana — ANACONDA, MONTANA, 59711 — August 11, 1970

MINE Comet Ore — SMELTER LOT NO. B - 787 (Aug a/c)

CAR NUMBER	WEIGHTS: Pounds Gross	WEIGHTS: Per Cent Water	WEIGHTS: Pounds Dry	ASSAYS: Per Cent Copper	ASSAYS: Ounces Silver	ASSAYS: Ounces Gold	TREATMENT CHARGE Dollars	PRICE PER TON Dollars	VALUE Dollars	Draft No.
2 Trucks	71,770	1.67	70,571	.19	25.23	.019		38.73	1,366.61	
Harper Brothers, Haul @ $7.50 per ton									269.14	
									1,097.47	
Harold L. Patterson, Royalty @ 5%									54.87	
									1,042.60	
Office of Minerals Exploration, Royalty @ 5%									54.87	
									987.73	
35.88 TONS.										COPY

SILICA	81.9
ALUMINA	7.2
IRON	2.0
CaO	0.2

PAYMENT FOR METALS

Copper		@	Less 3½c	
Silver	100%	@ 150.833¢	Less 6c xxxx	38.06
Gold	91%	@ $35.306¢		.60
Silica		@		.07

Date of Quotations 7/24/70

TREATMENT

BASE

Add – 12c for each 1% Iron

Add – 10% of sum of metal payments in excess of $15.00

Deduct – 2.5c for each 1% Silica in excess of Alumina

NET TREATMENT

RECEIVED FEB 10 1971 O. M. E. SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Extensions and footings correct.

Rates subject to change without notice.

The Anaconda Co., Anaconda Sampler

By

ANALYTICAL REPORT

FRONTIER LABORATORY
Box 159
Melrose, Montana 59743
Phone 406-835-2851

Date April 9, 1970

Blue Sky Mining Co.
Mr. Rodger Pierce
Dillon, Montana

STOPE. No 3 50' LEVEL
3' FACE.

Date Rec'd	Sample Description	Au oz/T	Ag oz/T	Cu %	Pb %	Zn %					Control No.
4/7/70	Number 1 RUST COLOR	0.08	105.56	.69							963
"	Number 2 BLACK COLOR.	0.07	259.03	.63							964

RECEIVED
FEB 10 1971
U.M.E.
SPRING MSM

Approved by [signature]
Chemist

F. 15645—6-61—5M.
Standard.

O.B. No. 2

The Anaconda Company, Anaconda Sampler

RECEIVED FROM H. L. Patterson and Roger C. Pierce ANACONDA, MONTANA, July 14, 1961

ADDRESS 509 Kentucky Avenue
Dillon, Montana

MINE Comet Mine Ore SMELTER LOT B-87 (July a/c)

CAR NUMBER	WEIGHTS Pounds Gross	WEIGHTS Per Cent Water	WEIGHTS Pounds Dry	ASSAYS Per Cent Copper	ASSAYS Ounces Silver	ASSAYS Ounces Gold	TREATMENT CHARGE Dollars	PRICE PER TON Dollars	VALUE Dollars	Draft No.
1 Truck	57000	3.53	54988	0.26	39.25	0.015		31.94	878.16	
Bennett Oran, Haul @ $7.50 per ton									213.75	
27.494 Tons 1079.13 oz.									664.41	
Nothing P. Prim on this Shipment.										

SILICA 83.8
ALUMINA 9.6
IRON 1.67
CaO 0.3

COPY

PAYMENT FOR METALS			
Copper		@	Less 3½c
Silver	100%	@ 80¢	~~Less~~ $ 31.40
Gold	100%	@ $31.81825	0.48
Silica			0.06
Date of Quotations		7/5/61	

TREATMENT
BASE
Add—12c for each 1% Iron
Add—10% of sum of metal payments in excess of $15.00
Deduct—2.5c for each 1% Silica in excess of Alumina
NET TREATMENT - - - - - - -

RECEIVED
FEB 10 1971
O. M. E.
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings correct.

The Anaconda Co., Anaconda Sampler

By J. N. McCrea
METALLURGIST

F. 15645—6-61—5M.
Standard.

O.B. No. 1

The Anaconda Company, Anaconda Sampler

RECEIVED FROM H. L. Patterson and Roger C. Pierce ANACONDA, MONTANA, August 7, 1961

ADDRESS 509 Kentucky Avenue
Dillon, Montana

MINE Comet Mine (Ore) SMELTER LOT E-114 (July a/c)

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
1 Truck	58600	3.23	56707	0.46	70.65	0.060		58.56	1,660.39	
Bennett Oren, Haul @ $7.50 per ton 28.353 tons									219.75	
									1,440.63	
									720.31	

2003.14 oz.
½ half of the load,
51.06 oz. per ton.

SILICA 82.10
ALUMINA 5.00
IRON 1.94
CaO 0.10

COPY

PAYMENT FOR METALS			
Copper	@	Less 3½c	
Silver 100%	@ 80%	back	$ 56.52
Gold 100%	@ $31.81825		1.91
Silica			0.13
Date of Quotations	7/26/61		

TREATMENT	
BASE	
Add—12c for each 1% Iron	
Add—10% of sum of metal payments in excess of $15.00	
Deduct—2.5c for each 1% Silica in excess of Alumina	
NET TREATMENT	

RECEIVED
FEB 10 1971
U. M. E.
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings correct.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea
METALLURGIST

F. 15645—6-61—5M.
Standard.

O.B. No. 2

O.B. No. 1

The Anaconda Company, Anaconda Sampler

RECEIVED FROM H. L. Patterson and Roger Pierce

ADDRESS 509 Kentucky Avenue
Dillon, Montana

ANACONDA, MONTANA, August 16, 1961

MINE Comet Mine - Ore

SMELTER LOT B-128 (August a/c)

CAR NUMBER	WEIGHTS Pounds Gross	WEIGHTS Per Cent Water	WEIGHTS Pounds Dry	ASSAYS Per Cent Copper	ASSAYS Ounces Silver	ASSAYS Ounces Gold	TREATMENT CHARGE Dollars	PRICE PER TON Dollars	VALUE Dollars	Draft No.
1 Truck	60300	2.97	58509	.37	64.35	.036		52.88	1,546.98	
Bennett Owen, Haul @ $7.50 per ton									226.13	
29.254									1,320.85	
1882.49 oz. Red ½ of the load.									660.42	

SILICA 84.7
ALUMINA 3.1
IRON 1.64
CaO 0.3

COPY

PAYMENT FOR METALS			
Copper		@	Less 3½c
Silver	100%	@ 80¢	$ 51.48
Gold	100%	@$31.81825	1.15
Silica			.25
Date of Quotations	8/2/61		

TREATMENT	
BASE	
Add—12c for each 1% Iron	
Add—10% of sum of metal payments in excess of $15.00	
Deduct—2.5c for each 1% Silica in excess of Alumina	
NET TREATMENT	

RECEIVED
FEB 10 1971
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings correct.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea
METALLURGIST

F. 15645—6-61—5M.
Standard.

O.B. No. 8

The Anaconda Company, Anaconda Sampler

1 O.B. No. 1

RECEIVED FROM H. L. Patterson and Roger Pierce ANACONDA, MONTANA, August 25, 1961

ADDRESS 509 Kentucky Avenue
Dillon, Montana

MINE Comet Mine - Ore SMELTER LOT B-154 (August a/c)

CAR NUMBER	WEIGHTS Pounds Gross	WEIGHTS Per Cent Water	WEIGHTS Pounds Dry	ASSAYS Per Cent Copper	ASSAYS Ounces Silver	ASSAYS Ounces Gold	TREATMENT CHARGE Dollars	PRICE PER TON Dollars	VALUE Dollars	Draft No.
1 Truck	63,100	2.51	61,516	.36	45.35	.060		38.41	1,181.41	
Bennett Oron, Haul $7.50									236.63	
									944.78	

30.758 Tons 1394.96 ozs.
Red. 200 on the hd.

SILICA	86.3
ALUMINA	4.8
IRON	2.8
CaO	0.2

COPY

PAYMENT FOR METALS			
Copper		@	Less 3½c
Silver	100%	@ 80¢	$ 36.28
Gold	100%	@ $31.81825	1.91
Silica			0.22
Date of Quotations		8/16/61	

TREATMENT

BASE

Add—12c for each 1% Iron

Add—10% of sum of metal payments in excess of $15.00

Deduct—2.5c for each 1% Silica in excess of Alumina

NET TREATMENT - - - - - - - -

RECEIVED
FEB 10 1971
O. M. E.
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings correct.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea
METALLURGIST

F. 15645—6-61—5M.
Standard.

O. B. No. I

The Anaconda Company, Anaconda Sampler

1

RECEIVED FROM H. L. Patterson and Roger Pierce ANACONDA, MONTANA, October 16, 1961

ADDRESS 509 Kentucky Ave. - Dillon, Montana

MINE Comet Mine - Ore SMELTER LOT B-236 (Oct. a/c)

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
1 Truck	57,600	2.21	56,327	.12	17.30	.043		15.37	$ 432.87	
Bennett Owen, haul @ $7.50 per ton									216.00	
									216.87	

28.163 Tons. 28.163 T. 487.27 oz.

SILICA	83.8
ALUMINA	5.3
IRON	2.2
CaO	0.4

COPY

PAYMENT FOR METALS				
Copper		@	Less 3½c	
Silver	100%	@ .80¢		$ 13.84
Gold	100%	@ $31.81825		1.37
Silica				0.16
Date of Quotations 9/27/61				

TREATMENT	
BASE	
Add—12c for each 1% Iron	
Add—10% of sum of metal payments in excess of $15.00	
Deduct—2.5c for each 1% Silica in excess of Alumina	
NET TREATMENT	

RECEIVED
FEB 10 1971
O. M. E.
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings correct.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea
METALLURGIST

F. 15645—2-62—5M.
Standard.

O. B. No. 1

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Dick Tunstill

ANACONDA, MONTANA, October 8, 1962

ADDRESS Box 434 - Philipsburg, Montana

MINE Comet Mine - Oro

SMELTER LOT B-738 (Sept. c/c) 1

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
2 Trucks	87,000	1.81	85,425	.25	27.15	.015		23.04	$1,197.66	
	Dick Tunstill, haul @ $8.50 per ton								369.75	
									827.91	
	Roger C. Pierce, Royalty @ 10%								82.79	
									$ 745.12	
	42.7 Tons 1154.39 gp.									

SILICA	86.3
ALUMINA	3.9
IRON	2.0
CaO	0.3

36775
745.12
$1114.87

COPY

PAYMENT FOR METALS				
Copper		@	Less 3½c	
Silver	100%	@ 100.553¢	~~less~~	$ 27.30
Gold	100%	@ $31.81825		0.48
Silica				0.26
Date of Quotations		9/19/62		

TREATMENT	
BASE	
Add—12c for each 1% Iron	
Add—10% of sum of metal payments in excess of $15.00	
Deduct—2.5c for each 1% Silica in excess of Alumina	
NET TREATMENT - - - - - - -	

RECEIVED
FEB 10 1971
U.M.E.
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea
METALLURGIST

F. 15645—2-62—5M.
Standard.

The Anaconda Company, Anaconda Sampler

O. B. No. 2

RECEIVED FROM Dick Tunstill

ANACONDA, MONTANA, Nov 5, 1962

ADDRESS Box 434 - Philipsburg, Montana

MINE Comet Mine - Oro

SMELTER LOT B-762 (Oct.1962)

CAR NUMBER	WEIGHTS Pounds Gross	WEIGHTS Per Cent Water	WEIGHTS Pounds Dry	ASSAYS Per Cent Copper	ASSAYS Ounces Silver	ASSAYS Ounces Gold	TREATMENT CHARGE Dollars	PRICE PER TON Dollars	VALUE Dollars	Draft No.
3 Trucks	125,500	2.14	122,814	.31	36.30	.060		40.63	$2,494.97	
Dick Tunstill, haul @ $8.50 per ton									533.38	
									1,961.59	
Roger C. Pierce, Royalty @ 10%									196.16	
61.4 tons 2228.8 ozs									$1,765.43	

SILICA	87.5
ALUMINA	2.9
IRON	2.7
CaO	0.3

COPY

PAYMENT FOR METALS

Copper		@	Less 3½c	
Silver	100%	@105.823¢	Less	$38.42
Gold	100%	@$31.81825		1.91
Silica				0.30
Date of Quotations	10/17/62			

TREATMENT

BASE

Add—12c for each 1% Iron

Add—10% of sum of metal payments in excess of $15.00

Deduct—2.5c for each 1% Silica in excess of Alumina

NET TREATMENT - - - - - - -

RECEIVED
FEB 10 1971
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea

METALLURGIST

F. 15645—2-62—5M.
Standard.

O.B. No. 1

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Dick Tunstill

ADDRESS Box 434 - Philipsburg, Montana

MINE Comet Mine - Ore

ANACONDA, MONTANA, Nov. 21, 1962

SMELTER LOT B-800 (Nov. c/o) 3

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
1 Truck	45,350	1.59	44,629	.22	38.10	.020		41.06	$ 916.23	
Dick Tunstill, haul @ $8.50 per ton									192.74	
									723.49	
Roger C. Pierce, Royalty @ 10%									72.35	
22.3 tons 849.63 ozs.									$ 651.14	

SILICA 87.3
ALUMINA 4.1
IRON 1.6
CaO 0.2

COPY

PAYMENT FOR METALS				
Copper		@	Less 3½c	
Silver	100%	@105.3364	Less	$ 40.13
Gold	100%	@ $31.81825		0.64
Silica				0.29
Date of Quotations		11/7/62		

TREATMENT

BASE

Add—12c for each 1% Iron

Add—10% of sum of metal payments in excess of $15.00

Deduct—2.5c for each 1% Silica in excess of Alumina

NET TREATMENT - - - - -

RECEIVED
FEB 10 1971
SPOKANE WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea
METALLURGIST

F. 15645—2-62—5M.
Standard.

O.B. No. 1

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Dick Tunstill

ADDRESS Box 434 - Phillipsburg, Montana

MINE Count Mine Gro

ANACONDA, MONTANA, Nov. 21, 1962

SMELTER LOT B-797 (Nov. 1/6) 3

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
1 Truck	2,450	1.33	50,766	.23	33.05	.025		35.98	$ 913.23	
Dick Tunstill, haul @ $8.50 per ton									215.66	
									697.62	
Roger C. Pierce, Royalty @ 10%									69.46	
25.4 tons 839.40 oz.									$ 625.16	
SILICA	89.6									
ALUMINA	2.7									
IRON	2.0									
CaO	0.2									

7.25
4.74
11.91

COPY

PAYMENT FOR METALS					TREATMENT
Copper		@	Less 3½c		BASE
Silver	100%	@ 105.3364	Less 6c 100%	$ 34.81	Add—12c for each 1% Iron
Gold	100%	@ $31.81825		0.80	Add—10% of sum of metal payments in excess of $15.00
Silver				0.37	Deduct—2.5c for each 1% Silica in excess of Alumina
Date of Quotations		11/7/62			NET TREATMENT - - - - - - -

RECEIVED
FEB 10 1971
O. M. E.
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea
METALLURGIST

F. 15645—2-62—5M.
Standard.

O. B. No. 1

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Dick Tunstill

ANACONDA, MONTANA, Nov. 26, 1962

ADDRESS Box 434 - Philipsburg, Montana

MINE Comet Mine - Oro

SMELTER LOT E-806 (Nov. c/c) 4

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
1 Truck	43,350	3.22	41,954	.23	22.75	.050		25.79	$ 541.00	
Dick Tunstill, haul @ $8.50 per ton									184.24	
									356.76	
Roger C. Pierce, Royalty @ 10%									35.68	
20.9 Tons, 47%.5 oz.									$ 321.08	

SILICA	88.5
ALUMINA	3.5
IRON	2.2
CaO	0.2

COPY

PAYMENT FOR METALS

Copper		@	Less 3½c	
Silver	100%	@104.952¢	Less 6c ~~10000~~	$ 23.88
Gold	100%	@$31.81825		1.59
Silica				0.32

Date of Quotations 11/14/62

TREATMENT

BASE

Add—12c for each 1% Iron

Add—10% of sum of metal payments in excess of $15.00

Deduct—2.5c for each 1% Silica in excess of Alumina

NET TREATMENT - - - - - - - - _____

RECEIVED
FEB 10 1971
O. M. E.
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea
METALLURGIST

F. 15645—2-62—5M.
Standard.

O. B. No 1

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Dick Tunstill

ANACONDA, MONTANA, Dec. 13, 1962

ADDRESS Box 414 - Philipsburg, Montana

MINE Comet Mine - Oro

SMELTER LOT B-820 (Dec. c/c) 5

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
1 Truck	38,000	6.68	35,462	.27	35.45	.015		37.36	$ 662.43	
	Dick Tunstill, haul @ $8.59 per ton								161.50	
									500.93	
	Roger C. Pierce, Royalty @ 10%								50.09	
									$ 450.84	
	17.7 tons			628.5 lbs.						
SILICA 88.9										
ALUMINA 3.0										
IRON 1.6										
CaO 0.4								COPY		

PAYMENT FOR METALS			
Copper	@	Less 3½c	
Silver 100%	@ 103.0151	~~Less 6c~~	$ 96.52
Gold 100%	@ $31.81825		0.45
Silver			0.36
Date of Quotations	11/28/62		

TREATMENT	
BASE	
Add—12c for each 1% Iron	
Add—10% of sum of metal payments in excess of $15.00	
Deduct—2.5c for each 1% Silica in excess of Alumina	
NET TREATMENT - - - - - - -	

RECEIVED
FEB 10 1971
O. M. E.
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea
METALLURGIST

F. 15645—2-62—5M.
Standard.

O.E. No. I

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Dick Tunstill

ADDRESS Box 434 - Philipsburg, Montana

MINE Comet Mine - Oro

ANACONDA, MONTANA, Dec. 14, 1962

SMELTER LOT B-831 (Dec. c/e) 6

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
1 Truck	46,250	5.44	43,829	.32	52.30	.020		54.82	$1,201.35	
									196.99	
									1,004.36	
									125.55	
									$ 878.81	

Dick Tunstill, haul @ $8.50 per ton

Roger C. Florco, Royalty @ 12½%

21.9 tons 1145.2 oz.

SILICA 87.0
ALUMINA 3.1
IRON 1.8
CaO 0.4

COPY

PAYMENT FOR METALS				
Copper		@	Less 3½c	
Silver	100%	@103.015¢		$ 53.88
Gold	100%	@$31.81825		0.64
Silica				0.30
Date of Quotations		11/28/62		

TREATMENT	
BASE	
Add—12c for each 1% Iron	
Add—10% of sum of metal payments in excess of $15.00	
Deduct—2.5c for each 1% Silica in excess of Alumina	
NET TREATMENT - - - - -	

RECEIVED
FEB 10 1971
ALASKA

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea
METALLURGIST

F. 15645—2-62—5M.
Standard.

2149

O. B. No E

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Dick Tunstill

ANACONDA, MONTANA, Dec. 20, 1962

ADDRESS Box 434 - Philipsburg, Montana

MINE Comet Mine - Ore

SMELTER LOT B-836 (Dec. a/c)

3

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
3 trucks	139,750	2.57	136,158	.16	22.15	.015		23.99	$ 1,633.22	
	Dick Tunstill, haul @ $8.50 per ton								593.94	
									1,039.28	
	Roger C. Pierce, Royalty @ 10%								103.93	
									$ 935.35	
	68 - Tons			1506.2 Oz.						
SILICA	87.1									
ALUMINA	2.9									
IRON	1.6									
CaO	0.2									

COPY

PAYMENT FOR METALS					TREATMENT	
Copper		@	Less 3½c		BASE	
Silver	100%	@104.711¢	Less 8c	$ 23.19	Add—12c for each 1% Iron	
Gold	100%	@ $31.81825		0.48	Add—10% of sum of metal payments in excess of $15.00	
Silica				0.32	Deduct—2.5c for each 1% Silica in excess of Alumina	
Date of Quotations		12/12/62			NET TREATMENT - - - - - - -	

RECEIVED
FEB 10 1971
O. N. E.
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By J. Hunscher

METALLURGIST

F. 15643—2-62—5M.
Standard.

O. B. No I

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Dick Tunstill

ANACONDA, MONTANA, Jan. 4, 1963

ADDRESS Box 434 - Philipsburg, Montana

MINE Comet Mine Ore

SMELTER LOT B-869 (Doc. c/o)

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
1 Trucks	52,600	3.07	50,985	.51	16.75	.010		18.03	$ 459.63	
	Dick Tunstill, haul @ $8.50 per ton								223.55	
									236.08	
	Roger C. Pierce, Royalty @ 10%								23.61	
	25.5 Tons 427.13 opz.								212.47	

SILICA	87.4
ALUMINA	3.9
IRON	2.2
CaO	0.5

COPY

PAYMENT FOR METALS

Copper		@	Less 3½c	
Silver	100%	@104.0550	~~Less 6c~~	$ 17.43
Gold	100%	@$31.81825		0.32
~~Silica~~				~~0.20~~
Date of Quotations		12/19/62		

TREATMENT

BASE

Add—12c for each 1% Iron

Add—10% of sum of metal payments in excess of $15.00

Deduct—2.5c for each 1% Silica in excess of Alumina

NET TREATMENT - - - - - - -

RECEIVED
FEB 10 1971
SPOKANE WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea
METALLURGIST

F. 15645—2-62—5M.
Standard.

O. B. No. I

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Dick Tunstill

ANACONDA, MONTANA, April 9, 1963

ADDRESS Box 434 - Philipsburg, Montana

MINE Comet Mine Ore

SMELTER LOT B-970 (Hurch c/o)

CAR NUMBER	WEIGHTS Pounds Gross	WEIGHTS Per Cent Water	WEIGHTS Pounds Dry	ASSAYS Per Cent Copper	ASSAYS Ounces Silver	ASSAYS Ounces Gold	TREATMENT CHARGE Dollars	PRICE PER TON Dollars	VALUE Dollars	Draft No.
4 Trucks	234,850	3.21	227,311	.44	24.20	.020		27.79	$ 3,158.49	
Dick Tunstill, haul @ $8.50 per ton									998.11	
									2,160.38	
Roger C. Pierce, Royalty @ 10%									216.04	
									1,944.34	
113.7 tons					2751.54 ozs.					

SILICA	85.4
ALUMINA	5.3
IRON	2.5
CaO	0.2

COPY

PAYMENT FOR METALS

Copper	@	Less 3½c	
Silver 100%	@ 111.4004	Less $	26.96
Gold 100%	@ $31.81825		0.64
Silver			0.19
Date of Quotations 3/22/63			

TREATMENT

BASE

Add—12c for each 1% Iron

Add—10% of sum of metal payments in excess of $15.00

Deduct—2.5c for each 1% Silica in excess of Alumina

NET TREATMENT - - - - - - -

RECEIVED
FEB 10 1971
SPOKANE WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By J. H. McCann

METALLURGIST

F. 15845

O. B. No. I

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Dick Tunstill

ANACONDA, MONTANA, July 10, 1963

ADDRESS Box 434 - Philipsburg, Montana

MINE Comet Mine Ore

SMELTER LOT B - 141 (June a/c)

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
1 Truck	49,900	2.87	48,468	.18	46.95	.025		53.33	$ 1,292.40	
									212.08	
									1,080.32	
									108.03	
									972.29	

Dick Tunstill, haul @ $8.50 per ton

Roger C. Pierce, Royalty @ 10%

24.2 Tons 1136.2 Oz.

SILICA	83.3
ALUMINA	4.7
IRON	2.4
CaO	0.3

COPY

RECEIVED FEB 10 1971 O. M. E. SPOKANE, WASH.

PAYMENT FOR METALS

Copper		@	Less 3½c	
Silver	100%	@111.540¢		$ 52.37
Gold	100%	@$31.81825		0.80
Silica				0.16

Date of Quotations 6/21/63

TREATMENT

BASE

Add—12c for each 1% Iron

Add—10% of sum of metal payments in excess of $15.00

Deduct—2.5c for each 1% Silica in excess of Alumina

NET TREATMENT - - - - - - - -

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea

METALLURGIST

F 15845

O. B. NO I

The Anaconda Company, Anaconda Sampler

RECEIVED FROM Dick Tunstill

ADDRESS Box 434 - Philipsburg, Montana

MINE Comet Mine Ore

ANACONDA, MONTANA, October 10, 1963

SMELTER LOT B-322 (Sept. c/c)

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
1 Truck	34,850	1.62	34,285	.21	14.6	.006		16.82	$288.34	
	Dick Tunstill, haul @ $8.50 per ton								148.11	
									140.23	
	Roger C. Pierce, Royalty @ 10%								14.02	
	17.1 Tons 249.66 oz.								126.21	

SILICA	63.1
ALUMINA	5.0
IRON	2.1
CaO	0.5

COPY

PAYMENT FOR METALS

Copper	@	Less 3½c	
Silver 100%	@ 112.8544	~~Less~~	$ 16.48
Gold 100%	@ $31.81825		0.19
Silica			0.15
Date of Quotations	8/20/63		

TREATMENT

BASE

Add—12c for each 1% Iron

Add—10% of sum of metal payments in excess of $15.00

Deduct—2.5c for each 1% Silica in excess of Alumina

NET TREATMENT - - - - - - -

RECEIVED
FEB 10 1971
C. M. E.
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings corect.

The Anaconda Co., Anaconda Sampler

By J. H. McCrea

METALLURGIST

181-P-15645

The Anaconda Company, Anaconda Sampler

No. 1 RAISE 400 LEVEL COMET MINE, INTERMEDIATE DRIFT NO. 2

RECEIVED FROM Blue Sky Mining Corp.
ADDRESS c/o Roger C. Pierce
521 South Washington
Dillon, Montana

ANACONDA, MONTANA, 59711 November 10, 1969

MINE Comet Ore

SMELTER LOT NO. B - 612 (Nov. a/c)

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
2 Trucks	83,330	2.89	80,922	.14	10.48	.019		18.06	730.73	
Harper Brothers, Haul @ $7.50 per ton									312.49	
									418.24	
Harold L. Patterson, Royalty @ 5%									20.91	
									397.33	
Office of Minerals Exploration, Royalty ~~Other~~ Value, @ 5%									20.91	
									376.42	
SILICA 81.5										
ALUMINA 3.7										
IRON 2.0										
CaO .3										

41.68 TONS
436.60 gp.

COPY

PAYMENT FOR METALS			
Copper	@	Less 3½c	
Silver 100%	@ 164.421¢	~~less~~	17.23
Gold 91%	@ $40.150		.68
Silica	@		.15
Date of Quotations 10/24/69			

TREATMENT

BASE

Add - 12¢ for each 1% Iron

Add - 10% of sum of metal payments in excess of $15.00

Deduct - 2.5¢ for each 1% Silica in excess of Alumina

NET TREATMENT

RECEIVED
FEB 10 1971
U. M. E.
SPOKANE, ~~WASH.~~

An extra charge of $5.00 made for sampling all lots under ten tons.

Rates subject to change without notice.

Extensions and footings correct.

The Anaconda Co., Anaconda Sampler

By

181-P-15645

The Anaconda Company, Anaconda Sampler

NO. 1 RAISE 400 LEVEL COMET MINE INTERMEDIATE DRIFT NO. 1

RECEIVED FROM Blue Sky Mining Corporation

ADDRESS c/o Roger C. Pierce
521 South Washington
Dillon, Montana

ANACONDA, MONTANA, 59711 November 3, 1969

MINE Comet Ore

SMELTER LOT NO. B-604 (October a/c)

CAR NUMBER	WEIGHTS Pounds Gross	WEIGHTS Per Cent Water	WEIGHTS Pounds Dry	ASSAYS Per Cent Copper	ASSAYS Ounces Silver	ASSAYS Ounces Gold	TREATMENT CHARGE Dollars	PRICE PER TON Dollars	VALUE Dollars	Draft No.
1 Truck	30,980	1.45	30,531	.12	16.49	.016		27.29	416.60	
Harper Brothers, Haul @ $ 7.50 per ton									116.18	
									300.42	
Harold L. Patterson, Royalty @ 5%									15.02	
									285.40	
Office of Minerals Exploration, Royalty Silver Value @ 5%									20.22	
									265.18	

SILICA 84.3
ALUMINA 4.7
IRON 2.2
CaO .3

COPY

PAYMENT FOR METALS					
Copper		@		Less 3½c	
Silver	100%	@	160.657¢	~~Less 6c~~	26.49
Gold	91%	@	$40.640		.61
Silica		@			.19
Date of Quotations	10/17/69				

TREATMENT

BASE

Add – 12c for each 1% Iron

Add – 10% of sum of metal payments in excess of $15.00

Deduct – 2.5c for each 1% Silica in excess of Alumina

NET TREATMENT

RECEIVED
FEB 10 1971
U. M. E.
SPOKANE, WASH.

An extra charge of $5.00 made for sampling all lots under ten tons.

Extensions and footings correct.

Rates subject to change without notice.

The Anaconda Co., Anaconda Sampler

By

RAISE No. 1
INTERMEDIATE DRIFT No 1

Field no.	Lab no.	Description	Oz. per ton Au	Oz. per ton Ag	% Cu	% Pb	% Zn	% Hg	%	%	%	%	%
		MR. Rodger C. Pierce BLUESKY MINING CORP. DILLON - Jan. 29, 1970.											
325	11	Drift		86.3				0.050	INTERMEDIATE DRIFT No. 1 RAISE.				
325	K	"		21.8				0.047					
400		"		47.2				0.020					
		(No Chg. for Ag) Charges	$24.00										

Mercury —

Jones Hanson

Frank Perry

COMET MINE BEAVERHEAD Co. MONTANA.
4+85' LEVEL.

RECEIVED
FEB 10 1971
SPOKANE, WASH.

F. 605--7-59--5M--McKEE

O.B. No. I

The Anaconda Company, Washoe Sampler

RECEIVED FROM H. L. Patterson & Roger C. Pierce

ADDRESS 509 Kentucky Avenue, Dillon, Montana

MINE Comet Ore

BUTTE, MONTANA, November 4, 1960

SAMPLER LOT 8579 (October a/c)

SMELTER LOT

CAR NUMBER	WEIGHTS			ASSAYS			TREATMENT CHARGE	PRICE PER TON	VALUE	Draft No.
	Pounds Gross	Per Cent Water	Pounds Dry	Per Cent Copper	Ounces Silver	Ounces Gold	Dollars	Dollars	Dollars	
Truck	35480	1.0	35125	—	37.4	0.018	3.61	26.99	474.01	
Bennett Owen, Haul @ $8.00 per ton									141.92	
17.562 tons 656.8 oz.									332.09	

Logan 3-5211 Cont. 1425

SILICA	88.6
ALUMINA	4.7
IRON	1.2
CaO	0.5

RECEIVED FEB 10 1971

PAYMENT FOR METALS

Copper		@	Less 3½c	
Silver	95%	@ 91.375¢	Less 6c	$30.34
Gold	Loss .010 oz @	$32.81825		0.26

Date of Quotations 10-26-60

TREATMENT O.M.E. SPOKANE, WASH.

BASE	$4.00
Add—12c for each 1% Iron	0.14
Add—10% of sum of metal payments in excess of $15.00	1.56
Deduct—2.5c for each 1% Silica in excess of Alumina	2.09
NET TREATMENT	$3.61

An extra charge of $5.00 made for sampling all lots under ten tons.
Rates subject to change without notice.

Extensions and footings correct.

By

The Anaconda Co., Washoe Sampler

SUPERINTENDENT

FORM NO. A-31

2nd Shipment.

AMERICAN SMELTING AND REFINING CO. O. B No. 1

EAST HELENA PLANT

East Helena, Mont., December 2, 19 60

Bought of H.L.Patterson & Roger C. Pierce Mine Comet Our Lot No. 1873

Class Crude Shipping Point Polaris, Montana Mine Lot No. 1

Quotations of Wks.Avg. Silver .91375 Lead 12.0 Wire Bar Cathode Copper

ASSAYS	GOLD Oz. per ton	SILVER Oz. per ton	Wet Lead Per Cent	COPPER Per Cent	INSOL Per Cent	IRON Per Cent	Manganese Per Cent	Sulphur Per Cent	ZINC Per Cent	ARSENIC Per Cent	Antimony Per Cent	Bismuth Per Cent	LIME Per Cent
A. S. & R. Co.	0.025	73.2	3.3	0.10	70.4	1.7			0.8	5.85	0.15		1.0
Shipper	0.040	73.2	3.8										
Umpire Nichols	0.025												
Settlement	0.025	73.2	3.55	0.10	70.4	1.7			0.8	5.85	0.15		1.0

Car Number	Weight	VALUES PER TON			DEDUCTIONS PER TON		
		Gold	@		Base for Charge	Lead 10.50	
Truck	52520	Silver 95%	@ .91375=1.0	62.85	Labor Diff. Oct.	1.25	
		Lead Less 1.5	90% @2.0=2.2	3.62			
		Copper, Less	@				
				66.47			
	Gross	$1654.62					11.75
					Insoluble	% @	
					Zinc	% @	
		24.874 Tons 1822.24 oz.			Arsenic	% @ .50	2.00
					Antimony	% @	
Weight of Lot					Bismuth	% @	
Weight of Sacks					Debit		
Wet Weight					Iron	Lbs. @	
Less Moisture 5.2 %	2731	Less Total Deduction		13.75	Total Deductions		13.75
Dry Weight	49789	Pounds	@	52.72	Per Ton		$ 1,312.44

	Freight Per Wet Ton @	$	
	Hauling Per Wet Ton @ 10.00 Bennett Owen Dillon, Montana	$ 262.60	
	Bullion frt. on 919#@$27.17 ton $12.48	$	
	Less " " on 919#@$26.97 ton $12.39	.09	
Date of B/L	Goodalls	$ 10.00	
Date of Arrival 11/9/60	Advances 11/22/60 600.00	$ 600.00	
Checked MCW	Umpire 435.75	$ 4.00	
Correct	Sampling When Less Than 10 Tons 1035.75	$	

Rates except on contract, subject to change without notice.

A minimum charge of $5.00 made on all lots under 10 dry tons.

TOTAL $ 876.69 $ 876.69

NET PROCEEDS $ 435.75

RECEIVED FEB 10 1971 U. M. E. SPOKANE WASH.

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

March 10, 1975

Memorandum

To: Branch of Financial Reports
Geological Survey

From: Chief, Office of Minerals Exploration

Subject: Recording of Realized Losses under OME and DMEA contracts

Write-off of the following realized losses under these contracts is hereby authorized:

Contract	Docket	Operator	Write-off
OME			
2308	6879	Mystic Mining Company	$20,250.00
2196	6354	Clyde D. Painter	2,800.00
2297	6840	Blue Sky Mining Company	19,982.62
DMEA			
Idm-E329	2499	The Montana Coal and Iron Company	81,375.04

Harold Kirkemo

Harold Kirkemo

March 4, 1975

Mr. E. L. Patterson
509 Kentucky Avenue
Dillon, Montana 59725

Re: OMR-6880 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana
Contract 2297

Prior Contract
OMR-6326 (Silver)
Wayne Erickson
Comet, et al., Claims
Beaverhead County, Montana
Contract 2121

Dear Mr. Patterson:

The enclosed copy of our letter to Blue Sky Mining Corporation is self-explanatory, and relates to the Lien and Subordination Agreements signed by you on February 27, 1971, for Contract 2297.

Sincerely yours,

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

cc:
DRF
R Rdg.
Rdg.
Files
rkemo
T
w

March 4, 1975

Blue Sky Mining Corporation
521 South Washington
Dillon, Montana 59725

Re: OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana
Contract 2297

Prior Contract
OME-6326 (Silver)
Wayne Erickson
Comet, et al., Claims
Beaverhead County, Montana
Contract 2181

Gentlemen:

The books and records for OME Contract 2181 have been closed as you know from our letter of December 3, 1974. Accordingly, the books and records on Contract 2297 also are closed. The Government retains no claim or lien for royalty pursuant to terms of either contract.

Sincerely yours,

Harold Kirkemo, Chief
Office of Minerals Exploration

cc:
DRF
MR Rdg.
OME Rdg.
OME Files
Mr. KIrkemo/gRegion I
Mr. H. L. Patterson, 509 Kentucky Avenue, Dillon, Montana 59725

HKirkemo/gpw

December 3, 1974

Blue Sky Mining Corporation
521 South Washington
Dillon, Montana 59725

re: OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana
Contract 2297

Prior Contract
OME-6326 (Silver)
Wayne Erickson
Comet, et al., Claims
Beaverhead County, Montana
Contract 2181

Gentlemen:

As the period of obligation for payment of royalties on production under OME Contract 2181 has terminated, the Government has closed its books and records on this account, and retains no claim or lien for royalty pursuant to terms of the contract.

Sincerely yours,

Harold Kirkemo, Chief
Office of Minerals Exploration

cc:
DRF
MR Rdg.
OME Rdg.
OME Files
Mr. Kirkemo/Region I
Mrs. Relling and Mr. Gunnar S. Johnson

United States Department of the Interior

GEOLOGICAL SURVEY
~~WASHINGTON, D.C. 20242~~
RESTON, VIRGINIA 22092

IN REPLY REFER TO: Office of Minerals Exploration

January 30, 1974

Re: OME-6326 (Silver)
Wayne Erickson
Comet, et al., Claims
Beaverhead County, Montana
Contract 2181
and
OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana
Contract 2297

Mr. Roger C. Pierce
President
Blue Sky Mining Corporation
521 South Washington
Dillon, Montana 59725

Dear Mr. Pierce:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration
U.S. Geological Survey
National Center, Mail Stop 920
11201 Sunrise Valley Drive
Reston, Virginia 22092

OFFICIAL
COPY
O. M. E.
RECEIVED
FEB 20 1974

INITIALS	CODE
	dR

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since February 9, 1973, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☒ No ☐

See ~~A~~ enclosed copy of lease.

2. Since February 9, 1973, has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since workings *(see* has any production been transported through *of contract)*? Yes ☐ No ☒

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name	*Title*
Roger C. Pierci	Pres.
Address 521 S. Wash. Dillon Mont.	*Date* 2-11-74

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

January 30, 1973

AIRMAIL

Mr. Roger C. Pierce
President
Blue Sky Mining Corporation
521 South Washington
Dillon, Montana 59725

Re: OME-6326 (Silver)
Wayne Erickson
Comet, et al., Claims
Beaverhead County, Montana
Contract 2181
and
OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana
Contract 2297

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Dear Mr. Pierce:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

COPY TO R-I

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since March 15, 1971, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents; unless they have been provided before.* Yes ☐ No ☒

2. Since March 15, 1971, has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since workings *(see* has any production been transported through *of contract)*? Yes ☐ No ☒

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Blue Sky Mining Corp. By: Roger E. Pierce	*Title* President.
Address 521 S. Wash. Dillon Mont.	*Date* Feb. 9-1973

United States Department of the Interior

GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

February 16, 1972

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MEMORANDUM

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Summary final report
OME-6840 (silver)
Blue Sky Mining Company
Comet mine
Beaverhead County, Montana
Contract 2297

INTRODUCTION

The report summarizes a diamond-drill exploration project for downward projections of a vein in granite that formerly had been explored under OME contract 2181 at the Comet mine, high on the west slope of Pioneer Mountains, and about 45 miles southwest of Butte, Montana. The contract, dated May 28, 1971, was for a total estimated cost of $32,640.00 of which the Government would contribute 75 percent or $24,480.00. Work, started in the latter part of June 1971, and completed Sept. 4, 1971, consisted of diamond drilling 6 holes with an aggregate length of 2,387.5 feet. Vein material and altered granite were intersected by each of the holes but assay data from 56 samples failed to indicate that ore grade material was present. Total allowable cost of the work was $26,643.50 of which the Government contributed $19,982.62. The Operator was notified on Feb. 10, 1972, that the Government does not contemplate issuing a certification of possible production as a result of the work performed. However, the balance of the Government's contribution under the prior contract in the sum of $9,466.19 shall be paid to the Government through royalties on production with interest at the rate of 6¼ percent per annum or until the period of royalty obligation ends on Jan. 30, 1974, whichever occurs first. The property was idle in Feb. 1972.

FINAL FIELD REPORT

OPERATOR

Blue Sky Mining Corporation
521 S. Washington
Dillon, Mont., 59725

Officers of the corporation include:

President: Roger C. Pierce, 521 S. Washington, Dillon, Mont.
Vice-President: Hazel Pierce, 521 S. Washington, Dillon, Mont., and Secretary
Chairman of Board: William A. Cook, 925 Curry Pike, Bloomington, Ind., 47401

PROPERTY

The land subject to the contract consists of six unpatented lode mining claims in secs. 26 and 27, T. 4 S., R. 12 W., Elkhorn Mining District, Beaverhead County, Mont. (Fig. 1 - Plan and section maps of diamond drill holes, Blue Sky Mining Company's Comet mine, sec. 26, T. 4 S., R. 12 W., Beaverhead County, Mont.). The claims are recorded in the official records of Beaverhead County, Mont., as follows:

Claim	Bk.	Pg.
Dox No. 1	164	27-28
Dox No. 2	164	29-30
Comet No. 1	155	463-464
Comet No. 2	155	465-466
Comet No. 3	164	25-26
Comet Fraction	155	461-462

The Operator possessed a one-half interest in the claims under the terms of a quit-claim mining deed executed Dec. 13, 1968, by the owners, Roger C. and Hazel Pierce. The Operator was in possession of the remaining one-half interest in the six claims under the terms of a lease dated Jan. 23, 1969, between H. L. Patterson, owner, and the Operator.

Except for the patented San Francisco Lode, this property is essentially the same as that which was the subject of OME contract 2181, on which there remains a lien on production until Jan. 30, 1974, or until the sum of $9,466.19 is fully repaid with interest at the rate of 6½ percent per annum, whichever occurs first.

LOCATION AND ACCESSIBILITY

The claims are on the steep southwest slope of Comet Mountain between altitudes of 8,500 and 9,250 feet and extend across the common boundaries of secs. 26 and 27. An unsurfaced access road leads 4.5 miles to the

property from the county road near Grasshopper Creek at an altitude of about 6,650 feet. This junction with the county road is 10.85 miles north of the junction with surfaced county road 278, which leads easterly 25.5 miles to U. S. Highway 91, about 3.5 miles south of the City limits of Dillon, Mont.

MINE WORKINGS

Three adits are on the property (Fig. 1). Adit level, 300, at altitude of 9,081 feet, is 130 feet long. Adit level 400, at altitude of 8,986 feet, contains 680 feet of drifts and crosscuts. Adit level 600, at altitude of 8,575 feet, contains 1,620 feet of drift and crosscuts. An old, now caved, shaft extended upward to the surface from the 300 level. A raise connects between the 400 and 300 level and there are two stopes, one overhead, and one underhand, off the 400 level. All the adit levels are open and contain only small amounts of timber.

The main working adit level is the 400 level. Near its portal are tool sheds and an ore bin.

GEOLOGY

The known ore minerals at the Comet mine are in silicified shear zones that cut coarse-grained biotite granite. Oxidation extends to the lowest depths explored and has resulted in broad, brown, iron-stained zones adjacent to and including the veins. Ore minerals include argentiferous tennantite, galena, chalcopyrite, and their oxidation products; the main commodity is silver. Concentrations of economic minerals form ore shoots somewhat limited in strike length, and which apparently do not persist in depth far below the 400 adit level. An ore shoot on the 400 level is about 25 feet long and 5.5 feet thick and has an average assay value of 11.2 ounces silver per ton (see final report, Docket OME-6326). The higher grade portions of this ore shoot are along the hangingwall and footwall of the shear zone. Presumably other ore shoots in the mine have similar characteristics. The proposed exploration was to test for downward extension of the ore shoot exposed on the 400 level.

PURPOSE OF PROJECT

The purpose of the project was to explore by diamond core drilling from a single surface site for silver-bearing ore bodies in and along a quartz-filled shear zone cutting granite.

CONTRACT

The contract, No. 2297, dated May 28, 1971, required that work start on or before July 1, 1971, and be completed within 6 months from the date of the contract.

Work was to consist of preparing one surface drill site and drilling not more than 6 holes totalling not more than 2,110 feet, including overburden drilling. The number, approximate bearing, inclination, and approximate bearing of each hole were as follows:

Hole No.	Bearing	Inclination	Approx. length feet
3	S. 38° E.	-48°	330
4	S. 38° E.	-70°	370
5	S. 9° E.	- 45°	270
6	S. 9° E.	- 67°	390
7	S. 65° E.	- 45°	310
8	S. 65° E. 1/	- 67°	440

1/ If previously drilled holes indicate a SW rake to ore shoot, Hole No. 8, with prior Government approval, may be drilled on a more southwesterly bearing.

ESTIMATED COST OF THE PROJECT

Fixed Unit Costs

Drill site preparation	$250.00	
Road maintenance during project	250.00	$500.00

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization, 1 drill unit $1,200.00

Diamond core and overburden drilling, 2,110 feet $19,517.50

Price per foot

BXWL	AXWL
$9.50	$9.00

Reaming and casing 200 feet at $4.00/ft	800.00
Lost casing in completed holes 200 feet at $2.00/ft	400.00
Cementing and redrilling 50 hours at $14.00/hr	700.00
Water supply for 2,110 feet of drilling at $1.75/ft	3,692.50
	$26,310.00

Category (2) Personal Services

None except:

1 Supervisor-engineer-geologist 4 months at $1,200/month		$ 4,800.00

Category (3) Operating Materials and Supplies

None except:

Cement, drill muds, additives - 40 sacks materials listed or equivalents	$200.00	
Cement at $8.00/100-lb sack Drill mud at $$2.50/50-lb sack Additives Caustic soda $20.00/50-lb sack Cellex at $65.00/50-lb sack		
Cardboard core boxes - 210 at $1.00/box	210.00	
Sample sacks - 50 sacks at $0.60/sack	30.00	
Sludge collecting and sampling supplies	40.00	480.00

Category (7) Miscellaneous

Office and accounting expense - 4 months at $75.00/month	300.00	
Assaying for gold and silver - 50 samples at $5.00/sample	250.00	550.00

Total estimated cost of the project:	$32,640.00
Government participation at 75%	24,480.00

PROJECT WORK

Project work started on June 21, 1971, when a preliminary survey was completed to locate the drill site. The originally proposed location was unsatisfactory for there would be insufficient footage in the contract for all the holes to intersect the vein. A new site was chosen some 270 feet north of the vein outcrop. The drill site was prepared on June 25 and 26, with the use of a D8 Caterpillar, and on July 1, 1971, the Joy drill rig was positioned to drill the first hole, Hole No. 3.

The sequence, bearing, inclination, and length of the holes drilled are as follows:

Hole No.	Date Started	Date Finished	Bearing	Inclination	Length Feet	Bit Size
3	7-5-71	7-17-71	S.47°45'E.	-44°30'	330	NQ to 102 BX to 330
4	7-18-71	7-25-71	S.47°45'E.	-67°30'	457	BQWL
8	7-26-71	7-31-71	S.81°E.	-59°30'	505	BQWL
7	8-1-71	8-6-71	S.73°E.	-37°	337.4	BQWL
6	8-6-71	8-20-71	S.90°E.	-64°	424	BQWL
5	8-21-71	9-3-71	S.16°15'E.	-41°	344	BQWL

The bearings and inclination were determined by the Operator.

Approved costs of the completed work are as follows:

Fixed Unit Costs

Drill site preparation	$ 250.00	
Road maintenance during project	250.00	$ 500.00

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization 1 drill unit	1,200.00
Diamond core and overburden drilling - 2,387.5 ft. at $8.00/ft	19,100.00
Reaming and casing - 47 feet at $4.00/ft	188.00
Lost casing in completed holes - 73 ft at $2.00/ft	146.00

Cementing and redrilling - 58 hours at $14.00/hr	812.00	$21,446.00
Category (2) Personal Services		
1 Supervisor-Engineer-Geologist - 3-1/8 months at $1,200/month		3,750.00
Category (3) Operating materials and supplies		
Cement, 23 sacks at $8.00/sack	184.00	
Drill mud, 16 sacks at $2.50/sack	40.00	
Cardboard core boxes, 210 at $1.00/box	210.00	
Sludge collecting, sampling supplies, and sample sacks	46.00	480.00
Category (7) Miscellaneous		
Office and accounting expense - 2½ months at $75.00/month	187.50	
Assaying for gold and silver - 56 assays at $5.00/assay	280.00	467.50
TOTAL:		$26,643.50
Government contribution - 75%		19,982.62

The Government retains no equity in any materials and supplies at the property.

Work under the project proceeded with a minimum of delay and progress was very satisfactory. The Supervisor-engineer-geologist supervised the direction of the drill holes, logged the core, selected samples, and prepared the monthly and final report. Graphic logs submitted with the monthly vouchers were well prepared. The completed drilling quite adequately tested the area between the 400 and 600 level beneath the known ore shoot that had been mined along the 400 level.

The Operator was fortunate in contracting with a driller who was willing to do the drilling for $8.00 per foot, rather than for the $9.00 to $9.50 per foot allowed in the contract. There also was no need for water supply that was estimated to cost $1.75 per foot. The actual drilling necessary was 2,387.5 feet as compared to the original estimate of 2,110 feet. Sufficient funds were in the contract to pay for the increased drilling, mainly because of the lower contracted cost per foot and lack of need for water supply.

REPORTS

The Operator submitted a satisfactory final report on Oct. 6, 1971.

The Government's Report of Review was prepared in Nov. 1971. This report disallowed the $3,750.00 that had been approved for payment of Supervisor-Engineer-Geologist for 2½ months as there was no satisfactory evidence to support actual salary payments to this employee by the Operator. Later, the Operator provided certified true copies of four cancelled checks indicating payment had been made to Bill Hand, Supervisor-Engineer-Geologist, as indicated in the approved vouchers. The Chief, Office of Minerals Exploration transmitted this information with accompanying memorandum to the Regional Director, Audit Operations, Region I, Office of Survey and Review, on Jan. 13, 1972, stating that the evidence supported the Field Officer's approval of the vouchers.

PROJECT RESULTS

Altered, brown, iron-stained zones were found in all of the drill holes; sulfides were sparse and quartz was not abundant. Assay data of drill core samples are as follows (see also Fig. 1):

Hole No.	From (feet)	To (feet)	Au oz/ton	Ag oz/ton
3	164	165	Tr.	Tr.
	273.5	274.6	Tr.	0.6
	274.6	274.9	0.33	177.0
	274.9	277.0	Tr.	1.3
4	258.5	261.0	Tr.	Tr.
	378	383	Tr.	0.1
	385	388	Tr.	0.1
	388.5	391	Tr.	0.3
	391	396	Tr.	Tr.
	396	401	Tr.	0.1
	401	406	Tr.	0.6
	406	411	Tr.	0.2
	411	416	Tr.	0.2
	416	421	Tr.	0.4
	421	423.5	Tr.	1.3
	423.5	428.5	Tr.	0.1
	428.5	433.5	Tr.	Tr.
	433.5	438.5	Tr.	Tr.
	438.5	443.0	Tr.	Tr.
	443.5	453.5	Tr.	0.2

Hole No.	From (feet)	To (feet)	Au oz/ton	Ag oz/ton
5	191.0	192	Tr.	0.1
	247	248	Tr.	0.3
	287.4	288.0	Tr.	0.1
	300	301	Tr.	0.1
	316.5	319.0	Tr.	0.3
	329.0	329.2	Tr.	0.2
6	68.5	69.0	Tr.	0.2
	88.3	89.0	Tr.	0.1
	241.5	241.7	Tr.	0.2
	337.0	337.2	Tr.	Tr.
	398.0	401.0	Tr.	1.7
7	104.8	105.6	Tr.	Tr.
	105.6	107.5	Tr.	Tr.
	120	121	Tr.	0.7
	187.0	187.8	Tr.	0.2
	318.0	318.5	Tr.	4.3
	318.5	322	Tr.	0.5
	322	323	Tr.	1.1
	323	325.2	Tr.	1.7
8	106.0	107.5	Tr.	0.1
	107.5	109.0	Tr.	Tr.
	133.7	136.0	Tr.	Tr.
	173.5	174.0	Tr.	0.3
	195.0	196.3	Tr.	2.1
	196.3	199.5	Tr.	Tr.
	199.5	204.5	Tr.	0.1
	393.0	397.0	Tr.	0.5
	402.0	407.0	Tr.	0.1
	413.7	414.5	Tr.	0.1
	464.5	464.8	Tr.	Tr.
	469.0	474.0	Tr.	Tr.
	482.0	482.5	Tr.	0.2
	483.0	487.0	Tr.	Tr.

The one sample, from between 274.6 and 274.9, in drill hole No. 3 is the only one that contained interesting amounts of silver. Samples of core from either side of the silver-rich one were essentially barren, and there is no reason to assign any ore reserves to the rock penetrated by drill hole No. 3.

Wide zones of iron-stained rock were sampled from all the holes, but there was no indication that extensions of the ore shoot exposed in the 400 level adit had been penetrated by the drilling. There is always the possibility that short or narrow ore shoots exist between the drill-hole vein intercepts, but it is doubtful that an important ore body has been missed.

CERTIFICATION

The Operator was notified in a letter dated Feb. 10, 1972, that the Government did not contemplate issuing a certification of possible production as a result of the work performed under the contract. However, the balance of the Government's contribution under the prior contract (OME-6326, contract 2181), in the sum of $9,466.19 shall be paid to the Government through royalties on production with interest at the rate of 6¼ percent per annum. The period of royalty obligation extends to Jan. 30, 1974.

PRODUCTION AND ROYALTIES

There was no production from the mine during the project and there are no unpaid royalties due to the Government.

The mine was idle in Feb. 1972.

SUMMARY

Six diamond drill holes directed downward at moderate angles from a single surface drill site explored an area about 350 feet long and to a depth of 250 feet below the 400 level. Objective was the extensions of a silver-bearing ore shoot exposed on the 400 level. Zones of altered and iron-stained granite were cut in the drill holes, and sparse sulfides were in some of the rock. Assay data indicate, however, that no minable width of mineralized rock was cut by any of the holes.

No further exploration below the 400 level on the Operator's property is warranted. Perhaps there are other promising exploration objectives elsewhere on the Operator's ground that warrant Government participation. These would require additional study.

Willard P. Puffett

Willard P. Puffett

Enc: Fig. 1 - Plan and section maps of Diamond drill holes, Blue Sky Mining Company's Comet Mine, Sec. 26, T. 4 S., R. 12 W., Beaverhead County, Montana.

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/10/72		120
		220

February 10, 1972

AIRMAIL

Mr. H. L. Patterson
509 Kentucky Avenue
Dillon, Montana 59725

Re: OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana
Contract 2297
and
Prior Contract
OME-6326 (Silver)
Wayne Erickson
Comet, et al., Claims
Beaverhead County, Montana
Contract 2181

Dear Mr. Patterson:

Enclosed is a copy of a self-explanatory letter to the Operator under the subject Contract 2297. This relates to the Lien and Subordination Agreements signed by you on February 27, 1971, under the Office of Minerals Exploration program.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom, and to furnish this office with two true copies of such notice.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
Dockets OME-6326 and OME-6840
OME Region I
OME Reading File
Mr. Kirkemo
130

GLAult/a 2-10-72

Enclosure

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/10/72		120
		220

February 10, 1972

AIRMAIL

Blue Sky Mining Corporation
521 South Washington
Dillon, Montana 59725

Re: OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana
Contract 2297
and
Prior Contract
OME-6326 (Silver)
Wayne Erickson
Comet, et al., Claims
Beaverhead County, Montana
Contract 2181

Gentlemen:

The Government does not contemplate issuing a certification of possible production as a result of the work performed under the first cited contract. However, pursuant to Paragraph 1, Annex II, of Contract 2297, the balance of the Government's contribution under the Prior Contract in the sum of $9,466.19 shall be paid to the Government through royalties on production with interest at the rate of 6-1/4 percent per annum as stated in the Report of Review issued in November 1971. The period of royalty obligation extends from January 30, 1964 to January 30, 1974, or until the total sum is repaid with interest, whichever occurs first. The payment of royalties is secured by a lien upon the land and upon any production therefrom.

Royalty payments should be made in favor of the U. S. Geological Survey and mailed or delivered to the Field Officer, Office of Minerals Exploration, Region I, U. S. Geological Survey, U. S. Courthouse, Room 656, West 920 Riverside Avenue, Spokane, Washington 99201. Each payment should be accompanied by two copies of settlement sheets or other suitable sales evidence showing the date of sale, name of the purchaser, the quantity and grade of the production sold, the price per unit, and the gross proceeds and allowable deductions therefrom. The purchaser should be notified of the Government's royalty on production and directed to pay the royalty, computed as provided in the contract, directly to the Government.

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

Attention is specifically invited to the provisions of Article 2(c) of the Prior Contract referring to the preservation of the Government's royalty rights. Two true copies of any instrument transferring, surrendering, or encumbering any of your company's rights in the lands embraced in the contract shall be furnished to this office.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
Branch of Budget & Finance
Dockets OME-6840 and OME-6326
OME Region I
OME Reading File
Harold Kirkemo
130

HKirkemo/gla 2-10-72

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/24/72		120
		220
		130

January 24, 1972

Memorandum

To: Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6840 (Silver)
Blue Sky Mining Company
Comet Mine
Beaverhead County, Montana
Contract 2297

Enclosed are copies of the Field Officer's letter dated January 21, 1972, transmitting to the Operator a copy of the Report of Review issued in November 1971, and a memorandum, dated January 13, 1972, to the Regional Director, Audit Operations, Region I, Office of Survey and Review, Audit Operations, on the subject contract. A copy of the report is also enclosed for your files.

Harold Kirkemo

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME Docket
OME Region I
Mr. Kirkemo
OME Reading File

GLAult/a 1-24-72

OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 24 1972
INITIAL/SUBJ CODE
Cor 140 ~~140~~
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0 120

January 21, 1972

Mr. Roger C. Pierce, President
Blue Sky Mining Corporation
521 South Washington
Dillon, Montana 59725

Re: OME-6840 (silver)
Blue Sky Mining Company
Comet Mine
Beaverhead County, Montana
Contract 2297

Dear Mr. Pierce:

Enclosed is the Operator's copy of a Report of Review of the subject contract issued in November 1971, with an attached memorandum from the Chief, Office of Minerals Exploration to the Regional Director, Audit Operations, Region I, Office of Survey and Review, Audit Operations.

Sincerely,

Willard P. Puffett
Field Officer, Region I

Enclosure

cc: DRF
OME (2)

WPPuffett/at

OFFICIAL FILE COPY

Date	Surname	Code
1/13/72		120
		220
	1/24/72	120M

JAN 14 1972

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6840 (Silver)
Blue Sky Mining Company
Comet Mine
Beaverhead County, Montana
Contract 2297

Enclosed are the Field Office's and Operator's copies of the Report of Review issued in November 1971 accompanied by copies of my memorandum, dated January 13, 1972, to the Regional Director, Audit Operations, Region I, Office of Survey and Review, Audit Operations. The memorandum substantiates evidence of payment by the Government to the Operator of $3,750.00 for services of the Supervisor-engineer-geologist in accordance with the subject contract terms.

If you concur in the facts as stated in the report and memorandum, one copy should be sent to the Operator with any comments you may care to make, and the other copy retained for your files. As evidence of your concurrence, two copies of your letter transmitting the Operator's copy of the report and memorandum should be furnished this office. If for any reason you do not concur, both copies of the report and memorandum should be returned to this office with appropriate comments.

Harold Kirkemo

Harold Kirkemo

Enclosures

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

GLAult/a 1-13-72

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Chief, Office of Minerals Exploration DATE: December 29, 1971

FROM : Field Officer, Region I

JAN 3 1972

Cal 1 30 M
130
120

SUBJECT: Cancelled checks showing payment for personal services, etc.
OME 6840 (Silver)
Blue Sky Mining Company
Comet Mine
Beaverhead County, Montana
Contract 2297

Attached is certified true copy of four cancelled checks from Blue Sky Mining Company to Bill Hand. Total of the four checks is $3,898.35. The total for Supervisor-Engineer-Geologist claimed on the several vouchers from Blue Sky Mining Company is $3,750.00. To me the attached cancelled checks are adequate documentation that Mr. Hand was paid the $3,750 claimed--I hope that the auditors will agree.

It might be necessary for you to make additional copies of the attachment--I have retained one copy here.

Willard P Puffett

BLUE SKY MINING CORPORATION
521 SOUTH WASHINGTON
DILLON, MONTANA 59725

93-85 JUL 9 1971 93-85

682

July 12 1971 93-85/921

PAY TO THE ORDER OF Bill Hand $300.00

Three hundred dollars and no/100 DOLLARS

FIRST NATIONAL BANK
DILLON, MONTANA

Hazel Pierce, Secy

⑆092⑆0085⑈ 229⑈21⑈

BLUE SKY MINING CORPORATION
521 SOUTH WASHINGTON
DILLON, MONTANA 59725

93-85 AUG 27 1971 93-85

690

August 26 1971 93-85/921

PAY TO THE ORDER OF Bill Hand $200.00

Two hundred dollars and no/100 DOLLARS

Reimb for Bus Frt. & Misc. Exp. 148.35
For Svcs of Engr. Sup. 3,750.00
$3,898.35

FIRST NATIONAL BANK
DILLON, MONTANA

Hazel Pierce, Secy

⑆092⑆0085⑈ 229⑈21⑈

BLUE SKY MINING CORPORATION
521 SOUTH WASHINGTON
DILLON, MONTANA 59725

93-85 SEP 17 1971 93-85

CERTIFIED TRUE COPY:
William M. Hand
William M. Hand

694

Sept. 15 1971 93-85/921

PAY TO THE ORDER OF Bill Hand $1,468.00

One thousand, four hundred sixty-eight dollars and no/100 DOLLARS

FIRST NATIONAL BANK
DILLON, MONTANA

Hazel Pierce, Secy

⑆092⑆0085⑈ 229⑈21⑈

BLUE SKY MINING CORPORATION
521 SOUTH WASHINGTON
DILLON, MONTANA 59725

93-85 OCT 27 1971 93-85

702

Oct 22 1971 93-85/921

PAY TO THE ORDER OF Bill Hand $1,930.35

One thousand, nine hundred thirty dollars & 35/100 DOLLARS

FIRST NATIONAL BANK
DILLON, MONTANA

Hazel Pierce, Secy

⑆092⑆0085⑈ 229⑈21⑈

Standard Form No. 1047
7 GAO 5000
1047-104

PUBLIC VOUCHER FOR REFUNDS

Vo. 21850

U. S. Interior, Geological Survey
(Department or Establishment, Bureau or Office)

Location: Washington, D. C. 20242

Appropriation or Fund:

PAID BY

To
Address
Blue Sky Mining Corp.
521 S. Washington St.
Dillon, Mt. 59725

~~Deposit received~~ Amount withheld from the above-named ~~depositor~~ on October 6, 1971

for ~~pending submission of final report in connection with contract #2297~~

has been applied as herein stated and the balance indicated is returned herewith:

Amount of deposit Sch. #21638 - Aug,Sept. Vo. $ 200.00

Applied as explained in "Remarks" below

Balance authorized to be refunded $ 200.00

Remarks:

Acceptable final report has been submitted per memo from Chief, Office of Minerals Exploration, 10/18/71.

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 22 1971

INITIALS	CODE
Cal	120
gla	130
HR	~~120~~

(Sign original only)

Title

Refund by
Check No.
Cash, $ on (Signature of payee) (Sign original only)
Other method, $, (Describe)

* U.S. GOVERNMENT PRINTING OFFICE : 1960 O—572727

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/18/71		120
		220
		120M
10/18	cal	

OCT 18 1971

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6840 (Silver)
Blue Sky Mining Company
Comet Mine
Beaverhead County, Montana
Contract 2297

The Operator under the subject contract has submitted an acceptable final report. It is recommended that the $200.00 withheld from the Operator's voucher for August-September 1971 be paid to the Operator.

Harold Kirkemo

Harold Kirkemo

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

GLAult/a 10-18-71

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/18/71		120
		220
		120M

OCT 18 1971

Memorandum

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

From: Chief, Office of Minerals Exploration

Subject: Report of Cost Review

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

Docket No.	Operator	Contract No.
OME-6840	Blue Sky Mining Company	2297

Harold Kirkemo

Harold Kirkemo

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

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

GLAult/a 10-18-71

United States Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

October 7, 1971

OFFICIAL COPY
12 1971
Cal 1/28
Fla 1/30
1/20

MEMORANDUM

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Operator's Final Report
OME-6840 (Silver)
Blue Sky Mining Company
Comet Mine
Beaverhead County, Montana
Contract 2297

Enclosed is an acceptable Operator's final report on the subject contract. This fulfills the Operator's obligation under the contract. I recommend that the $200.00 held in suspense from the Operator's August-September 1971, voucher, pending receipt of a final report, be released to him.

A Report of Review is now in order. The accepted units of work completed under the contract are as follows:

Fixed Unit Costs

Drill site preparation	$ 250.00	
Road maintenance during project	250.00	$ 500.00

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization - 1 drill unit	$1,200.00
Diamond core and overburden drilling - 2,387.5 ft. at $8/ft	19,100.00
Reaming and casing - 47 feet at $4/ft	188.00

Lost casing in completed holes - 73 ft. at $2/ft	146.00	
Cementing and redrilling - 58 hrs at $14/hr	812.00	$21,446.00
Category (a) Personal Services		
1 Supervisor-Engineer-Geologist 3-1/8 months at $1,200/month		3,750.00
Category (3) Operating materials and supplies		
Cement, 23 sacks at $8/sack	184.00	
Drill mud, 16 sacks at $2.50/sack	40.00	
Cardboard core boxes, 210 at $1/box	210.00	
Sludge collecting, sampling supplies, and sample sacks	46.00	480.00
Category (7) Miscellaneous		
Office and Accounting expense 2-1/2 months at $75/month	187.50	
Assaying for gold and silver 56 at $5/sample	280.00	467.50
Total accepted cost:		$26,643.50

The work failed to find downward extensions of ore that had been mined on the 400 level. I recommend that there be no Certification of Possible Production. Still outstanding, however, is the Government's lien under a prior contract in the sum of $9,558.09, plus accrued interest at the rate of 6-1/2 percent per annum.

Willard P. Puffett

Willard P. Puffett

Encs.

cc: Director

OPERATOR'S FINAL REPORT

Blue Sky Mining Corporation, Operator
521 S. Washington St. Dillon, Mt. 59725

to

Office of Minerals Exploration
U. S. Courthouse Building Room 656
W. 920 Riverside Building
Spokane, Washington 99201

Docket - OME--~~5840~~ 6840 Silver
Contract 14-08-0001-2297
Contract Amount $32,640.00
Gov/t Participation 75%
Completed Sept. 17, 1971

Historically, from the comming of the white man the white quartz viens on Comet Mountain have challenged his wit. Some of them even "laid their money on the line" to drive a long exploration cross cut some 450 feet below the upper workings. Some of the viens, numbering perhaps seven, make bold impressive outcrops of white quartz showing galena and gree copper carbonate. Selective mining was attempted by taking only part of the viens.

The purpose of this exploration project was to probe the unexplored sections of the Comet Vien 150 feet above the lowest workings and again 150 feet below the upper workings and some 250 feet along the strike. More particularly for the extension of the ore mined on the 400 level and thereabouts. The project required drilling six "BQ" drill holes (yielding 1 7/16 inch core) to a depth of between 300 feet and 500 feet in a fan pattern. Intersection with the vien was from 40° to 60°.

Some 2,387 feet of coring was performed. Most of it in the hard unaltered granite wall rock. Core recovery was about 95% with no question of complete recovery at the vien.

Viens are usually sandwiched between 4 to 10 feet of altered granite in which the orthoclase has been altered to kaolin, the hornblende destroyed, and the biotite altered to muscovite.

Geochemically, from the soils, the viens make poor impressions. Some 18 samples were taken in the "B" soil zone immediately over holes three and four. The result are plotted on that section.

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OCT 6 1971
O. M. E.
SPOKANE, WASH.

OPERATOR'S FINAL REPORT

Reference is made to the accompanying cross sections displaying the drill holes, their intersections with various structures and assays thereof. In all probability the structural pattern is oversimplified. In any event no discovery of ore was evident. Where values exhibited themselves they were far too narrow for profitable extraction.

Also attached is a longitudinal section indicating the hole position as it intersected the vien and the appropriate assays.

Costwise, the entire program of drilling 2,387 feet cost $26,755.40 or about $11.20 per foot. Broken Down in the following items:

Drill site Preparation ----	10½¢ per foot	Mobilization --	50¢ per foot
Rd.Maint. During Proj.	10½¢	Reaming & Case	7½¢
Diamond Core Drilling	$8.00	Lost Casing	6¢
Cententing & Redrilling	34¢	Mud ----------	2¢
Supervisor-Engr.	1.56	Core Boxes	10¢
cement	10¢	Assaying	12½¢
Sludge Collecting & Sampling Supplies ----	2½¢	Office and Accounting	8¢

The total was nearly 20% less than estimated cost and the project was completed in some 40% of the time alloted.

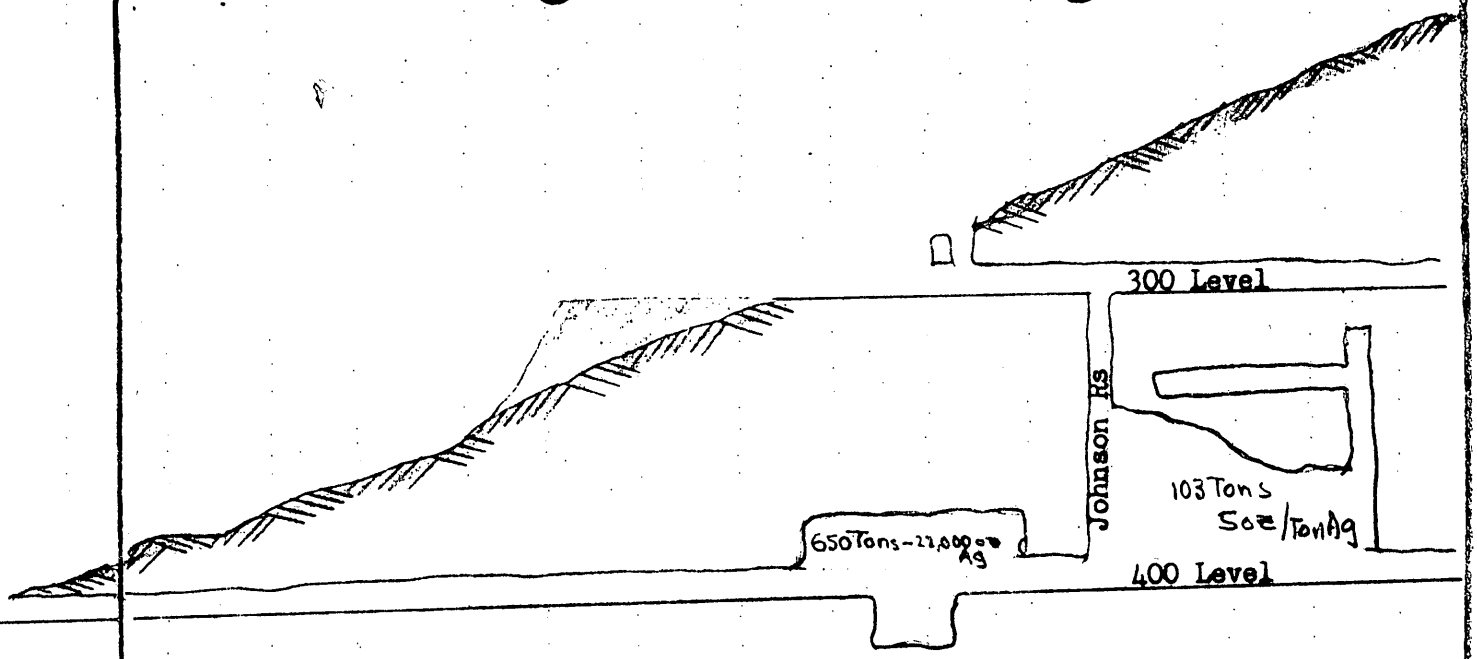
The operator and his staff wish to acknowledge the fine layout and excellent cooperation making possible the smooth execution of the program.

RECEIVED
OCT 6 1971
O.M.E.
SPOKANE, WASH.

Respectfully submitted,

Roger C. Pierce

Roger C. Pierce, President
Blue Sky Mining Corp.
October 1, 1971



Hole No.5
2.5 ft. wide
Tr. oz/ton Gold
0.3 oz/ton Silver

Hole No.3
0.3 ft. wide
0.33 oz/ton gold
177.0 oz/ton Silver

Hole No.7
0.5 ft. wide
Tr. oz/ton Gold
4.3 oz/ton silver

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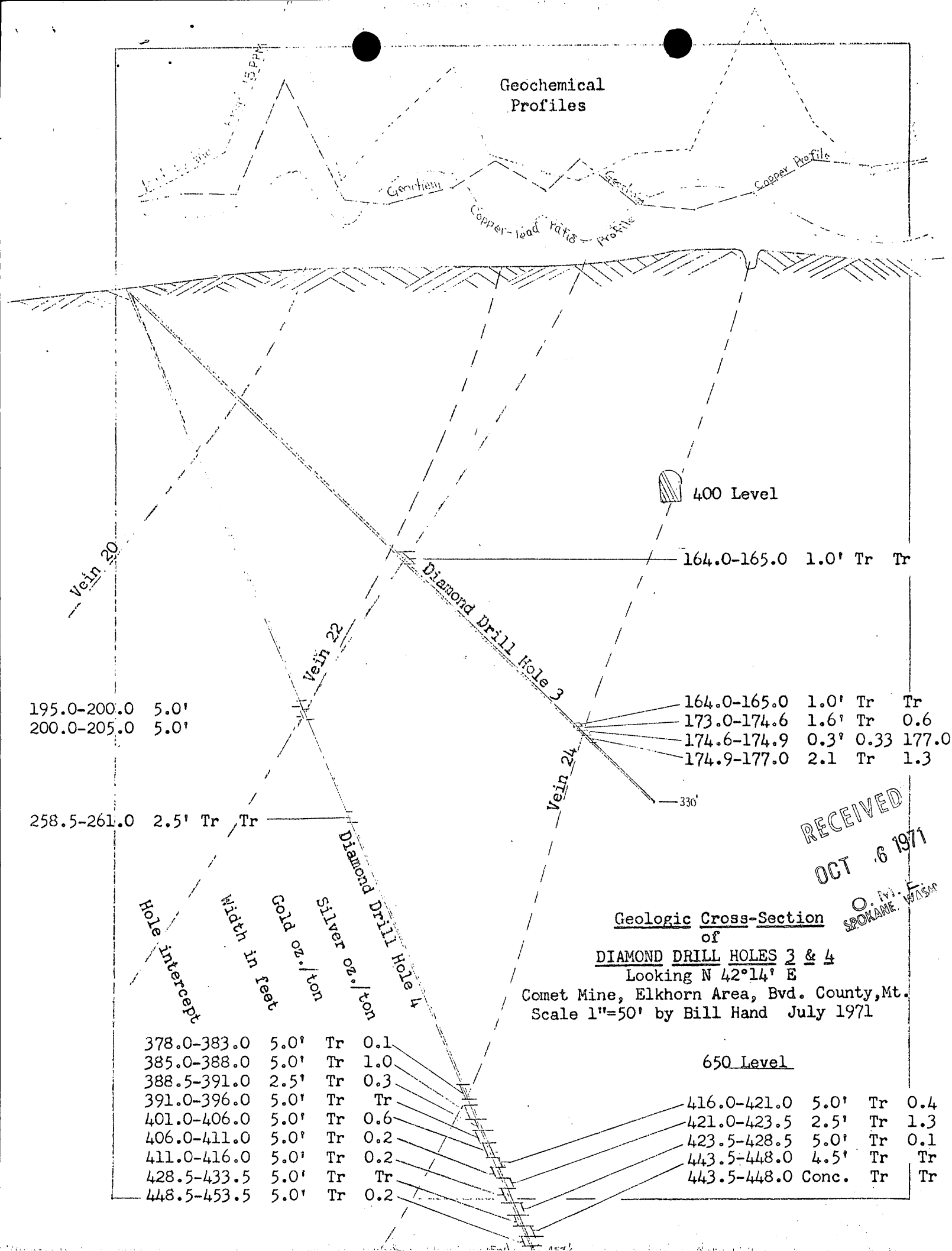
SPOKANE WASH

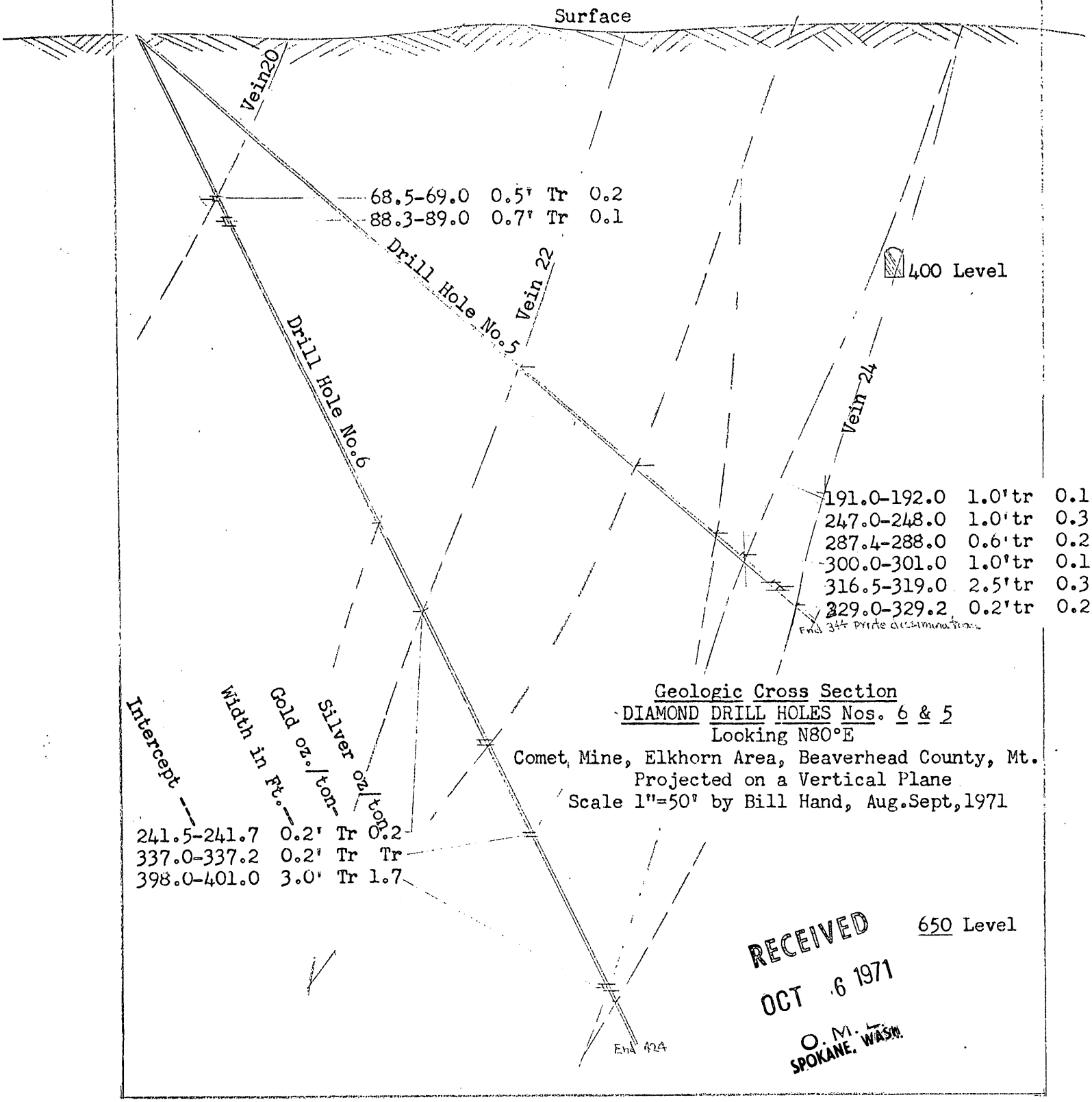
Hole No. 6
3.0 ft. Wide
Tr. oz/ton Gold
1.7 oz. per ton Silver

Hole No.4
2.5 ft. wide
Tr. oz/ton Gold
1.3 oz/ton silver

Hole No.8
5.0 ft.wide
Tr. oz/ton gold
1.0 oz/ton silver

LONG. SEC. SHOWING DRILL HOLES & VALUES 'A-A
Re: Brunton Plan Map
Elkhorn Area, Beaverhead County, Mt. Comet Mine
Looking N 40°W Scale 1"=50' by W.M. Hand Aug-Sept 1971


Geochemical Profiles
Gold Profile
Copper Profile
Copper-lead ratio profile
400 Level
Vein 20
Vein 22
Vein 24
Diamond Drill Hole 3
Diamond Drill Hole 4
164.0-165.0 1.0' Tr Tr
195.0-200.0 5.0'
200.0-205.0 5.0'
258.5-261.0 2.5' Tr Tr
164.0-165.0 1.0' Tr Tr
173.0-174.6 1.6' Tr 0.6
174.6-174.9 0.3' 0.33 177.0
174.9-177.0 2.1 Tr 1.3
330'
Hole intercept
Width in feet
Gold oz./ton
Silver oz./ton
378.0-383.0 5.0' Tr 0.1
385.0-388.0 5.0' Tr 1.0
388.5-391.0 2.5' Tr 0.3
391.0-396.0 5.0' Tr Tr
401.0-406.0 5.0' Tr 0.6
406.0-411.0 5.0' Tr 0.2
411.0-416.0 5.0' Tr 0.2
428.5-433.5 5.0' Tr Tr
448.5-453.5 5.0' Tr 0.2
650 Level
416.0-421.0 5.0' Tr 0.4
421.0-423.5 2.5' Tr 1.3
423.5-428.5 5.0' Tr 0.1
443.5-448.0 4.5' Tr Tr
443.5-448.0 Conc. Tr Tr
Geologic Cross-Section of DIAMOND DRILL HOLES 3 & 4
Looking N 42°14' E
Comet Mine, Elkhorn Area, Bvd. County, Mt.
Scale 1"=50' by Bill Hand July 1971
RECEIVED
OCT 6 1971
O. M. L.
SPOKANE, WASH.



Geologic Cross Section
DIAMOND DRILL HOLES Nos. 6 & 5
Looking N80°E
Comet Mine, Elkhorn Area, Beaverhead County, Mt.
Projected on a Vertical Plane
Scale 1"=50' by Bill Hand, Aug.Sept,1971

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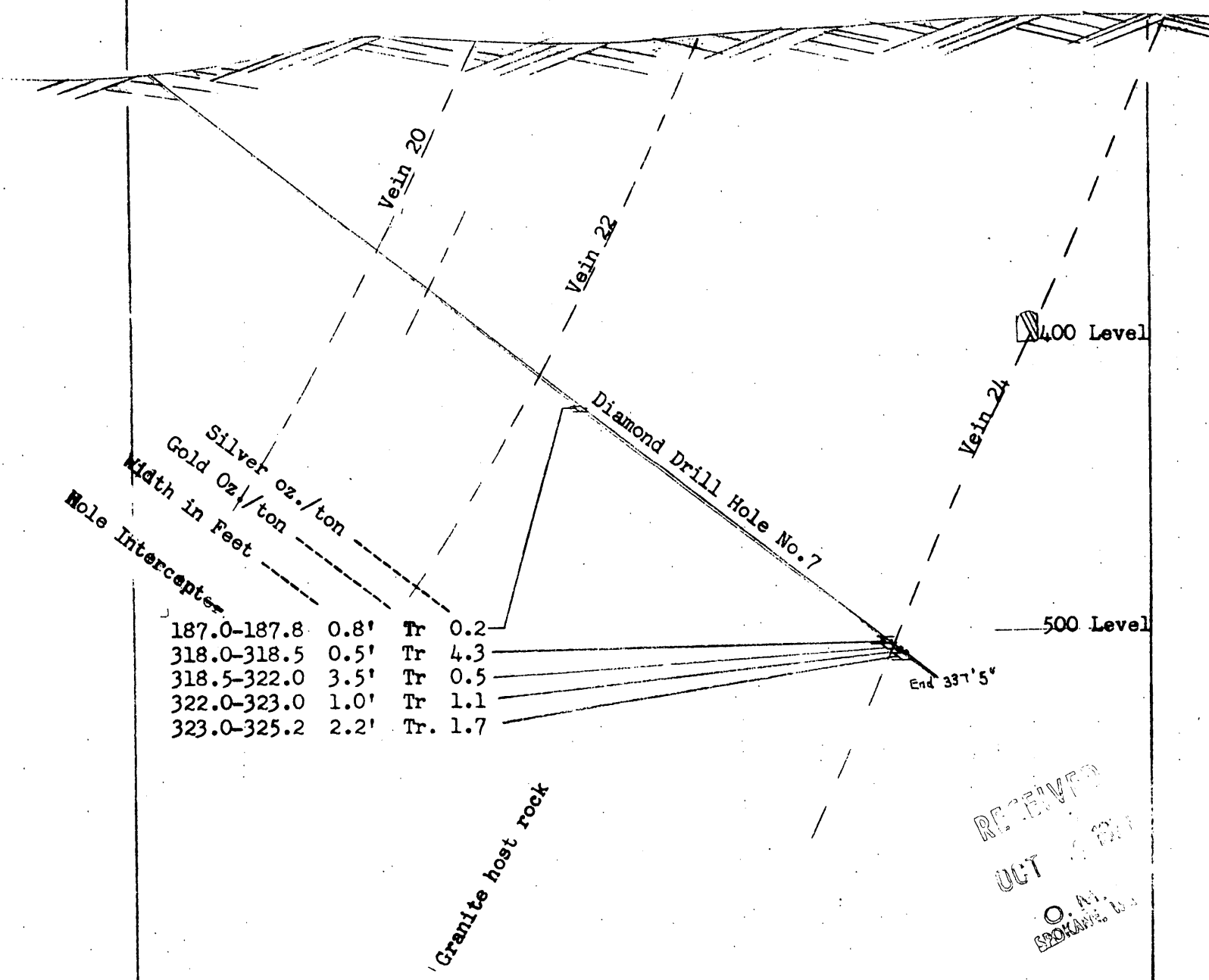
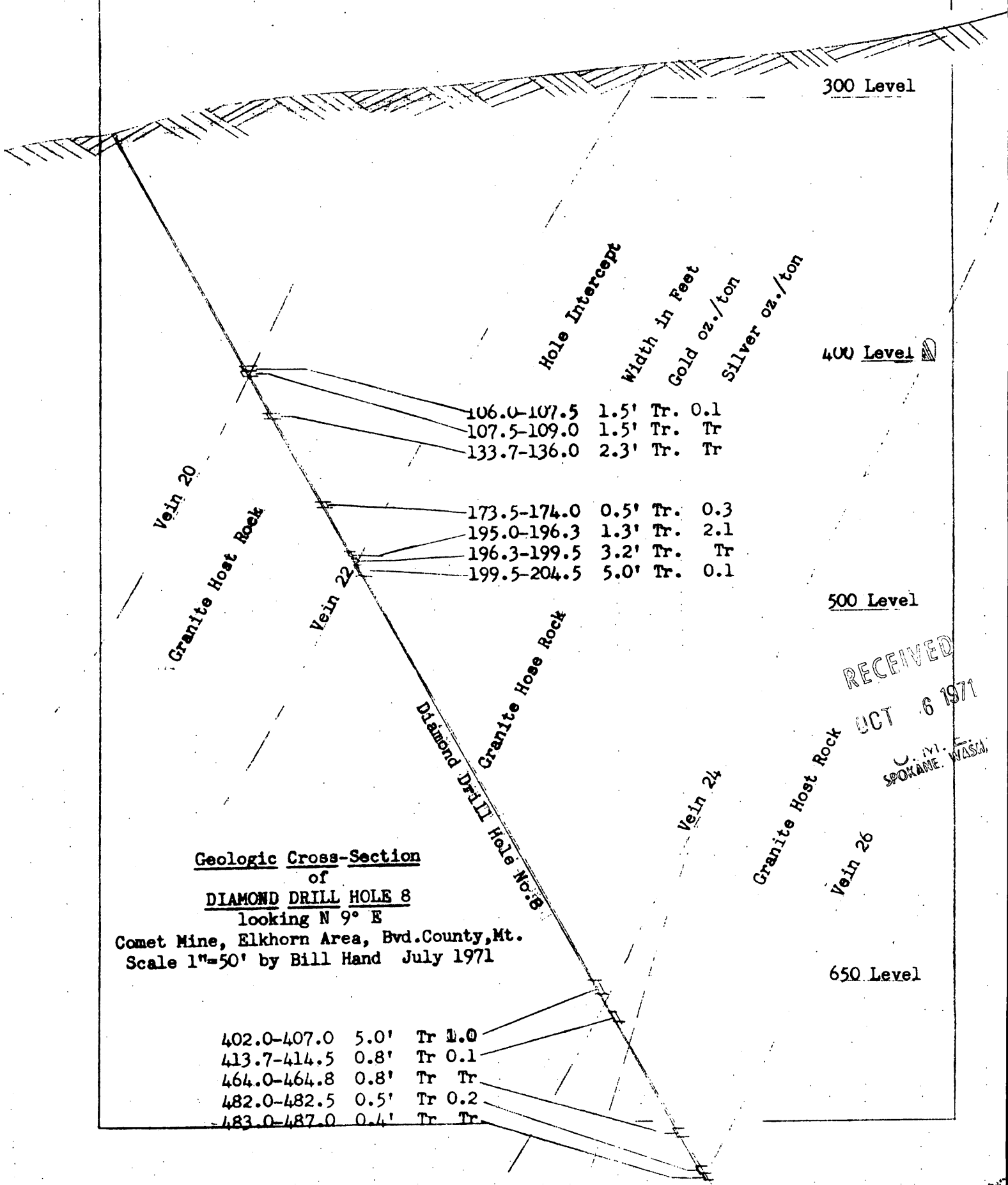
OCT 6 1971
O. M. L.
SPOKANE, WASH.



RECEIVED
OCT
O. M.
SPOKANE

Geologic Cross-Section
DIAMOND DRILL HOLE NO.7
Looking N17°E
Comet Mine, Elkhorn Area, Beaverhead County, Mt.
Projected on a Vertical Plane
Scale 1"=50' by Bill Hand, August 1971



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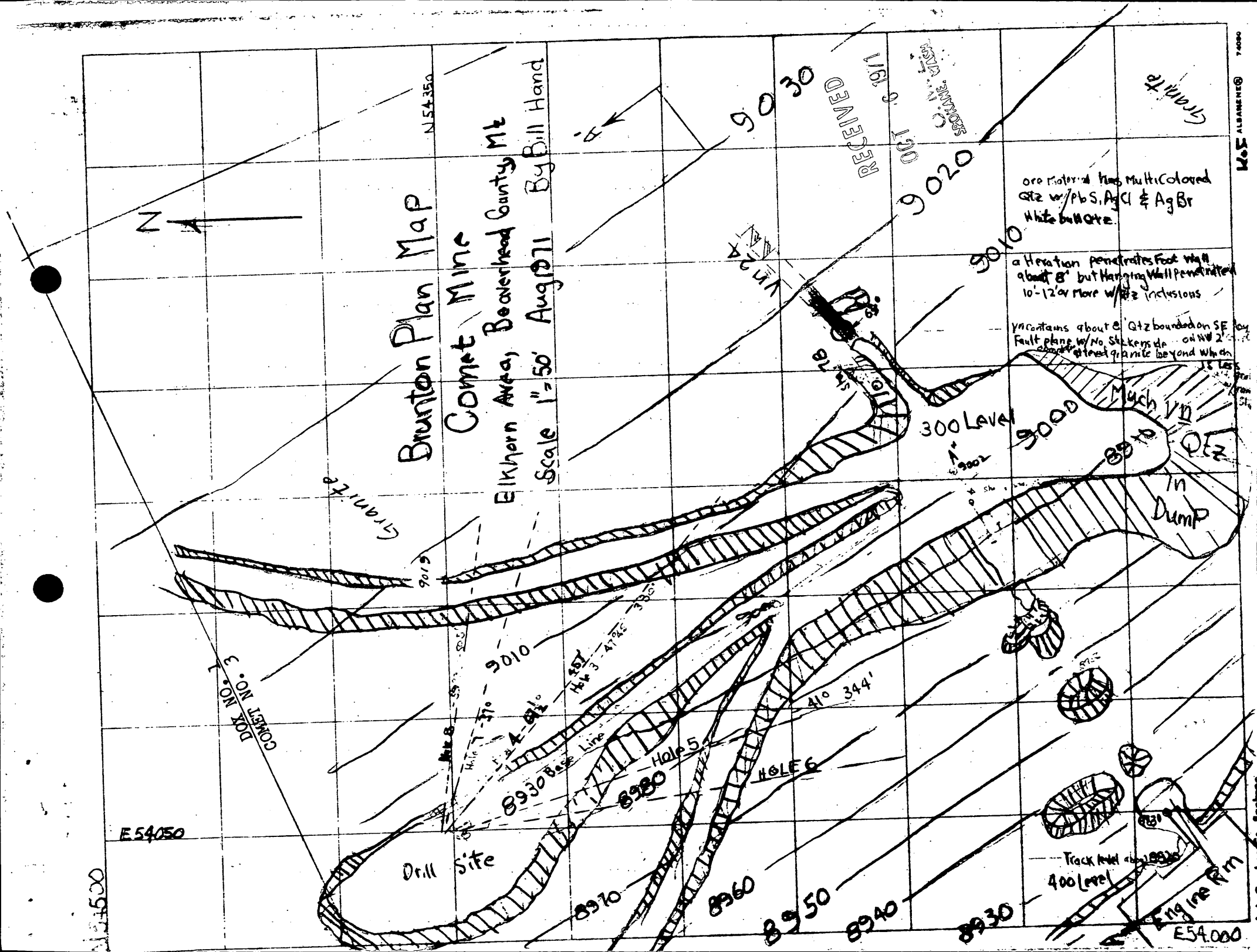
OCT 6 1971
SPOKANE, WASH.


Brunton Plan Map
Comet Mine
Elkhorn Area, Beaverhead County Mt
Scale 1" = 50'
Aug 1971
By Bill Hand
N54350
E54050
E54000
N54500
Granite
Granite
Dump
Drill Site
COMET NO. 1
COMET NO. 3
Hole 5
HOLE 6
Hole 3
Hole 4
Hole 7
8930 Base Line
41° 344'
300 Level
400 Level
Much in Qtz
Qtz in Dump
Engine Rm
Track level
ore material has multicolored Qtz w/ PbS, AgCl & AgBr
White bull Qtz.
a Heration penetrates Foot wall about 8' but Hanging Wall penetrated 10'-12' or more w/ Qtz inclusions
contains about 6' Qtz bounded on SE by Fault plane w/ No Stickensides on NW 2' of altered granite beyond which
9030
9020
9010
9000
8990
8980
8970
8960
8950
8940
8930
RECEIVED
OCT 6 1971
SPOKANE, WASH.

-1648
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ORIGINAL COPY
O. M. E.
RECEIVED
OCT 7 1971

INITIALS CODE

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

RECEIVED
SEP 20 1971
O. M. E.
SPOKANE, WASH.

OPERATOR'S MONTHLY VOUCHER

For Month of AUG.-SEPT. 1971

Docket No. OME- ~~2297~~ 6840 Silver
Contract 14-08-0001 ~~32,640.00~~
Contract Amount $
Gov't. Participation % 75 $ 24,480.00

Operator's Name BLUE SKY MINING CORPORATION
Address %L 521 S. Washington St. Dillon, Mt. 59725

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
		$		$		$		$
Drill Site Preparation	Job		Job	250.00			Job	250.00
Rd. Maint. During Project	Job	250.00	Job	250.00	Job	250.00	Job	250.00
Demobilization	Job	600.00	Job	1,200.00	Job	600.00	Job	1200.00
Diamond Core & Overburden Drilling	768 ft.	6,144.00	2,387.5 ft.	19,100.00	768 ft.	6,144.00	2,387.5 ft.	19,100.00
Reaming and Casing	25 ft	100.00	47 ft.	188.00	25 ft.	100.00	47 ft.	188.00
~~Lost Casing~~	~~73 ft.~~	~~73.00~~	~~73 ft.~~	~~146.00~~				
Lost Casing	73 ft.	146.00	73 ft.	146.00	73 ft.	146.00	73 ft.	146.00
Cementing and Redrilling	13 hrs	182.00	58 hrs	812.00	13 hrs.	182.00	58 hrs.	812.00
Supervisor Engr.	1½ mo.	1,800.00	3 1/8 Mo	3,750.00	1½ Mo.	1800.00	3 1/8 Mo.	3750.00
Cement	7 sks	56.00	30 sks	240.00	—	—	23 sks.	184.00 4/
Mud	11 sks	27.50	16 sks	40.00	11 sks.	27.50	16 sks.	40.00
Core Boxes	73	73.00	236	236.00	47	47.00	210	210.00 4/
Sludge Collecting, Sampling Supplies & Sample Sacks		40.00		55.90		30.10		46.00 4/
Office and Accounting	1½ mo.	93.75	2½ mo.	187.50	1¼ Mo.	93.75	2½ Mo.	187.50
Assaying for Gold & Silver	23	115.00	60	300.00	~~23~~ 19	~~115.00~~ 95.00	wrr 50 ~~60~~	~~300.00~~ 280.00 3/ 300.00
								wrr 2/
TOTALS		$ 9,627.25		$ 26,755.40		$ 9,535.35 wrr		$ 26,643.50

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

Date September 18, 1971 Payee BLUE SKY MINING CORPORATION

Per Roger C. Pierce Title President

Roger C. Pierce

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature Willard P. Puffett 9/20/71
OME Field Officer Date

7136.51 (63)1-4 X 080-4
200.00 1-4 X 6875 (08)

Approved for: $ 6936.51
(SUBJECT TO AUDIT)

Signature MS

Date OCT 6 1971 Vou. No. 21638

(SEE OTHER SIDE)

FOR OPERATOR'S USE	FOR GOVERNMENT USE
REMARKS	REMARKS
	1] Disallowed 7 sacks cement at $8/sack, 26 core boxes at $1/box, and $9.90 of sludge collecting and sampling supplies because category (3) total should not exceed $480.00 2] Withhold $200.00 from payment until receipt of Operator's final report. 3] Disallowed costs of 4 assays because receipts show only 19 samples assayed.

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

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

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

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

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: Blue Sky Mining Corp.
521 S. Washington St.
Dillon, Mt. 59725

Amount Claimed:	Differences (Explained Below)	Amount Approved
9,627.25	111.90	9,515.35 7,136.51 Govt. Part. Less 200.00 * 6,936.51
Bu. Voucher No.	Payee's Invoice No.	Period
	Docket #6840 Contract #2297	Aug. Sept. 1971

EXPLANATION

Category (3) - Contract allowed $480.00 Claimed $571.90

Claimed		Allowed			Disallowed
30 sks Cement	240.00	23 sks	184.00		56.00
236 Core Bxs	236.00	210 Bxs	210.00		26.00
Sludge	55.90		46.00		9.90
23 Assays	115.00	19	95.00	Receipts show only 19 Assays	20.00
					111.90

*Withholding $200.00 pending receipt of final report.

Any reclaim for items deducted must be included as a separate item on subsequent monthly voucher and supported by the original of this statement.

Branch of Budget and Finance

OPERATOR'S NARRATIVE REPORT
Blue Sky Mining Corporation
521 S. Washington St. Dillon, Mt. 59725
for
the Months of August and September 1971

to
Office of Minerals Exploration
U. S. Courthouse Building Room 656
W. 920 Riverside Avenue
Spokane, Washington 99201

Hole No. 6 was collared on August 6, 1971 and was satisfactorily completed on August 20, 1971 at a depth of 424 feet of BQ hole. Some mechanical difficulties were encountered (hydraulic) and temparary Summer help returned to school and other persuits. Vein #4 was crossed as white barren quartz from 397 to 405 feet. A three foot split assayed a trace in gold and 1.7 oz. silver per ton.

The machine was then positioned and inclined for Hole No.5 on August 21, 1971. The entire Udy crew took a few days off and moved a drill rig onto another job. Drilling was not resumed until August 28th. Work was again interupted by an indicated shortage of water on September 1 but the problem was resolved and ernest drilling was begun on September 2nd. With persistance and long hours the hole was drilled to a depth of 344 ft. of BQ and satisfactorily completed on September 4, 1971 at 11:45 P.M. Values were extremely low about 0.3 oz. silver per ton.

Core recovery again exceeded 95% on no sludge was recovered.

This marked the end of a program completed in about one third the time and substancially less than the anticipated cost. Surely this is a credit to both the Government and the operator.

Respectfully submitted,

BLUE SKY MINING CORPORATION
Roger C. Pierce
Roger C. Pierce, Pres.

William M. Hand, P. E.
30 S. Arizona St.
Dillon, Montana 59725

September 17, 1971 406-683-4420

STATEMENT OF ACCOUNT
with

Blue Sky Mining Corporation
521 S. Washington St.
Dillon, Mt. 59725

Re: OME Contract No. 14-08-0001-2297
Contract Docket No. OME-5840 Silver
Comet Mine, Comet Mt. Elkhorn Area
Beaverhead County, Montana

For the Months of August- September 1971

Catagory (2) Personal Services
Supervisor-Engineer-Geologist
August 7 to Sept. 17, 1971
1½ Months at $1,200 per month ——— $1,800.00

Category (7) Misc. Office and Accounting Exp.-Aug.7 to Sept.17, 1971

Aug.9	Printing	6.50	
Aug.11		16.00	
Aug.27		7.60 *	
		$ 30.10	30.10
Aug.10	Office Supplies&Postage		
Aug.10		.65	
Aug.9		1.33	
~~11~~		1.60	
11		2.50	
13		1.22	
26		.97	
Sept.9		2.10	
9		.64	
Sept.17	printing	8.50	
Aug 24		3.54*	
Sept 17		4.00*	
		27.05	27.05
Aug 14	BusFrt and Misc.		
Aug 14		1.55*	
Aug.~~26~~ (26)		1.65*	
		3.20	3.20

Core House Rent and Protection Aug.7 to Sept. 17, 1971
1½ Mo. at $40 per Mo. ——— 50.00

$ 1,900.30

Certified True Copy
William M. Hand
William M. Hand

UDY CORE DRILLING

Box 84

Leadore, Ida. 83464

September 7, 1971 208-768-2483

STATEMENT OF ACCOUNT
with

Blue Sky Mining Corporation
521 S. Washington St.
Dillon, Mt. 59725

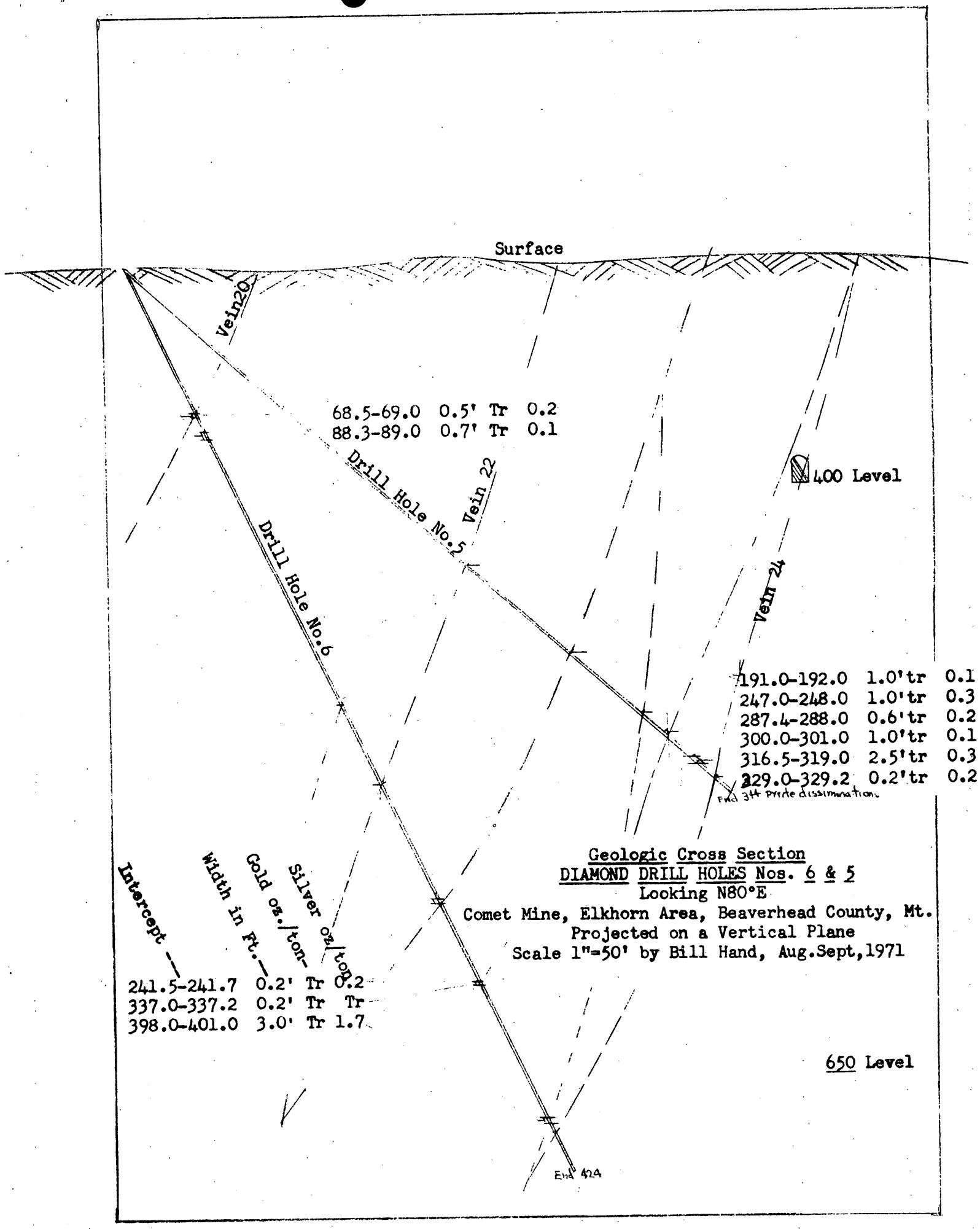
Drilling Project OME 6840 Silver - Comet Mt., Beaverhead County, Mt.

Out Mobilization	$600.00	600.00
Agust 6 through Augsut 20, 1971 DRILLING HOLE NO. 6		
424 Feet Diamond Core Drilling at $8per foot of BQ		3,392.00
Reaming and Casing 15 ft. at $4 per foot		60.00
7 hrs of Cementing and Redrilling at $14 per hr.		98.00
4 Bags of Cement at $8 per bag		32.00
2 Sacks of Drill Mud at $2.50 per sack		5.00
41 Core Boxes at $1 ea.		41.00
August 21 through Aug. or Sept. 4, 1971 DRILLING HOLE NO. 5		
344 feet of Diamond Core Drilling at $8 per foot of BQ		2,752.00
Reaming and Casing - 10 ft at $4 per foot		40.00
Cementing and Redrilling - 6 hrs. at $14 per hr.		84.00
Cement -- 3 Bags at $8 per bag		24.00
Drill Mud -- 9 sacks at $2.50 per Sack		22.50
32 Core Boxes at $1 ea.		32.00
Sludge Collecting and Sampling Supplies		40.00
Lost Casing in Completed holes 73 feet at $2 per foot		146.00
		[redacted]
		$ 7,368.50

SUMMARY

Demobilization	$600.00
Dia.Core & Overburden Drilling	6,144.00
Reaming and Casing	100.00
Lost Casing in Completed Holes	146.00
Cementing & Redrilling	182.00
Cement	56.00
Mud	27.50
Cardboard Core Boxes	73.00
Sludge Collecting & Sampling	40.00
	$ 7,368.50

Certified True Copy
David Udy
David Udy



Geologic Cross Section
DIAMOND DRILL HOLES Nos. 6 & 5
Looking N80°E
Comet Mine, Elkhorn Area, Beaverhead County, Mt.
Projected on a Vertical Plane
Scale 1"=50' by Bill Hand, Aug.Sept,1971

PM 8840 Silver
Contract 14-08-0001-2297
Amount 32,640.00
Govt Partic. 75%

Blue SKY Mining Corporation
521 S. Washington Street
Dillon, Montana 59725

July August 1971

DIAMOND DRILL HOLE LOG

Property: COMET MINE
Location: Elkhorn Polaris Area
Beaverhead Co. Mt.

Coord. Collar ~~XXXXXXX~~ N54,350
~~XXXXXXXXX~~ E54,050
Collar Elevation: 8990ft.

Date Started Aug. 21, 1971
Date Completed Sept.4 1971

Hole No. 5
Bearing at Collar S16° ° 15'E
Inclination at Collar 41°

Length 344 Feet. 36 Boxes
Core Size BQ
NQ= 1 7/8"
BX= 1 5/16"
BQ= 1 7/16"
Logged by: Bill Hand

Graphic Log Legend

Occurance: In Pioneer Stock
Texture: Granitoid

Rock: Granite
Color: Felsic

Major Feldspar: Orthoclase
Mafic Minerals: Horneblende & Biotite

Felsic Minerals: Quartz
Orthoclase

Ore Minerals:
a. Quartz
b. iron
c. Galena
c. Pyrolusite (Drendites)

Observed Structures:
a. Jointing
b. Faulting on joints

Degrees of Alteration Noted:
a. Unaltered Gr. = "Bird's Eye"
b. Blurred pinkish Orthoclase Crystals
c. Orthoclase softy and Claylike
d. Horneblende to red FeO Bloches
e. Biotite to muscovite

Survey

Footage	Bearing	Inclination

Notes and Conclusions:

This hole was satisfactorily completed with delays for manqpower and water.
Core recovery was 97.29%.
No ore values were encountered.

Hole No. 5 Cover Sheet of 5 Sheet

Oxide Zone
Wall Rock- Granite Aug.-Sept.1971

Assays Sludge Intercept	Wd	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns	Description Vns. Min'ation Falts	Assays Core Intercept	Wd.	Au	Ag	Pb	Cu
Note: Hole 6 was begun by orienting Drilling Machine and cementing the ~~ET~~ collar on Aug. Sat. 21, 1971 ~~As of Aug. 24 - 11:00 AM no actual drill had been preformed. Assume that entire Udy Crew (Tom had gone to Poc., Ida. to return to college) had gone to Myer's Cove, Ida. to initate a drilling Job.~~ and would soon return										0 10			Aug.31- A.M. Call at the drill disclosed that the ususal first 20 feet was difficult owing to decomposed granite - the hole was at a depth of 24 ft. ~~Aug. Ratther Sept.1- call from R.Pierce saying that = water was short and asked me to investigate. Arrived at 10:+ - A.M. Less Udy said he~~ was pulling trailer hse to Ida. would be ~~ga~~ back when we provided water for drilling. ~~Invest.on hill disclosed lots of water at 600 level -had to be hauled about 0.9 mi. req.9 min.~~ one way to drill site. Also Water running to site amounted to about 1 gpm and with fussin increased to 2 gpm.						
1st contact made Aug.27,71 Less Udy to arive Aug.28th in time to go to work 8:00AM needed Helper-Arranged with Cliff Renz to help for week or so. Pay 2.50 per hr. & bod. and rm.						Bird's eye granite except ½" vn at 21' w/No ore w/slight alt. at 13'	10'	4½"	9.80	20		32 Rec 30°	Sept.2- Roger Pierce & Seff Personally inspected Water Situation - Found Flow had increased to 4 gpm due to recent storm. Water was no problem. Less Udy Arrived morning Drilled ahead 10'-						
						No alt. No Vns	9'	9"	9.67	30		14 Rec 60°	Sept.3- Drilling proceed Satisfactorily - To 24 Sept.4. Drilling						
Both Less Udy & Renz arrived as stated. Aug.28th & collard hole in Cement. Tripod had to be ~~fo~~ ammended (Needed Saw) & Water line from SanFrancisco gave insufficient water (plugged) Appraisal of Water source indicated that sufficient water was avail. to drill the hole-perhaps some delay would be encountered waiting for water.						"Bird's eye" granite	10'	3"	9.44	40		32 Rec	No Mineralization						
						Bird's eye" granite 40-52 w/ 18" apilite 42.5-44 — No Matics alt. at To 59 w/ 1" Qtz cutting hole at 70° at 55' alt. Blends into ~~apilite~~ apilite from 57-59 Then into Barren Jointed granite 59' to 80'	40	Measured Turns - 1" 2 turns	30.0 ft	50 60 70		do. 50° 60° 70° Rec	1" Qtz @ 55. Shows No ore Mineral cuts hole at 65						

Hole No. 5 Sheet 1st of 5 Sheets

Oxide Zone
Wall Rock- Granite Aug.-Sept. 1978

Assays Intercept	Sludge .Wd	.Au	.Ag	.Pb	.Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns Description Vns. Min'ation Faults	Assays Core Intercept	Wd.	Au	.Ag	.Pb	.Cu
						Bird's eye granite		3' 7" 37	37.6%	70		No Mineralization						
										80		1/2" Qtz + FeO at 96' Cuts hole at 55° 3/8" Qtz + FeO at 83' Cuts hole at 70° Seams are vesiculate FeO stained Qtz show no sign of Ore Minerals ∴ Not assayed						
						slight blurring of the Crg - otherwise Just a highly Jointed Bird's eye Granite No appreciable alt. around Qtz seams	20'		19.5%	90								
										100								
						Bird's eye granite to 101' Then No Matics alt To 104 — 104 to 107 alt. grades out			19.1%		Unaltered	No Mineralization						
						Then "Bird's eye" Remaining	19'	19' 1 3/4"		110								
						Bird's ~~Eye~~ eye granite To 130' — 130 - 131.5' No Matics alt. - alt. grades out at 135 - Then Bird's eye to 6" Broken Zone at 144' Then Partially alt. (Matics Remain) to 149'	30'	27' 4 3/4"	27.3%	120		No Mineralization						
										130								
						Must have lost Core from 119 to 124				140								

Hole No. 5 Sheet 2nd of 5 Sheets

after CRX 1968

Oxide Zone
Wall Rock- Granite Aug.-Sept. 1978

Assays Sludge Intercept	.Wd	.Au	.Ag	.Pb	.Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns	Description Vns. Min'ation Faults	Assays Core Intercept	Wd.	Au	.Ag	.Pb	.Cu
										140									
146. Sept. 3- 8:00 PM.										138.6	5' missing								
						Complete alt. 153-155				150									
						Mostly Bird's eye Gr.				160			No Mineralization						
						Some aplite at 169' about 1'				170									
						Some slight alt 174-176				176									
						Bird's eye granite				180			No Mineralization						
						alt. Broken off of Core at 194' Cutting hole at 60°				190				191-192	1.0	Tr.	0.1		
						ortho to kaolin alt 195-196 Then Bird's eye				200			Insignificant Qtz Seam 0.2ft at 208.5 Remain bird's eye Cut hole at 80° No ore minerals						
										210									

Hole No. 5 Sheet 3rd of 5 Sheets

Oxide Zone
Wall Rock- Granite Aug.-Sept. 1978

Assays Sludge Intercept	.Wd	.Au	.Ag	.Pb	.Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft.	Grafic Log	Vns	Description Vns. Min'ation Felts	Assays Core Intercept	Wd.	Au	.Ag	.Pb	.Cu
										210									
						Unaltered "Bird's Eye" To 228 Then altered w/ black min Present to 233 but ortho Kaolinized	19.3	17.1	18.0625	220	unaltered Colored by Mistake	4.2	No Mineralization						
						Slight alt. but Blk. Minerals Persist (Bio) to 243 Then intermittent alt to 245 - Then Complete w/ Qtz 247-248 Then Complete gr. alt.	18	18.10	18.895	240	Altered	5.1	White Bull Qtz at 248 Shows Some Color but No PbS						
										250			White Bull Qtz 247-248 Cut Hole at 80°	247 248	1.0	Tr	0.3		
						Complete alt throughout 7' apilite at 259	19'	18.74	18.605	260	altered	4.3	highly altered but Nothing worth assaying						
						Complete alt. all Blk Minerals Gone	19'	18.74	18.695	270	altered	5.1	Qtz cutting hole at 287.4 at 60°	287.4 288.0					
										280									

Hole No. 5 Sheet 4 of 5 Sheets

alta 18x 1968

Wall Rock Dissiminations are primary
Wall Rock is Granite 37

Assays Intercept	Sludge .Wd	.Au	.Ag	.Pb	.Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns Description Vns. Min'ation Falts	Assays Core Intercept	Wd.	Au	.Ag	.Pb	.Cu
284	Sept. 4 - 5:00 PM					Complete alt. all Mafic Minerals gone				280	core	0.6' Qtz Vn Cutting hole at 60° at 287.4						
										27 0.753								
										1W 278' Pole 62								
						alteration Complete few B.O. Cry 295 & 299				290		Sulfide in epitite 271 292	291 292	1.0	Tr	0.1		
						Muscovite in Qtz at 300	15'	15'8"	15.68		altered	Thing only Apite Cuts hole at 80°						
										300		Vn Qtz 300 - 301 No ore Minerals Cuts hole at 45°	300 301	1.0	Tr	XXX 0.1		
											altered	intermittant disminated Sulfides about 0.1% of Rx from 307 - 312 - very few visable from ~~316.5 -~~ 312 to 316.5	307 312					
						alteration to 309 Then Mafic Minerals begin Both hornblende & Continue to 321 Material Completely Oxidized 320-332 Maybe reason lacks pyrite because it is Red to Pink				310		Then Start at 316.5 & Continue Thru 319 1/2" Qtz Seam - w/No ore Minerals 322.5 Cuts hole at 80°	316.5 319	2.5	Tr	0.3		
										320								
									36.5	415		0.2' Qtz w/ No ore Minerals at 329' Cuts hole at 60°	329	0.2	Tr	0.2		
						Mafic Minerals appear at 330 & continue to 340 alteration to 343 with Birds eye again at 344	40	37' 6"		330		No Sulfide 330 - 340						
												0.1' Vn Qtz at 342 w/No ore Minerals apparent. Cuts hole at 80°						
										340								
										344.5								
										323 3.8833 333.00	Core hole	97.29% Rec						

Hole 5 completed 11:55PM Sept.4, 1971
Weather good. Water supply heldup good.
Difficult to determine when vien was completely cut owing to intermittant alteration &qtz.

after CRX 1968

Hole No. 5 Sheet 5 of 5 Sheets

OME 6840 Silver
Contract 14-08-0001-2297
Amount 32,640.00
Govt Partic. 75%

Blue SKY Mining Corporation
521 S. Washington Street
Dillon, Montana 59725

July August 1971

DIAMOND DRILL HOLE LOG

Property: COMET MINE
Location: Elkhorn Polaris Area
Beaverhead Co. Mt.

Coord. Collar ~~N 54,000~~ N54,350
~~E 54,000~~ E54,050
Collar Elevation: 8990ft.

Date Started Aug. 6 1971
Date Completed Aug. 20 1971

Hole No. 6
Bearing at Collar S 9 °E
Inclination at Collar 64°

Length 424 Feet.
Core Size BQ
NQ= 1 7/8"
BX= 1 5/16"
BQ= 1 7/16"
Logged by: Bill Hand

Graphic Log Legend

Occurance: In Pioneer Stock
Texture: Granitoid

Rock: Granite
Color: Felsic

Major Feldspar: Orthoclase
Mafic Minerals: Horneblende & Biotite

Felsic Minerals: Quartz
Orthoclase

Ore Minerals:
a. Quartz
b. iron
c. Galena
c. Pyrolusite (Drendites)

Observed Structures:
a. Jointing
b. Faulting on joints

Degrees of Alteration Noted:
a. Unaltered Gr. = "Bird's Eye"
b. Blurred pinkish Orthoclase Crystals
c. Orthoclase softy and Claylike

d. Horneblende to red FeO Bloches
e. Biotite to muscovite

Survey

Footage	Bearing	Inclination

Notes and Conclusions:

1. Only one major altered zone was encountered at Vn 24. No ore minerals were noted.
2. This hole was satisfactorily completed.

Hole No. ____ Cover Sheet of ____ Shee

Assays Sludge Intercept	Wd.	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft.	Grafic Log	Vns Description Vns. Min'ation Faults	Assays Core Intercept	Wd.	Au	Ag	Pb	Cu
						Hole 6 ~~Started~~				0								
						March Ravenhill												
Did Not Need Anchor						1:30 - 5:00 PM Aug 6												
5:00 PM Aug - Rain & lightning						- abandoned site												
										10								
						very slightly alt. but ~~but~~ due to surface						No introduced Mineralization						
						very highly jointed			9.167									
										20								
Aug 10 - 3:00 PM - Pivoted Dodge ~~Pa~~ Bolts to hydraulic pump on drill failed - Possibly pump bearings out						alteration w/hornblende remaining			9.735			No Mineralization introduced						
										30								
						about 1' of no Hornblende alt at 45° crossing hole at ~~90~~ — insignificant — on talc seam w/ ~~fault~~ fault			9.584									
						unaltered except at 48.5' ~~Seam~~ - 3" band of ~~alt~~ complete alteration Bio To Musc. Vugs for Hornblend			9.459	40		alt. cut hole at 45° But can observe no Mineralization 1/4" Mud seam crossing hole at 45°						
						unaltered Bird's eye granite To 57 Then low Melico in SiO_2 granite (apalites)			9.396	50		No Mineralization						
						~~But's eye granite 58-63'~~				60		Barren to V^s Qtz @ 68.5 to 69						
						Then increasing alteration To V^s at 58.5'			9.625				68.5 69	0.5	tr	0.2		
						56.939 Core - 4 Sheets				70								

Hole No. 6 Sheet 1 of 6 Sheet

Assays Intercept	Wd.	Au	Ag	Pb	Cu	Slides	Description (Lithology, Alteration, Miss.)	Recovery Drill Run	Core	%	Ft.	Grafic Log	Vns Description Vns, Min'ation Faults	Assays Core Intercept	Wd.	Au	Ag	Pb	Cu
											70	altered	Burn in cuttings hole at about 60° No Mineralizat						
							altered (Mafic Minerals missing to 74' Then 3' aplite	9'	9'4"	9.333		altered							
							Then small Granite												
							Slightly altered but highly Jointed Face open Joints w/ slight Slickensides - Hornblende Throughout	9'	9'11"	9.0833	80	altered	No introduced Mineralization						
							altered somewhat Throughout ~~but w/ Hornblende~~ alt. grading out at 97'	10'	9'4"	9.977	90	altered	Qtz. 88.3' to 89' But No ore Minerals	88.3 89'	0.7	Tr.	0.1		
at 95' Aug 13 - 85 MM Drill helper per Randy left to W. Aug 14. Drill repaired by robbing hydraulic pump from other drill							Had trouble here core missing for No Reason - except drill hydraulic problems little alteration 18" of aplite about 100' Balance 'Bird's eye'	18'	9'6"	9.500	100	unaltered	No apparent Mineralizat						
							unaltered Bird's eye Granite	15'	9'3"	9.25	110		No Mineralization						
							altered (Mafic 116-118) slightly altered	8.5	9'4"	9.33	120	unaltered	No Mineralizat.						
							unaltered "Bird's eye" granite	10'	9'6"	9.416	130	unaltered	No Mineralization						
											122.8253' core 127' hole	140							

Hole No. 6 Sheet 2 of 2 Shee

Assays Intercept	Sludge Wd.	.Au	.Ag	.Pb	.Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft.	Grafic Log	Vns Description Vns. Min'ation Faults	Core Intercept	Wd.	Au	.Ag	.Pb	.Cu
						unaltered unbroken Tonk Stone granite	10	9'6"	9.52	140	unaltered	No Mineralization						
						Poorly Jointed & altered Bird's eye granite	9.5'	9'10½"	9.875	150	unaltered	No Mineralization						
						Locked Core barrel @ 170 on Vug 2" Seam in otherwise unaltered granite Vugs due to alt & dissipation of Matic Minerals	9.5'	9'5½"	9.459	160	unaltered	No Mineralization						
						Highly Jointed & slightly altered all Mafic Minerals are in tact	10'	9'3¼"	9.292	170		No introduced Mineralization						
						Jointed but unaltered Bird's eye granite	9.5'	9'6½"	9.542	180		No Mineralization						
Shows evidence of Drilling problems Core lost B/N hole ??						~~Shows evidence~~ unaltered Bird's eye	9.5'	9'5½"	9.416	190	unaltered	No Mineralization						
Shows that core was not in hole						194-200' Pretty Much ~~200~~ unaltered gr. w/ 2-6" Strips of apilite (Fine gr. gr) No Bottom	9.5'	9'6"	9.60	200	unaltered	Alteration pattern Same as that for Vn but No Qtz - ore minerals						
apparently a Vug at 206 attempted to ream out						alteration - No Mafics 203-207 Then Bird's eye	10'	8'9¼"	8.77	206.5 / 210		alteration from hanging wall of Vn 203-207						

Hole No. 6 Sheet 3 of 6 Sheet

Assays Sludge Intercept	Wd.	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns Description Vns. Min'ation Faults	Assays Core Intercept	Wd.	Au	Ag	Pb	Cu
							198.1993' Core			210		1A 203.5' hole						
						Slight altered & Jointed but Mostly unaltered	8.5'	9'11"	9.187	220		No introduced Mineralization						
						From unaltered at 222 grades into No Matics at 229.5-231	9'	9'5"	9.416	230	unaltered	No Un Qtz						
Aug 15 - 7:30 PM - 236 anticipate hydraulic problems! Magrego how from Spok						~~No Matics alteration~~ ~~240~~ 240-241 Previous Pretty much unaltered w/ 3" appilite 132	10'	9'4½"	9.375	240	unaltered	No introduced Mineralization						
						No Matic alt. 141-143 Then Bird's ~~eye~~ eye	8'	9'3"	9.25			2" Qtz Vn on 20° angle w/hole at 242 No ore Mineral. apparent	241.5 241.7	0.2	Tr.	Tr.		
						Poorly Jointed unaltered "Bird's eye"	10'	9'4"	9.33	250	unaltered	No Mineralization						
						unaltered unjointed Granite	10'	9'3⅞"	9.531	260	unaltered	No Mineralization						
						slight alteration at 273 Gen. Tombestone	9.5'	9'8⅝"	9.697	270	unaltered	No Mineralization						
						263.9883' Core				280		1A 268.5' Hole						

Hole No. 6 Sheet 4 of 6 Sheets

898-308 Box 31

Description (Lithology, Alteration, Struc.)	Drill Hole	Depth	Assay	Depth	Graphic Log	Vis. Description Min. Mineralization	Interval	Wt.	Au	Ag	Pb	Cu
unaltered Poorly Jointed	10'	9'83"	9.697	280	unaltered	No Mineralization						
unaltered & Poorly Jointed To 287 Then Slightly altered	9.5'	9'54"	9.599	290	unaltered	No Mineralization						
Complete alt. To 304 — No Bio. No Metics — Kaolination at 302 Then Bird's eye	8'1"	8'11"	8.916	300		Rock Marked 300-302 Could have Values But No ore Minerals are apparent	300 302					
Bird's eye granite No alteration	10'	10'2"	10.166	310		No Mineralization						
Bird's eye granite No Alteration	10'	10'3"	10.25	320		No Mineralization						
gradually increased alteration until Kaolination at 335'	10'	9'72"	9.382	330		although Alt. Pattern favorable - See No ore Minerals						
Extreme alt. at fault gouge at 337 Then Grade Back into Bird's Granite	10'	9'4"	9.33	340		~~6" fault gouge at 337'~~ has 1" Colored qtz	337 337.2	Tr.	0.4			
331.2783' Core in 336 hole				350								

Hole No. [illegible] Sheet 5 of 6 Sheets

Assays Sludge Interval	Cu	Au	Ag	Pb	Zn	Description Lithology, Alteration, Miscl.	Recovery Drill Run	Core	%	Ft.	Graphic Log		Vns Description Vns. Min'ation Pyrite	Assays Core Interval	Wd.	Au	Ag	Pb	Zn
						No alteration	10'	9' 11½"	P.960	350	unaltered	24 Pyr	No Mineralization						
Seam Sm most all Matrix are Biotite						Slight alt for 12' at 163' otherwise Bird's eye	10.5'	10'2"	1.166	360	unaltered	28 Pyr							
						highly Jointed Slightly alt. granite	10'	9'2"	9.166	370	unaltered	39	No Mineralization						
						Bird's eye grand Throughout	10'	9'10"	9.955	380	unaltered	41 Pyr	No Mineralization						
						unaltered to 146 Then alteration Begins 30° w/hole	10'	11'½"	1.046	390	Un altered	34 Pyr	No Mineralization although Un Begins						
						alteration Complete ~~Some Qtz~~ replacement	10'	9'9½"	9.37	400		32 Pyr	Un Qtz 397-405 Can distinguish No ore Minerals Cut drill hole at 45° & 60°	398-401	3.0'	Tr	1.7		
410.23 Core in 414' hole						alteration persists ~~Fat~~ To Qtz at 413'	7.5'	7'5"	9.416	410		35 Pyr	Mostly Qtz Replaced Qtz at 413' No ore Minerals						
Aug 20 - 12:00 AM Balanced hole						No Matrix alt. to 420 Then intermittent Apilite & Bio. Mica Crystals	10'	9'2"	9.589	420			No Mineralization						
Aug 20 - 1:00 PM After 18.5 Core						Finished hole 424'				424		22 Pyr							

Hole No. 6 Sheet 6 of 6 Sheets

ESTABLISHED IN 1909

OFF. PHONE 406/442-3770

Western Laboratories

ASSAYERS

ANALYTICAL CHEMISTS

SHIPPERS REPRESENTATIVES

46 SOUTH LAST CHANCE GULCH • P. O. BOX 537 • HELENA, MONTANA 59601

HORACE HAND
MANAGER

Sept. 14, 1971

HAND SAMPLE

Blue Sky Mining

DESCRIPTION		GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	Per Cent	Per Cent	Per Cent
#5	191-192	Trace	0.1						
	247-248	Trace	0.3						
	287.4-288	Trace	0.2						
	300-301	Trace	0.1						
	316.5-319	Trace	0.3						
	329-329.2	Trace	0.2						
#6	398-401	Trace	1.7						
CHARGES:									

CERTIFIED TRUE COPY
WESTERN LABORATORIES
Stephen T. Carlisle

*Gold not deducted
N.D.—None Detected
Total Charges $

WESTERN LABORATORIES
[redacted]

By Stephen T. Carlisle

ESTABLISHED IN 1909

OFF. PHONE 406/442-3770

Western Laboratories

HORACE HAND
MANAGER

ASSAYERS

ANALYTICAL CHEMISTS

SHIPPERS REPRESENTATIVES

46 SOUTH LAST CHANCE GULCH • P. O. BOX 537 • HELENA, MONTANA 59601

August 30, 1971

Blue Sky Mining Inc.

HAND SAMPLE

DESCRIPTION		GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	Per Cent	Per Cent	Per Cent
OME #6	68.5-69	Trace	0.2						
	88.3-99	Trace	0.1						
	241.5-241.7	Trace	Trace						
	337-337.2	Trace	0.4						
CHARGES:									

CERTIFIED TRUE COPY
WESTERN LABORATORIES

*Gold not deducted
N.D.—None Detected
Total Charges $ 22.00

WESTERN LABORATORIES
[redacted]

By [signature]

4

ESTABLISHED IN 1909

OFF. PHONE 406/442-3770

Western Laboratories

ASSAYERS

ANALYTICAL CHEMISTS

SHIPPERS REPRESENTATIVES

46 SOUTH LAST CHANCE GULCH • P. O. BOX 537 • HELENA, MONTANA 59601

HORACE HAND
MANAGER

August 9, 1971

Blue Sky Mining Inc.

HAND SAMPLE

DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	Per Cent	Per Cent	Per Cent
OME #7 104.8-105.6	Trace	Trace						
105.6-107.5	Trace	Trace						
120-121	Trace	0.7						
CHARGES:								

CERTIFIED TRUE COPY
WESTERN LABORATORIES

*Gold not deducted
N.D.—None Detected
Total Charges $16.50

WESTERN LABORATORIES
[redacted]

By [signature]

4

ESTABLISHED IN 1909

OFF. PHONE 406/442-3770

Western Laboratories

ASSAYERS

ANALYTICAL CHEMISTS

SHIPPERS REPRESENTATIVES

46 SOUTH LAST CHANCE GULCH • P. O. BOX 537 • HELENA, MONTANA 59601

HORACE HAND
MANAGER

August 12, 1971

Blue Sky Mining Co.

HAND SAMPLE

DESCRIPTION		GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	Per Cent	Per Cent	Per Cent
CME #7	187-187.8	Trace	0.2						
	318.0-318.5	Trace	4.3						
	318.5-322.0	Trace	0.5						
	322.0-323	Trace	1.1						
	323-325.2	Trace	1.7						
CHARGES:									

CERTIFIED TRUE COPY
WESTERN LABORATORIES
H. Hand

*Gold not deducted
N.D.—None Detected
Total Charges $27.50

WESTERN LABORATORIES
[redacted]

By H. Hand

4

United States Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

September 22, 1971

MEMORANDUM

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Final inspection
OME-6840 (Silver)
Blue Sky Mining Company
Comet Mine
Beaverhead County, Montana
Contract 2297

I made a final inspection of the subject project on Thursday, Sept. 16, 1971, during which I conferred at his home with Mr. Bill Hand, Engineer, and then the two of us drove to Argenta, Mont., to inspect the core which is stored in a locked shed.

The core is stored in 246 core boxes. Aggregate hole length is 2,387.5 feet. Total cost of the project, as tentatively approved on the final voucher is $26,643.50, or $5,996.50 less than originally estimated. Cause of the decreased cost is lower unit cost for drilling and lack of need for water supply at an estimated $1.75 per foot.

The drilling successfully intersected altered but only sparsely mineralized vein zones. Fifty six samples were assayed with very discouraging results. The work did not indicate an extension of the known ore shoot below the 400 level.

The final voucher arrived at our office on Sept. 20, 1971, and has been transmitted to Washington, D. C. Mr. Hand had about completed the final report, which we should receive in a few days.

Willard P. Puffett

Willard P. Puffett

cc: Director

FORM 9-1648
MARCH 1968

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

HR 9/27/71

OPERATOR'S MONTHLY VOUCHER

For Month of JULY 1971

Docket No. OME- 68 8640 Silver
Contract 14-08-0001 2297
Contract Amount $ 32,640.00
Gov't. Participation % 75 $ 24,480.00

Operator's Name BLUE SKY MINING CORPORATION
Address 521 S. Washington St. Dillon, Mt. 59725

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
		$		$		$		$
Drill Site Preparation			Job	250.00			Job	250.00
Mobilization Sch# 20614		600.00	Job	600.00	Job	600.00	Job	600.00
Diamond Core and Overburden Drilling	1,619.5 ft.	12,956.00	1,619.5 ft.	12,956.00	1619.5 ft	12,956.00	1619.5 ft	12,956.00
Reaming & Casing	22 Ft.	88.00	22 ft.	88.00	22 ft	88.00	22 ft.	88.00
Cementing & Redrilling	45 Hrs.	630.00	45 Hrs.	630.00	45 hrs.	630.00	45 hrs.	630.00
Supervisor-Engineer	1¼ Mo.	1,500.00	1 5/8 Mo.	1,950.00	1¼ Mo.	1,500.00	1 5/8 Mo	1,950.00
Cement	23 sks.	184.00	23 sks	184.00	23 sks.	184.00	23 sks.	184.00
Mud	5 sks	12.50	5 sks	12.50	5 sks.	12.50	5 sks.	12.50
Core Boxes	163	163.00	163	163.00	163	163.00	163	163.00
Sampling Supplies (Frt. Included)		15.90		15.90		15.90		15.90
Office and Accounting	1¼ Mo.	93.75	1¼ Mo.	93.75	1¼ Mo.	93.75	1¼ Mo.	93.75
Assaying for Gold and Silver	37	185.00	37	185.00	37	185.00	37	185.00
			HR					
		164 28.15						
TOTALS		$15,828.15		$ 17,128.15		$16,428.15		$ 17,128.15

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

Date August 25, 1971 Payee Roger C. Pierce
Blue Sky Mining Corporation
Per Roger C. Pierce Title President
R. C. Pierce

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature Willard O Ruffett 8/25/71
OME Field Officer Date

(63) 14X0804

Approved for: $12,321.11
(SUBJECT TO AUDIT)

Signature MO

Date SEP 8 1971 Vou. No. 21158

(SEE OTHER SIDE)

FOR OPERATOR'S USE	FOR GOVERNMENT USE
REMARKS	REMARKS 1 original & suspense statement for voucher 20614 submitted with original of this voucher.

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

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

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

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

WILLIAM M. HAND

PROF. ENGR.

30 S. ARIZONA ST.

DILLON, MT. 59725
406-683-4420

August 7, 1971

Statement of Account
with

Blue Sky Mining Corporation
521 S. Washington St.
Dillon, Mt. 59725

Re: OME Contract No. 14-08-0001-2297
Docket No. OME-6840 Silver
Comet M ine, Beaverhead County, Montana

Month of July 1971

Catagory (2) Personal Services		
Supervisor-Engineer-Geologist		
July 1 to Aug.7, 1971		
1.25 Months at $1,200.00 per Mo. ----------	$ 1,500.00	1,500.00
Category (3) Operating Materials and Supplies		
July 1 to Aug. 7, 1971		
July 19 -Sacks Purchased ----------	3.00	
July 27 - Bags purchsed(both bundles -paper)	2.15	
July 1 to Aug.1 Bus Frt. for Samples	10.75	
		$ 15.90
Sludge Collecting and Sampling Supplies		
Aug. 3 (Core Splitting Supplies _Dia.Saw) --	30.00	
		$ 30.00
Category (7) Miscellaneous		
July 1 to Aug.7 Assaying for Gold and Silver		
Re: Assay Certificates		
July 1 to Aug.7 - Office and Accounting Expense		
Printing ----------	31.74	
Office Supplies	5.83	
Postage and Misc.	10.45	
Core Hse-Office Rent & Protection		
1¼ Months at $40 per Mo. -------	50.00	
		$ 98.02

Certified True Copy
William M. Hand
William M. Hand

INTERMOUNTAIN TRANSPORTATION COMPANY

DESTINATION STATION: Helena, Mont

ISSUING COMPANY: 41 065

CONSIGNEE: Western Lab

PHONE: 442-3770

STREET ADDRESS:

Please call on arrival

CONSIGNEE NOTIFIED: MO. DAY YR. TIME A. P.

NO. OF PIECES: 2 | PKG. | BOX | CTN. | ENV. | SACK | LUG'GE | OTHER

DECL. VALUE $ | ACTUAL WT. M LBS. | TARIFF WT. LBS.

CONTENTS: Rocks

SHIPPER'S NAME: Bill Hand

STREET ADDRESS:

ORIGIN CITY & NAME: Dillon, Mont.

ROUTING
INSERT EACH COMPANY'S ABBREVIATION AND JUNCTION POINT ON LINES BELOW

COMPANY	TO
IMT	

FORWARDING AGENT: JKK

MO.	DAY	YR.	TIME
7	25	71	6 A.

EXPRESS CHARGES	$	1 65
CHARGES ADVANCED	$	
PICK UP CHARGES	$	
DELIVERY CHARGES	$	
VALUE CHARGES	$	
SUB TOTAL	$	
STATE TAX	$	
TOTAL PREPAID	$	1 65

SUBJECT TO TARIFF REGULATIONS

(NOT NEGOTIABLE) LIABILITY: The carrier will not pay over $50.00 for any shipment of 100 pounds or less, or 50¢ per pound actual weight for any shipment in excess of 100 pounds, unless a greater value is declared and charges for such greater value paid. Maximum valuation any one shipment is limited by tariff.

1 SHIPPER'S RECEIPT PREPAID

INTERMOUNTAIN TRANSPORTATION COMPANY

DESTINATION STATION: Helena Montana

ISSUING COMPANY: 41 077

CONSIGNEE: Western Lab.

PHONE: 442-3770

STREET ADDRESS:

CONSIGNEE NOTIFIED: MO. DAY YR. TIME A. P.

NO. OF PIECES: 1 | PKG. | BOX | CTN. | ENV. | SACK | LUG'GE | OTHER

DECL. VALUE $ | ACTUAL WT. 4 LBS. | TARIFF WT. LBS.

CONTENTS: Please Call

SHIPPER'S NAME: Bill Hand

STREET ADDRESS:

ORIGIN CITY & STATE: Dillon Montana

ROUTING
INSERT EACH COMPANY'S ABBREVIATION AND JUNCTION POINT ON LINES BELOW

COMPANY	TO
IMT	

FORWARDING AGENT: J. W.

MO.	DAY	YR.	TIME
7	28	71	9:15 A.

EXPRESS CHARGES	$	2 15
CHARGES ADVANCED	$	
PICK UP CHARGES	$	
DELIVERY CHARGES	$	
VALUE CHARGES	$	
SUB TOTAL	$	
STATE TAX	$	
TOTAL PREPAID	$	2 15

SUBJECT TO TARIFF REGULATIONS

(NOT NEGOTIABLE) LIABILITY: The carrier will not pay over $50.00 for any shipment of 100 pounds or less, or 50¢ per pound actual weight for any shipment in excess of 100 pounds, unless a greater value is declared and charges for such greater value paid. Maximum valuation any one shipment is limited by tariff.

1 SHIPPER'S RECEIPT PREPAID

INTERMOUNTAIN TRANSPORTATION COMPANY

DESTINATION STATION: Helena, Mt.

ISSUING COMPANY: 41 079

CONSIGNEE: Western Labs

PHONE: 442-3770

STREET ADDRESS:

CONSIGNEE NOTIFIED: MO. DAY YR. TIME A. P.

NO. OF PIECES: 1 | PKG. | BOX X | CTN. | ENV. | SACK | LUG'GE | OTHER

DECL. VALUE $ | ACTUAL WT. 7 LBS. | TARIFF WT. LBS.

CONTENTS: Rock

SHIPPER'S NAME: Bill Hand

STREET ADDRESS:

ORIGIN CITY & STATE: Dillon, Mont.

ROUTING
INSERT EACH COMPANY'S ABBREVIATION AND JUNCTION POINT ON LINES BELOW

COMPANY	TO
IMT	

FORWARDING AGENT: JKK

MO.	DAY	YR.	TIME
7	29	71	9 A.

EXPRESS CHARGES	$	2 15
CHARGES ADVANCED	$	
PICK UP CHARGES	$	
DELIVERY CHARGES	$	
VALUE CHARGES	$	
SUB TOTAL	$	
STATE TAX	$	
TOTAL PREPAID	$	2 15

SUBJECT TO TARIFF REGULATIONS

(NOT NEGOTIABLE) LIABILITY: The carrier will not pay over $50.00 for any shipment of 100 pounds or less, or 50¢ per pound actual weight for any shipment in excess of 100 pounds, unless a greater value is declared and charges for such greater value paid. Maximum valuation any one shipment is limited by tariff.

1 SHIPPER'S RECEIPT PREPAID

INTERMOUNTAIN TRANSPORTATION COMPANY

DESTINATION STATION: Helena, Mont.

ISSUING COMPANY: 41 082

FORWARDING AGENT: JKK

CONSIGNEE: Western Labs

PHONE:

STREET ADDRESS:

CONSIGNEE NOTIFIED — MO. DAY YR. TIME A. P.

MO. 7 DAY 30 YR. 71 TIME 10 A. P.

NO. OF PIECES: 1 — PKG. BOX CTN. ENV. ~~SACK~~ LUG'GE OTHER

DECL. VALUE $

ACTUAL WT. 5 LBS.

TARIFF WT. LBS.

CONTENTS: Rock

SHIPPER'S NAME: Bill Hand

STREET ADDRESS:

ORIGIN CITY & STATE: Dillon, Mont.

ROUTING
INSERT EACH COMPANY'S ABBREVIATION AND JUNCTION POINT ON LINES BELOW

COMPANY	TO
IMT	

EXPRESS CHARGES $	2 15
CHARGES ADVANCED $	
PICK UP CHARGES $	
DELIVERY CHARGES $	
VALUE CHARGES $	
SUB TOTAL $	
STATE TAX $	
TOTAL PREPAID $	2 15

1 SHIPPER'S RECEIPT — PREPAID

(NOT NEGOTIABLE) SUBJECT TO TARIFF REGULATIONS
LIABILITY: The carrier will not pay over $50.00 for any shipment of 100 pounds or less, or 50¢ per pound actual weight for any shipment in excess of 100 pounds, unless a greater value is declared and charges for such greater value paid. Maximum valuation any one shipment is limited by tariff.

INTERMOUNTAIN TRANSPORTATION COMPANY

DESTINATION STATION: Helena Montana

ISSUING COMPANY: 41 090

FORWARDING AGENT: J. W.

CONSIGNEE: Western Labs

PHONE:

STREET ADDRESS:

CONSIGNEE NOTIFIED — MO. DAY YR. TIME A. P.

MO. 8 DAY 2 YR. 71 TIME 9:20 A. P.

NO. OF PIECES: 1 — PKG. ~~BOX~~ CTN. ENV. SACK LUG'GE OTHER

DECL. VALUE $

ACTUAL WT. 5 LBS.

TARIFF WT. LBS.

CONTENTS:

SHIPPER'S NAME: Bill Hand

STREET ADDRESS:

ORIGIN CITY & STATE: Dillon Montana

ROUTING
INSERT EACH COMPANY'S ABBREVIATION AND JUNCTION POINT ON LINES BELOW

COMPANY	TO
IMT	

EXPRESS CHARGES $	2 15
CHARGES ADVANCED $	
PICK UP CHARGES $	
DELIVERY CHARGES $	
VALUE CHARGES $	
SUB TOTAL $	
STATE TAX $	
TOTAL PREPAID $	2 15

1 SHIPPER'S RECEIPT — PREPAID

(NOT NEGOTIABLE) SUBJECT TO TARIFF REGULATIONS
LIABILITY: The carrier will not pay over $50.00 for any shipment of 100 pounds or less, or 50¢ per pound actual weight for any shipment in excess of 100 pounds, unless a greater value is declared and charges for such greater value paid. Maximum valuation any one shipment is limited by tariff.

ESTABLISHED IN 1909

OFF. PHONE 406/442-3770

Western Laboratories

ASSAYERS

ANALYTICAL CHEMISTS

SHIPPERS REPRESENTATIVES

46 SOUTH LAST CHANCE GULCH • P. O. BOX 537 • HELENA, MONTANA 59601

HORACE HAND
MANAGER

July 27, 19[illegible]

Blue Sky Mining Co.

HAND SAMPLE

DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	Per Cent	Per Cent	Per Cent
[illegible] [illegible] 164-165	Trace	Trace						
173-174.6	Trace	0.6						
174.6-174.9	0.33	177.0						
174.9-177	Trace	1.3						
					Certified True Copy			
CHARGES:						4.00		

*Gold not deducted
N.D.—None Detected
Total Charges $ 22.00

WESTERN LABORATORIES
[redacted]

By H. Hand

4

ESTABLISHED IN 1909

OFF. PHONE 406/442-3770

Western Laboratories

HORACE HAND
MANAGER

ASSAYERS

ANALYTICAL CHEMISTS

SHIPPERS REPRESENTATIVES

46 SOUTH LAST CHANCE GULCH • P. O. BOX 537 • HELENA, MONTANA 59601

August 8, 1971

Blue Sky Mining Co.

HAND SAMPLE

DESCRIPTION		GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	Per Cent	Per Cent	Per Cent
DDH #14	423.5-428.5	Trace	0.1						
DDH #4	378-383	Trace	1.0						
	385-390	Trace	1.0						
	388.5-391	Trace	0.3						
	391-396	Trace	Trace						
	396-401	Trace	0.1						
	401-406	Trace	0.6						
	406-411	Trace	0.3						
	411-416	Trace	0.2						
CHARGES:									

CERTIFIED TRUE COPY
WESTERN LABORATORIES

*Gold not deducted
N.D.—None Detected
Total Charges $

WESTERN LABORATORIES

[redacted]

By

4

ESTABLISHED IN 1909

OFF. PHONE 406/442-3770

Western Laboratories

ASSAYERS

ANALYTICAL CHEMISTS

SHIPPERS REPRESENTATIVES

46 SOUTH LAST CHANCE GULCH • P. O. BOX 537 • HELENA, MONTANA 59601

HORACE HAND
MANAGER

August 8, 1973

Nye Mining Co.

HAND SAMPLE

DESCRIPTION		GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	Per Cent	Per Cent	Per Cent
CHE 14	416-421	Trace	0.4						
	421-423.5	Trace	1.3						
	420.5-423.5	Trace	Trace						
	423.5-429.5	Trace	Trace						
	426.5-429.5	Trace	Trace						
	429.5-433.5	Trace	Trace						
CHARGES:									

CERTIFIED TRUE COPY
WESTERN LABORATORIES

*Gold not deducted
N.D.—None Detected
Total Charges $12.50

WESTERN LABORATORIES

[redacted]

By

4

ESTABLISHED IN 1909

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Western Laboratories

ASSAYERS

ANALYTICAL CHEMISTS

SHIPPERS REPRESENTATIVES

46 SOUTH LAST CHANCE GULCH • P. O. BOX 537 • HELENA, MONTANA 59601

HORACE HAND
MANAGER

August 5, 1972

Alma Mtg Mining

HAND SAMPLE

DESCRIPTION		GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	Per Cent	Per Cent	Per Cent
Core #4	250.5-261	Trace	Trace						
	449.5-453.5	Trace	0.2						
	448.5-453.5 Core	Trace	Trace						
Core #3	106-107.5	Trace	0.1						
	107.5-109	Trace	Trace						
	133.7-136	Trace	Trace						
	173.5-174	Trace	0.2						
	195-196.3	Trace	2.1						
	196.3-199.5	Trace	Trace						
CHARGES:									

CERTIFIED TRUE COPY
WESTERN LABORATORIES

*Gold not deducted
N.D.—None Detected
Total Charges $

WESTERN LABORATORIES
[redacted]

By

4

ESTABLISHED IN 1909

OFF. PHONE 406/442-3770

Western Laboratories

ASSAYERS

ANALYTICAL CHEMISTS

SHIPPERS REPRESENTATIVES

46 SOUTH LAST CHANCE GULCH • P. O. BOX 537 • HELENA, MONTANA 59601

HORACE HAND
MANAGER

Report to [illegible]

Blue Sky Mining Co.

HAND SAMPLE

DESCRIPTION		GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	Per Cent	Per Cent	Per Cent
[illegible]	199.5-204.5	Trace	0.1						
	393-397	Trace	0.5						
	402.0-407	Trace	1.0						
	414.5-419.7	Trace	0.1						
	419.7-424.5	Trace	0.8						
	464-464.8	Trace	Trace						
	469-474	Trace	Trace						
	482-482.5	Trace	0.2						
	483-487	Trace	Trace						
CHARGES:									

CERTIFIED TRUE COPY
WESTERN LABORATORIES

*Gold not deducted
N.D.—None Detected
Total Charges $ [illegible].00

WESTERN LABORATORIES
[redacted]

By

4

UDY CORE DRILLING

Box 84

Leadore, Ida. 83464

August 6, 1971 — 208-768-2483

STATEMENT OF ACCOUNT
with

Blue Sky Mining Corporation
521 S. Washington St.
Dillon, Montana 59725

(AMENDED AUG. 20, 1971)

Drilling Project
Re: OMEGA Silver Comet Mt., Beaverhead County, Montana

June 28 to July 3, 1971 Mobilization	$600.00	600.00
July 6 to July 17, 1971 Drilling No. 3 Hole		
320 feet Coring at $8 per ft Nq & Bx	$ 2,560.00	
14 Bags of Cement at $8 per Bag	112.00	
21 Hrs. Cementing & Redrilling @ $14 per hr.	294.00	
3 - 50 Lb. Bags of Drill mud at $2.50 Ea.	7.50	
22 Ft. of Reaming at $4 per foot	88.00	
32 Core Boxes at $1 ea.	+ 32.00	
	3,093.50	3,093.50
July 18 to July 25th, 1971 Drilling Hole No. 4		
457 Feet at $8 per foot for Coring Bq	3,656.00	
4 Bags of Cement at $8 Ea.	32.00	
8 Hrs. of Cementing and Redrilling at $14/hr.	112.00	
2 Bags of Mud at $2.50 Ea.	5.00	
46 Core Boxes at $1 ea.	46.00	
	3,851.00	3,851.00
July 26 to July 31, 1971 Drilling Hole No. 6		
505 Feet of Bq Core Drilling at $8 per foot	4,040.00	
8 Hrs. of Cementing and Redrilling at $14 per Hr.	112.00	
3 Bags of Cement at $8 bag	24.00	
50 Boxes for Core at $1 Ea.	50.00	
	4,226.00	4,226.00
August 1 to August 6, 1971 Drilling Hole No. 7		
337½ feet of Bq Core Drilling at $8 per foot	2,700.00	
8 Hrs. Cement and Redrilling at $14 per Hr.	112.00	
2 Sacks of Cement at $8 Ea.	16.00	
35 Core Boxes at $1 ea.	35.00	
	2,863.00	2,863.00
		14,633.50

Summary:

Mobilization	$ 600.00
1,619.5' Drilling @ $8	12,956.00
22' Reaming & Casing	88.00
45 Hrs. Cementing & Redr.	630.00
Materials and Supplies	359.50
	14,633.50

Certified True Copy
David Udy

Thomas C. Udy agent

23 sacks cement at 8 184
5 " Mud 2.50 = 12.50

Operator's Narrative Report
Docket No. OME-6[illegible] Silver
Contract No. 14-08-0001-2297

Blue Sky Mining Corporation
Comet Mine, Beaverhead County, Montana
For Month of June 1971

Operations progressed favorably during the month. Hole No. 3 was collared on July 6 using NXWL rods and diamond bits which were carried to a depth of about 120 feet.

Udy Core Drilling, Mr. David Udy, Owner-mgr., Box 84, Leadore, Idaho 83464 was doing the drilling.

At about 120 feet the water was lost unbeknown to the driller. When the overshot was slid down the rods it had no water cushion and went through the bit. Several days were consumed in cementing and retrieving the apparatus.

New BQWL rods bits and core barrel were initiated on this hole which yielding 1/8 inch large diameter core. The hole was completed on July 17th. It encountered some four zones of alteration and quartz introduction, the last of which assayed 177 oz. per ton in silver and .33 oz. per ton in gold over a 0.3 foot width.

Core recovery was deemed satisfactory loosing only about one foot in some 300 feet of core considered. This being the case, it was not considered necessary to recover the sludge. The hole was drilled 320 feet deep some 10 short of the alloted footage.

Companion holes 8 and 7 were collared July 26 and August 1st and completed the 31st of July and the 6th of August. Both are considered satisfactory.

Results are not yet complete on No. 7 hole but those of No.8 showed no significant values. Because of the intermitent altered and unaltered zones, the footwall was difficult to identify; the search of which, took the hole to 505 feet. Some 65 feet beyond its projected 440 feet. However, another vein was encountered at about 490 feet (assigned No. 26 Vn). Value-wise little of importance can be placed on it.

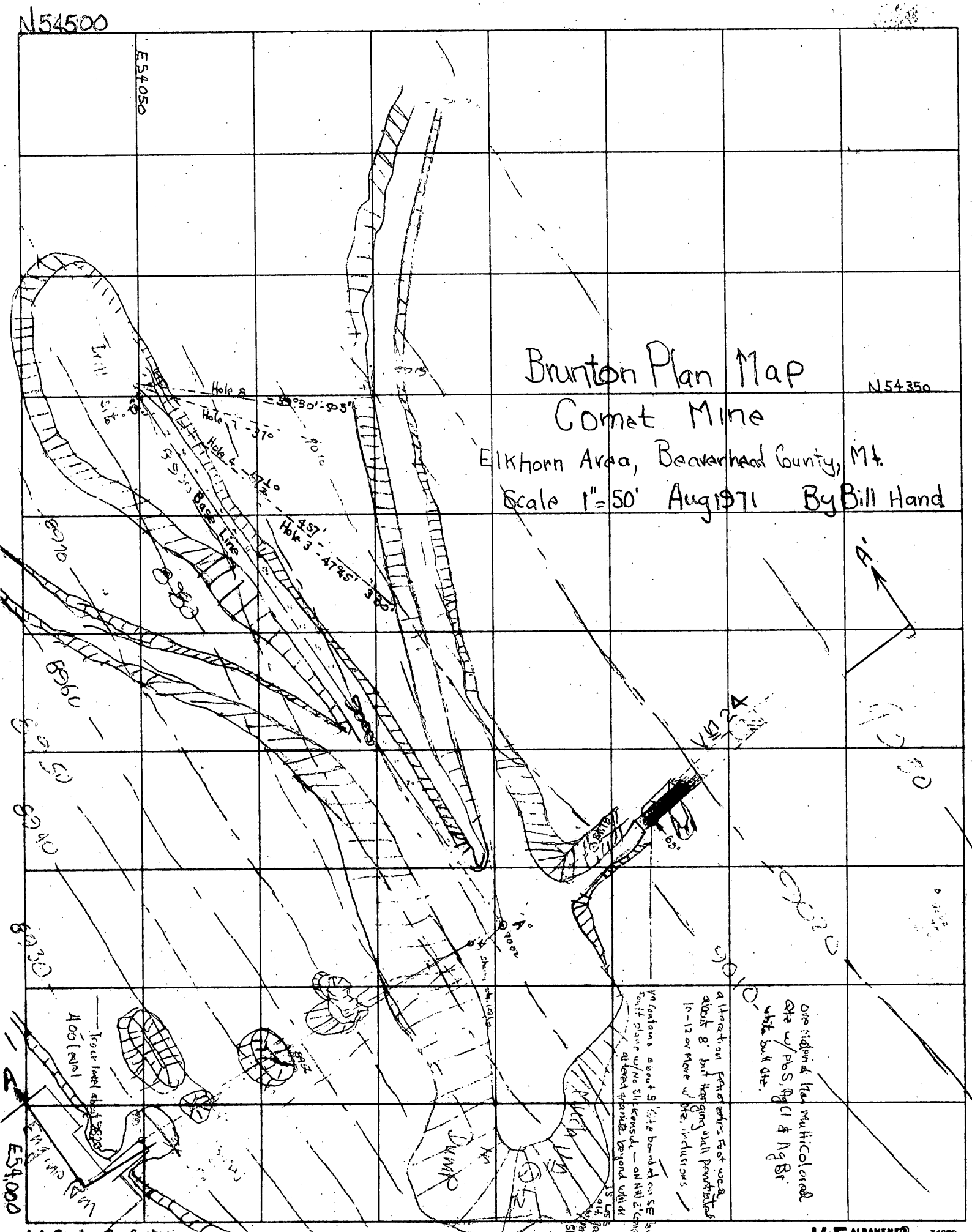
As of this writting, hole No. 6 is being drilled.

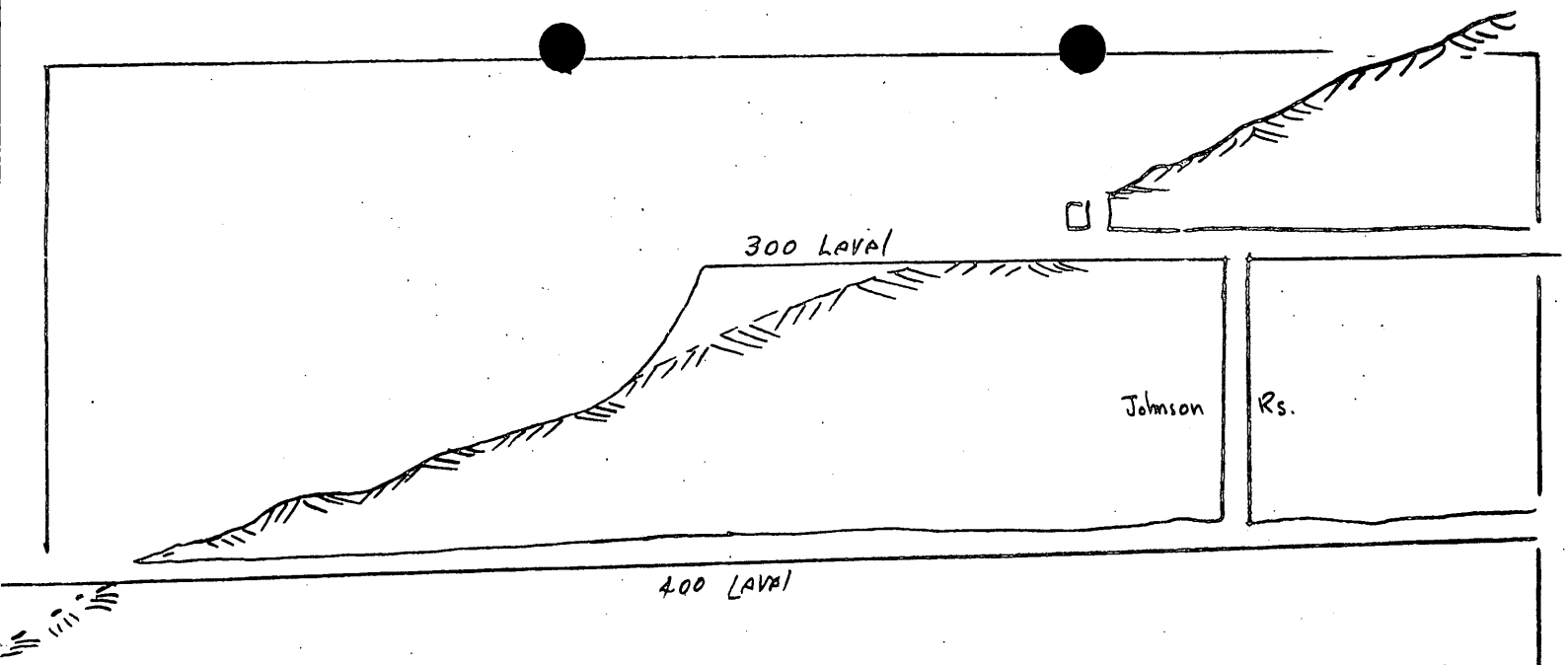
Much more detail is available in the drill logs. The mechanics of drilling are explained somewhat in the Narrative supplement.

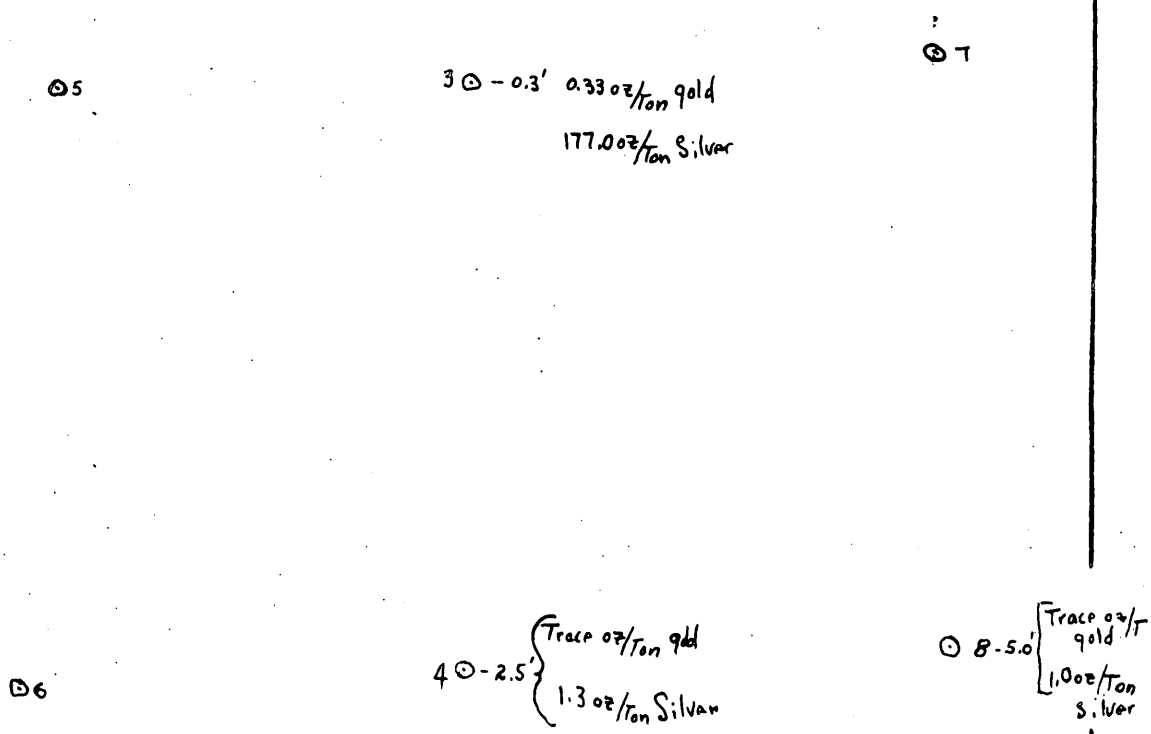
Respectfully submitted,
BLUE SKY MINING CORPORATION

Roger C. Pierce

Roger C. Pierce, President


N54500
E54050
N54350
E54,000
Brunton Plan Map
Comet Mine
Elkhorn Area, Beaverhead County, Mt.
Scale 1" = 50' Aug 1971 By Bill Hand
Hole 8 - 55°30'-S5°
Hole 7 - 37°
Hole 4 - 57°
Hole 3 - 47°45' 350'
Base Line
Trail
Site
8970
8960
8940
8930
8910
8900
A'
A
Trace level about 8300
400 level
Shaft
Stoping
Stoping
Ore material has multicolored
qtz w/ PbS, PbCl & AgBr
with bull qtz.
a lineation fracture
about 8' but hanging wall penetrates
10-12 or more w/ qtz. inclusions
Vein contains about 8' wide bounded on SE
fault plane w/ NE slickensides — on NW 2' [illegible]
— [illegible] already trended beyond which
is [illegible]





LONG. SEC. SHOWING DRILL HOLE VALUES A-A'
Re. Brunton Plan Map
Elkhorn Area, Beaverhead County, Mt. Comet Mine
Looking N 40° W Scale 1"=50' By. W. M. Hand Aug. 1971

JULY REPORT
Narrative Supplement OME 6840

This portion of the report is not meant to be read by anyone not interested in the details on how this program is carried out.

It is felt that the program is worthy exploration-wise and is being executed in an efficient manner along lines of established procedure.

Equipment Includes:

(1) Joy 22 Diamond Drilling Machine powered by an International Harvester UD 9A Diesel engine.

(2) Water under pressure is delivered to the water swivel via a piston-type mud pump powered by a 3-cylinder Sheppard Diesel engine. Water is pumped to the site by a comparable pump through a 3/4" plastic line but powered by a Wisconsin Air-Cooled gasoline engine.

(3) A 3-legged derrick to hoist the drill rods.

(4) Wire line overshot assembly (this is dropped down the hole on the end of a cable to "fish out" the core-bearing innertube).

(5) A wire line hoist with ¼" cable, power transmitted from Diesel Engine by an oil hydraulic motor. This pulls the overshot and corebearing inner tube to the surface to recover the core.

(6) 500 feet of BQ (Longyear) wire-line drill rods (new on this job).

(7) One 10 ft. core barrel with 2 inntertubes (One being "de-cored" while the other is being dropped into the hole and

drilling commenced again) (with Overshot attachment--O.A. length is 13 ft). To assure that the core is not lost due to inntertube blockage, the overshot receiving attachment of the core barrel is fitted with rubber washers. When undue pressure is exerted on the inner tube for any reason, the washers expand and close off the water which is immediately detected by the driller, signalling that he must unblock the inner tube.

(8) Water swivel, which allows drilling solutions to be introduced into the center of the rotating drill rods. Drilling Solutions (Media) are required to wash away the cut out rock and to keep the bit cool. Diamonds will burn very quickly without a means of cooling.

(9) Stock Watering Tanks--These are used to receive and store the water and act as a minute reservoir from which the pumps take their water.

(10) Drill Rod Dogs--These act as a check valve when drill rods are either being raised or lowered--grabbing the rods fast so that they do not run back down the hole.

(11) Dual tired flat bed 2-ton Chev. Truck on which the drill rig and supplies and accessories are transported to the drill site.

(12) 4-wheeled rubber tired trailer on which the pressure pump is mounted.

1--4 x 4 Pickup truck for transportation and supply transport

1--2 x 4 Pickup truck for transportation and supply transport

Propane Oxygen Cutting and welding torch.

Apparatus Cont.

Stillson Wrenches for screwing rods and misc. tools.
Supplies include, gasoline and diesel oil, motor oil, hydraulic oil, Portland cement, calcium chloride (to promote cement setting), bentonite (used as a drilling mud with water), water at the rate of about 7 gallons per minute, grease for drill rods (if, at all possible, the drill rods have a coat of grease, this reduces friction and the destructive "chattering" in the hole), core boxes and blocks of wood for core markers, "Marks a lot" pen and so on.

PROCEDURE

Administration:

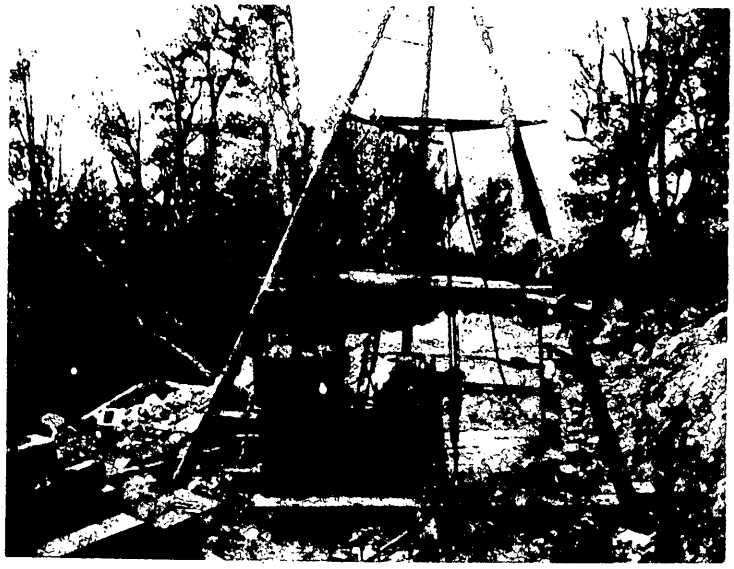
Responsibility for the drilling lies on the shoulders of Mr. David Udy who operates as a sole proprietorship. Another endeavor is the operation of a ranch near Lead Ore, Idaho. He has had 17 years of experience in drilling, both as a contractor and as one who has worked for others. His age is about forty; he is married and has three sons that directly assist in the drilling effort; and a fourth, who along with his wife and daughter, remains on the Lemhi to operate the ranch. One son, Tom, will soon leave to return to college, upon completion of which, he will become a policeman. This "family sort of" arrangement seems to promote incentive and efficiency.

The entire crew is camped at the operator's cabin on the road and power line to Elkhorn Hot Springs about three miles from the site. Supplementary quarters are provided by a house trailer and a tent. It is suspected that Mrs. Tom Udy prepares most of the meals, which is a sizable task for a dual shift operation.

Agreed payment for work accomplished is pretty much along the lines of this OME Contract. Incentive payment for the help is interesting, though; each driller gets $1.25 per foot and his

helper gets 75 cents. The senior Mr. Udy mentions that these arrangements, as to equipment and men, were the ones in his experience that have held together and gotten the job done.

The proverbial "hole in the donut" and its recovery are what this entire program is all about. It is known that a diamond impregnated pipe (bit) pressed against solid rock with former turned and cooled will penetrate the rock. Further, if the protroducing "donut hole" (core) is then broken off, it is a factual sample of what has been drilled. So, Udy Drilling, enlist the functions of a Joy 22 drilling machine to turn the bit and press it hydraulically against the rock. They grasp the core with lifter springs (like pulling one's finger from a wicker bottle), break it off and hoist it in its container (the innertube) to the surface through the hole in the center of the rods. The innertube is relieved of its contents, reassembled, and dropped into the hole where it returns and is locked into position by gravity.



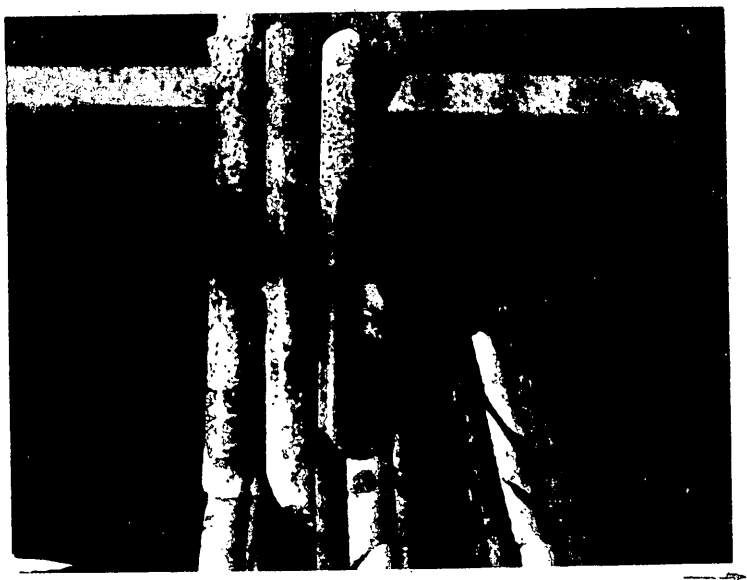
The entire operation may become routine with the driller ever alert to core blockage and water circulation and his helper boxing core, cleaning tools, fueling engines, receiving the innertube, dispatching the overshot and miscellaneous details.

The core is received from the innertube first core first in a trough; it is then placed in corrugated paper boxes, each having five rows of 2 feet each. Therefore, each box should theoretically contain ten feet. However, owing to markers (1" x 1¼" x 3/4" wood blocks) and jagged ends the boxes commonly contain less than capacity. Those pieces of core that are too long are tapped with a hammer and broken to fit into the box. The box is marked "start," signalling the point of beginning. The core is laid out, left to right (as one reads a book). Footage is marked at the beginning and end and any points in between that are convenient. The box is marked as to footage and hole number.

It is common while logging core to encounter instances where more core is measured than there are feet of hole to accommodate it. Analytically, the innertube can take a capacity of ten feet of core. This is attached to the end of a string of drill rods that are exactly ten feet long, but the overshot assembly on the end of the core barrel requires another 3 feet. So that when ten 10-foot rods are down the hole and a core barrel on the end of the last core would come from 113 feet. This can be confusing and to "top it off" it may not be possible for the core lifters to break the core at the exact place and thereby slide up aways, leaving several inches or even a foot remaining to be lifted the next run.

Additionally, many times core may have to be lifted premature of the 10 feet owing to blockage and so on. It is virtually impossible to estimate these minute footages.

Nonetheless, over the entire hole length everything evens out and virtually all the core can be reassembled and accounted for. Overall recoveries are marked on the drill logs.



Hole No. 3 165'-167' unaltered

The core upon being received in the boxes is then logged either on the spot or transported from the site and then logged. This amounts to reconstructing the core as it laid in the ground as close as possible and accumulatively measuring it. This figure is recorded along with the marked "drill run" for comparison. In an effort to graphically illustrate the competency of the rock,

the number of broken pieces are counted and posted at the approximate angle on which they broke, usually this amounts to jointing.

The cores are then wetted. This helps bring out the varying colors and crystal boundaries. Marked on the core logs are the degrees of alteration noted. Mineralization is also noted as well as other pertinent data.

Sections of core that are mineralized or suspected of so being are split with a diamond saw located at the Hand Mine at Argenta. This machine amounts to a rotating circular disc 12 inches in diameter whose periphery is diamond dust impregnated. The core is placed lengthwise in a "V" trough and pushed into the disc (about 500 rpm) the lower part of which is running in water. The water keeps the diamond cool and washes away the (cut away) rock. This splitting procedure provides an accurate cross section of core for analysis and leaves a complete file of core for future inspection.

Sample sections of the core are crushed in a lab crusher and a cut sent to a commercial assayer for gold and silver determinations. The roughly ½" reject is placed in marked paper bags and filed with the core, which are stored at the Hand Mine at Argenta.

The assayer's cut is sent by bus to Western Laboratories, which is successor to Goodall Bros., P. O. Box 537, Helena, Montana 59601 (Phone 406 442-3770). These assayers established practice at their present location in 1909 and have done business as assayers, analytical chemists, and shipper's representatives. The latter has significance in that they pit their work against that of the ore buyer and any incompetency would most certainly

disqualify him here. This same concern has represented the writer's family in the sale of some 50,000 tons of ore. The present manager of Western Laboratories, Horace O. Hand, received his initial training at Montana College of Mineral Science and Technology and his practical training at the Hand Mine in Argenta. He is a brother to the writer.

Results of the assays are posted both on cross section and on the drill logs.

Technical responsibility for this program as well as preparation of these reports is charged to William M. Hand, the writer. The writer is a 1948 graduate of the Montana College of Mineral Science and Technology (the old Montana School of Mines) in Butte in the field of mining engineering. He is a registered professional engineer in Montana (969E). Experience since graduating has been in hard rock mining at a family mine at Argenta where crude direct smelting ore is sold to the American Smelting and Refining Co. at East Helena. Duties are technical, administrative and supervisory. Supplementary activites include City of Dillon councilman, president of the Dillon Rotary Club, officer in a fraternal order, active in mining association work, Court appointed executor to the estate of his father. He is married, resides in Dillon with a wife and two children, a son entering high school and a daughter entering Montana State University at Bozeman this fall. His address is 30 S. Arizona Street, Dillon, Montana 59725, and his residence phone is 406-683-4420. He can usually be reached after 6:00 p.m.

Collaring the various holes is accomplished by setting up

the transit on the point "B" close to the drilling machine and backsighting on station "A" on the vein outcrop. "A"-"B" form the base line. From descriptive and graphic geometry, the horizontal and vertical angles are determined that will properly intersect the vein. With this information the horizontal angle is swung and two stakes driven usually by plunging the scope. The drilling machine is then fitted with a 10-foot drill rod and the machine oriented until both points can be sighted through the rod by tilting the drilling head but not moving the base of the machine.

The vertical angle is measured by a Brunton compass and the head chisel marked. The two anchor holes are drilled and the hole collar drilled, anchors inserted, and all cemented and permitted to set fast. Setting usually requires 8 hours. The anchors are then securely attached and the vertical angle checked once again and the final collar pipe drilled in.

OME 6840 Silver
Contract 14-08-0001-2297
Amount 32,640.00
Govt Partic. 75%

Blue SKY Mining Corporation
521 S. Washington Street
Dillon, Montana 59725

July August 1971

DIAMOND DRILL HOLE LOG

Property: COMET MINE
Location: Elkhorn Polaris Area
Beaverhead Co. Mt.

Hole No. 3
Bearing at Collar S 47 ° 45'E
Inclination at Collar 44° 30'

Coord. Collar N 54,000
E 54,000
Collar Elevation: 8990ft.

Length a 330 Feet.
Core Size NQ to 102' BX to 330'
NQ- 1 7/8"
BX- 1 5/16"
BQ- 1 7/16"

Date Started July5 1971
Date Completed July 17, 1971

Logged by: Bill Hand

Graphic Log Legend

Occurance: In Pioneer Stock
Texture: Granitoid

Rock: Granite
Color: Felsic

Major Feldspar: Orthoclase
Mafic Minerals: Horneblende & Biotite

Felsic Minerals: Quarts
Orthoclase

Observed Structures:
a. Jointing
b. Faulting on joints

Ore Minerals:
a. Quartz
b. iron
c. Galena
c. Pyrolusite (Drendites)

Degrees of Alteration Noted:
a. Unaltered Gr. = "Bird's Eye"
b. Blurred pinkish Orthoclase Crystals
c. Orthoclase softy and Claylike
d. Horneblende to red FeO Blotches
e. Biotite to muscovite

Survey

Footage	Bearing	Inclination

Notes and Conclusions:

1. About 3 inches of ore was encountered at 275 assaying 177 oz./ton in Silve
2. 6 Altered zones were crossed two of which contained quartz; the first proved barren at 175 feet.
3. Structures were encountered as expected.
4. Disregarding the first 24' of hole- 296 feet of hole yielded 295.06' of C
5. The hole was completed "satisfactory"

Hole No. 3 Cover Sheet of 5 Sheet

Zone - Oxide
Wall Rx - Granite

Assays Intercept	Sludge Wd	Sludge Au	Sludge Ag	Sludge Pb	Sludge Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Recovery Core	Recovery %	Ft	Grafic Log	Vns Description Vns. Min'ation Faults	Assays Core Intercept	Wd.	Au	Ag	Pb	C
								NQ										
										0								
						Coarse cry. (Match hd) Granite (Felsic) Bio 10% Qtz 50% Ortho etc. 40%	4'	48'				Minor FeO (very Minor) in 60° & 30° Joints ea. 3" –						
						Same as above.				10		Same as immediately above.						
						Coarse cry. granite orthoclase clay. Porphoritic (match hd size) Bio. unaltered				15		slight FeO Min.						
						Unaltered "Bird's eye" granite				20		Barren "Bird's eye" Joints cut core at 60° & 30° Approx alt. ea. 12"						
Start	Core Rec. Survey																	
						real hard dense "Bird's eye" granite 24-34 - Some 50% Qtz 40% Ortho. 10% Bio	10'	9'3"		30		Minor Min. at 27' w/slight FeO - Joints about 3-4' apart						
						Hard Bio. Granite = Bird's eye except for slight alt. in Joints from 38-40' + some open cavities – Thimble size around 41'	9'	9'		40		slight FeO mud in Joint 38' – 40						
						Rec "Bird's eye gr.						None						
						1½' Real Fine grained bird's eye gr. – Diss? Bird's eye gr. – usual Joint unalt. Bio. – Match hd Cry's	9'	9				Min. in Fine grained – No. 1 for wall. Minor. Mud seams in Joint. FeO. Joint						
						49-53 – Unalt. Bird's eye granite				50		49-53 – None						
						Only slight alt. in Joints st'd Comet Bird's eye Gr.	9'	8'3"				only Minor FeO in Joint						
										60		FeO in Joints 61 – 63 Biotite in Fact.						
Bio. Mica destroyed orthoclase alt. to pink clay – grades into dense Sub Mega scopic clay.						Bio. Mica destroyed – orthoclase alt. to pink clay – grades into dense Sub Mega scopic clay.	8'	9'				Joints at 75° No. Biotite in No. Minor alt. orthoclase alt. to pink clay. Match head sized.						
							45.0	45.0		70								

Hole No. 3 Sheet 1 of 5 Sheet

Zone oxide
with Bx - granite

Assays Intercept	Sludge Wd	Au	Ag	Pb	Cu	Description (Lithology, Alteration, Misc.)	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns Description Vns. Min'ation Faults	Assays Intercept	Core Wd.	Au	Ag	Pb	Cu
						Mica's completely altered Bronzed - orthoclase ~~alt. to calcite - soft clay~~ Crystals - Twin ~~Match~~ Ha size alt. abruptly ending about 75 into	10'	9'	9.67'	75		Minor FeO - No-ore Mineral Could be Minor slippage along Joint planes.						
						hard unalt. Bio. granite						None						
						unaltered bird's-eye granite	6'	7½'				No vns						
						18" FeO Stained Alt. orthoclase to clay - Biotite unaltered - Can see no. Augite Composition abt 10% Biotite, 20% orthoclase 70% Qtz.	9'	9'3"	9.25'	80		Slight FeO in Joints						
			July 10 - size NQ.			1½" ~~Joint at 86 has 1" band of fine dense gr.~~				85		~~Union Core Granite~~ Minor FeO in Joints						
						unaltered "Bird's eye granite" Joints ea. 10"-24" apart	10'	9'9"	9.75'	90		None Minor FeO in Joint						
						unaltered "Birds eye granite				10 NQ Bx		No vns FeO in Joint seams						
Dropped tools in Hole here -						10% Mica 40% orthoc. 50% Qtz Joints about 12" apart No alteration	10'	9'5"	9.82'									
						Light Bird's eye Granite Joint ea. 6 in No alt except Minor at 115'	10'	9'5"	9.42'			Minor FeO 115'						
						Slight alt. 118-119 orthoclase Tabular ... some streaks lack biotite	10'	9'2"	9.66'			Minor FeO in altered Rocks						
												Lost Water here - did not recement.						
						Slight alt. 118-118.5 in Present				130		Slight FeO in Joints						
						Bal. "Bird's eye" granite Joints about ea. 10"	10'		9.46'									
							Lines in 80			140								

Hole No. 3 Sheet 2 of 5 Sheets.

Zone Oxide
Walls Rx - Granite

Assays Sludge Intercept	Wd.	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns Description Vns. Min'ation Faults	Assays Core Intercept	Wd.	Au	Ag	Pb	Cu
						unaltered "Bird's eye" granite - Joint about ca. 18° Biotite ++		9'5"	9.00	140		Very little FeO in Joints						
			July 15 AM			little or No. FeO in Joints												
						"Bird's Eye" granite	8'		9.00	150		Some Min. FeO in Joints 158'						
						Orthoclase alt to clay but little of Hornblende altered.	9'	8'10"	8.80	160	unaltered altered	No introduced Mineralization						
						Hornblende alt. to Red Min Altered						174-78 Hornblende alt. to FeO - ing on Joint	164 165	1.0	Tr	Tr		
						unaltered Hornblende qz.	10	9'7"	9.50	170	unaltered altered altered	No Mineralization Introduced						
						some very slight alteration ca. 179'						No Mineralization						
						"Bird's eye" granite	9	9'4"	9.35	180								
						unaltered "Bird's Eye" granite	5		8.2	190		1% FeO No Mineralization						
						"Bird's eye" granite						No FeO						
						Gardner-like granite-Biotite 195-196												
						"Bird's eye" granite	8'			200								
						"Bird's eye" Granite unaltered Joint faced and Jointed	10'	9'11"	9.7	210		No Mineralization at all						

Hole No. 3 Sheet 3 of 5 Sheet

after CRX 1968

158.00 156.70

Zone Oxide
Rx - granite

Assays Intercept	Sludge Wd	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns Vns. Min'ation Falts	Description	Assays Intercept	Core Wd.	Au	Ag	Pb	Cu
						Unaltered Bird's eye Granite	10'	9'10"					No Mineralization						
						218-222 - fine grained large Hornblende Crg. gran. - No. Bio			9.8	220		218.5'							
						Mostly Jointed	9'	9'3"	9.96		Unaltered	224'	No. Mineralization						
						230. Light Colored Coarse Crg Orthoclase - Qtz with large Lenticular Crg. Hornblende				230									
						Unaltered	10'	9'6"	9.82		Unaltered	29[illegible]	No introduced Mineralization						
						Slight Alt. 238-241 - Hornblende To Red oxide Fe.				240									
						Mostly Slightly Altered					"		Slight Fe. Min in Joints						
						at 260 - Joint has alteration 1" on side whereby Bio alt to Limonite Fe. Bio weak	9.0'	9'4"	9.33				Not Broken Badly						
										250									
						250-255 Bird's eye granite		9'3	9.25		Unaltered								
						255-257 Complete alt of Orthoclase & Hornblende & Biotite	10'				Altered Unaltered	2[illegible]	No introduced Mineralization						
						257-260 - Bird'eye granite				260									
						Slight alt. 260 to 267 Orthoclase - Qtz alt.	8.5'		9.42				FeO stain in Joint planes						
						[illegible] - Ortho - Qtz alt Near & adjacent to Joints Joints about 1" apart													
										270									
						[illegible] & Hornblende altered back from [illegible] Hab. t. Shear zone.		9'7"	9.33			271	Introduced Mineralization 65.3-66.3 - 1' long Wall Missing 66.3-66.6' - 3" Blue Qtz with Pb-Ag S	273-274.6	1.6	Tr	0.6		
													6" to 4" Min = Core 271-279						
														174.6-174.9	0.3	.33	177		
						Highly alt Tonight	9'	9'7"	9.58	280	Altered	276 Fe 280 Fe	No Metal introduced Mineralization but Fe-bearing Minerals are broken down to stain core with FeO	174.9-177	2.1	T	1.3		
						Orthoclase & Qtz alt. Biotite													
							26.00	28.15		290									

Hole No. 3 Sheet 4 of 5 Sheets

after CRX 1968

Zone- oxide
with Rx-Granite

Assays Sludge Intercept	Wd	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft	Grafic Log		Vns Description Vns. Min'ation Falts	Assays Core Intercept	Wd.	Au	Ag	Pb	Cu
						Highly aH.						Fe	Little introduced Mineralization						
										290		Fe							
						Only From 297-298 is any biotite showing.	10	9'6"	95		Altered		Mostly FeO From altered						
												297	Fe-bearing Minerals -						
												Fe							
						288-301 - Biotite shows													
						301-306 - Little Bio				300			Little or No introduced						
						306-308 - Biotite again.	10'	9'7"	95%		altered		Mineralization						
						Highly altered -					Broken	308	However Much						
													residual FeO -						
						308-310 Bio - Pretty well gone -						Fe							
						ortho. To clay some -				310			Fe ? in Seams						
						310-317 Slight alteration			9.37										
						area highly broken -	9'	9'4"				Fe							
												Fe							
						unaltered							No Introduced						
						"Bird's Eye" granite	3	3'6"	3				Mineralization						
						Hole Ended	320'		295%	320									
						In 296' hole	29												
						approx. 295.0% Core													
						recovered													
										330									

OME 240 Silver
Contract 14-08-0001-2297
Amount 32,640.00
Govt Partic. 75%

Blue SKY Mining Corporation
521 S. Washington Street
Dillon, Montana 59725

July August 197

DIAMOND DRILL HOLE LOG

Property: COMET LINE
Location: Elkhorn Polaris Area
Beaverhead Co. Mt.

Coord. Collar N 54,050 N54,350
E 54,050 E54,050
Collar Elevation: 8090ft.

Date Started July 18 1971
Date Completed July 25 1971

Hole No. 4
Bearing at Collar S 47 ° 45'E
Inclination at Collar 67½°

Length 457 Feet.
Core Size BQ
NQ= 1 7/8"
BX= 1 5/16"
BQ= 1 7/16"
Logged by: Bill Hand

Graphic Log Legend

Occurance: In Pioneer Stock
Texture: Granitoid

Rock: Granite
Color: Felsic

Major Feldspar: Orthoclase
Mafic Minerals: Horneblende & Biotite

Felsic Minerals: Quartz
Orthoclase

Observed Structures:
a. Jointing
b. Faulting on joints

Ore Minerals:
a. Quartz
b. Iron
c. Galena
c. Pyrolusite (Drendites)

Degrees of Alteration Noted:
a. Unaltered Gr. = "Bird's Eye"
b. Blurred pinkish Orthoclase Crystals
c. Orthoclase softy and Claylike
d. Horneblende to red FeO Bloches
e. Biotite to muscovite

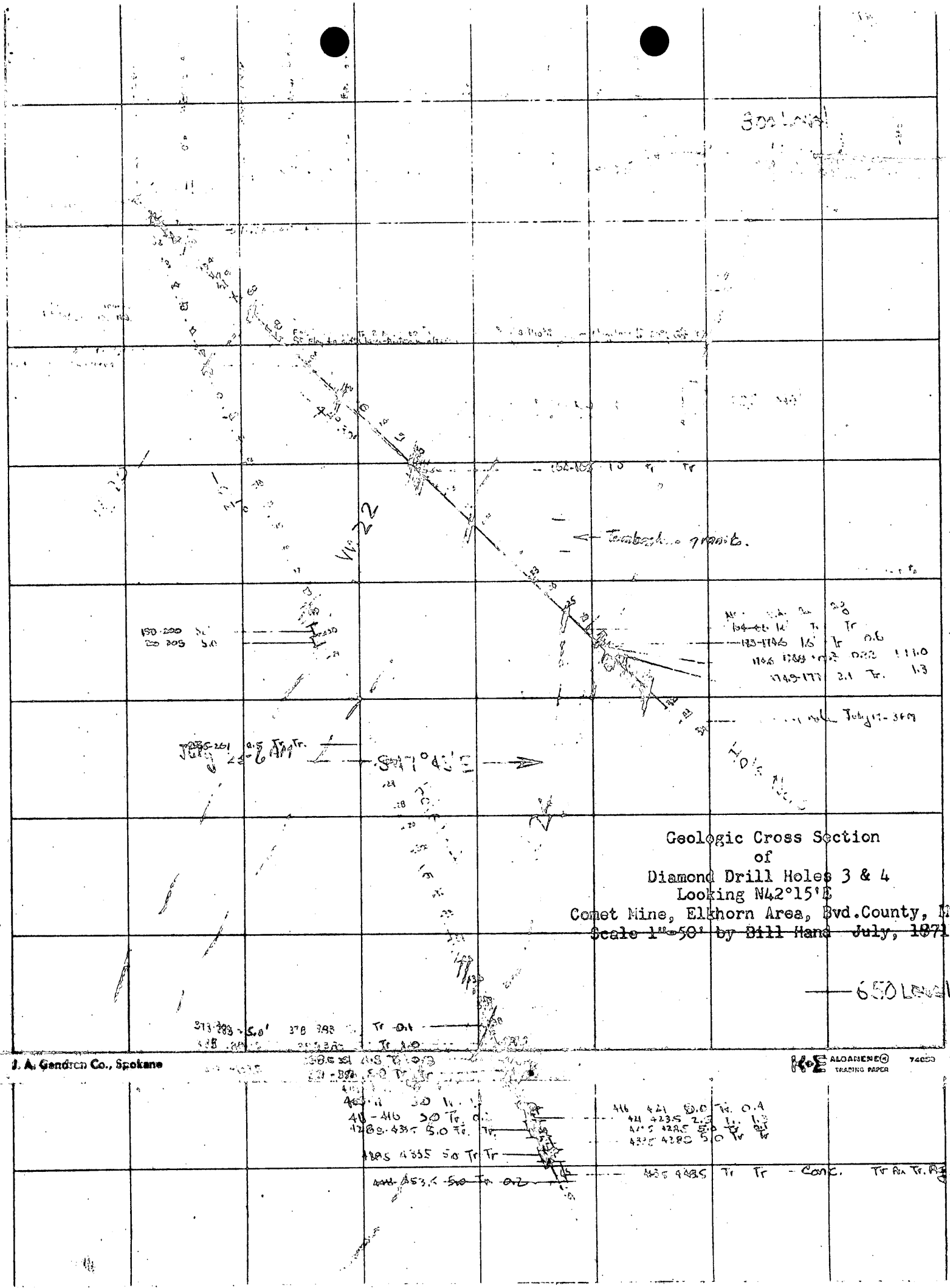
Survey

Footage	Bearing	Inclination

Notes and Conclusions:

1. Structures encountered in No. 3 hole were extended conformably into Hole 4.
2. Probably the most significant information was the existance of primary sulfides in the unaltered granite from 448 to 457.
3. Of the last 439feet of hole 435.49 feet of core was measured. Equivalent to 99.2% Recover
4. Highest values encountered were 1.3 oz. per ton Silver and trace in gold.

Hole No. 4 Cover Sheet of 7 Sheet


Geologic Cross Section
of
Diamond Drill Holes 3 & 4
Looking N42°15'E
Comet Mine, Elkhorn Area, Bvd.County, Mt.
Scale 1"=50' by Bill Hand July, 1971
650 LEVEL
S47°45'E
J. A. Gendron Co., Spokane
ALDANENE TRACING PAPER

Zone - oxide
Well Rx granite

Assays Sluice Interest	Sl.	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft.	Grafic Log	Vns	Description Vns. Min'ation Faults	Assays Core Interest	Wd.	Au	Ag	Pb	Cu
						N Q = 2" Core to 9' unaltered							No Mineralization						
						BX = 1 5/8" Core-on-	12"	8"		10	Unaltered								
						Hornblende Present through 10'	10'	5 1/2"	9.82	20	altered		No introduced Mineralization						
						~~zone~~ ortho to clay alt.			9.02										
						Biotite & Hornblende Present but clay to ortho. Alt to 35'		9"	9.33	30	altered		No Mineralization						
						"Bird's-eye" granite	19"		18.5"										
						Unaltered Bird's eye" granite	10.5'	9'10"	9.82	40	unaltered		No Mineralization						
						41' Shows signs of inner tube blockage	41.5		10.3										
						unaltered	8'	9'10"	9.82	50	unaltered								
							32.5		32.01										
						'Bird's eye" granite				9.25 60	unaltered		No Mineralization						
						52-63' red fine-low Hornblende Rx	9.5	9'3"	47.4"										
						47' hole		47.3' Core		70									

Hole No. 4 Sheet 1 of 7 Sheet

Zone - oxide
Wall Rx - Granite

Assays Sludge: Intercept	Ind.	Au	Ag	Pb	Cu	Description: Lithology, Alteration, Misc.	Recovery: Drill Run	Core	%	Ft	Grafic Log	Vns	Description: Vns. Min'ation Falts	Assays Core: Intercept	Ind.	Au	Ag	Pb	Cu
						Orthoclase only alt. at 70' abt. 180	9'	9.5'	9.915	70	unaltered	36	Not Mineralized						
						~~No Hornblende alt. 70-75~~	5.6'		56.2"										
						No Hornblende alteration To 82'	4.85'		4.08		altered		NO Mineralization						
							3.35'	3.0'	3.37	80		30							
						Partly altered	11.5'				unaltered								
						Slightly altered	10.5'	9.35"	9.915	90		40	No Mineralization						
							7.6'		79.5"										
						95-0 Quartz to Chlorite													
						Balance unaltered	1'	9'	7.0	100	unaltered	33	No Mineralization						
						1' No Hornblende alt at 109.	5.8		93.5"										
110' July 20 12:00 PM						Unaltered Granite	9'	7.5'	9.75		unaltered	20	No introduced Mineralization						
						Flow banding 112													
						2" in-tering ade at 116' No Hornblende at 116-120	9'		93.2"	57			No Mineralization						
									9.375	120		15							
						Slight Hornblende alteration at 128' about 3" long	9.5'	9.8"	9.07	10%	unaltered	15	No introduced Mineralization						
									112.3	130									
												4							
						115.5			112	134									

Hole No. 4 Sheet 2 of ___ Sheets

after CRA 1968

Zone - Oxide
Wall Rx - granite

Assays Sludge: Interval	Wd.	Au	.Ag	.Pb	.Cu	Description: Lithology, Alteration, Miss.	Recovery: Drill Run	Core	%	Ft	Grafic Log	Vns	Description: Vns. Min'ation Faults	Assays Core: Interval	Wd.	Au	.Ag	.Pb	.Cu
						Bird's eye granite with 30° Joint	9.5'	9'4"	9.75	140	unaltered		No Mineralization						
144 - Hoy 2:- 1st PM -																			
149 - Change from Bx 1 7/16 To BQ Core 1 7/16"						Samears above	10'	9'	9.50	150	unaltered		No Mineralization						
						6" totally alt at 159' Remainder unaltered	11'	9'7"	9.58	160	unaltered		Some added Qtz 6" in to Hanging Wall of Totally altered 6" zone at 159'						
						unaltered Heavily Jointed granite	9'	9'3"	9.29	170	unaltered								
						Slightly altered but Hornblende-bio. remain	9'5"	9'6"	9.54	180	slightly Alt.		1/4 oxidize Pyrite in 60° Joint = Hoy						
						187 - altered to clay. Hornblende gone for 10' Some bio. to chlorite	10'	9'7"	9.60	190	altered		NOT MINERALIZED						
						altered to absence of bio. & Hornblende Some Arenditas	9'	9'6"	9.5	200	altered		Small Qtz added at 200'						
						201 - 202 alt. Extreme bio. to chlorite. Very clayey ~~PPBG, no Arenditas~~		9'2"	8.29	210	altered		No Mineralization						
						Hornblende at 210'													

Hole No. 4 Sheet 3 of 7 Sheet

Zone - Oxide
Wall Rx - Granite

Assays Sludge: Intercept	Oz	Au	Ag	Pb	Cu	Description: Lithology, Alteration, Misc.	Recovery: Drill Run	Core	%	Ft	Grafic Log	Vns Description: Vns. Min'ation Faits	Assays Core: Intercept	Wd.	Au	Ag	Pb	Cu
										210								
						unaltered 210-213												
		assay Core				Then slightly alt. with h clay + s -	10'	9'0"	9.69			213-219 - 1/4" qtz seam on Joints						
						but Hornblende & Bio Remain		9'		220								
						Slight alteration (Hornblende) Bio. Present but ortho Factay -	10'	9'5"	9.46		Slightly Alt.	Not Mineralized						
										230								
						partially altered Hornblende remain except for 4' at 136 0' Total alt.	10'	9'8"	9.58			Joints have More FeO in them.						
						alternately altered To No Hornblende To unaltered "bird's eye"	10'	9'4"	9.35	240	Slightly Altered	No Mineralization						
						Very Slightly Altered	10'	9'7"	9.58	250	Very Slightly Alt.	No Mineralization						
		258' July 23 - 6 AM				No Hornblende 259-260' Bal. "Bird's Eye" granite	10'	9'7"	9.58	260		Introduced Fe at 259-260						
						No alteration Bird's eye granite Slight alt. Hbl. Present 271-75		9'7"	9.58	270		No Mineralization						
						Slight alt to 279' Gry. Rounded Bio Bio Present	10'	9'6"	9.5	280		introduced Fe 175-79						

Hole No. 4 Sheet 4 of 1 Sheet

Zone Oxide
Wall Rx [redacted] Granite

Assays Intercept	Assays Wd.	Assays Au	Assays .Ag	Assays .Pb	Assays .Cu	Slides Intercept	Slides Wd.	Slides .Au	Slides .Ag	Slides .Pb	Slides .Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Recovery Core	Recovery %	Ft	Grafic Log			Vns Description Vns. Min'ation Faults
																280				
												"Bird's Eye" granite	9.7'	9.11	9.94				14 Pcs.	No introduced Mineralization
												slight alt. Hornblende to				295				
												very slight 12" alt. at 293' Remaining unaltered very Poorly Jointed	8.5'	9.7½	9.625	300			11 Pcs.	No Mineralization
												unaltered Bird's eye granite	10.5'	9.10½	9.875	310				No Mineralization
												slighting alt. 315.5-317.5 Hornblende gone Bal. unaltered	10.5'	9.4"	9.33	320			38 Pcs.	No Mineralization
												unaltered unbroken No Joint except 1-60°	8.5'	9.5½	9.46	330			18 Pcs	No Mineralization
												unaltered No Joints much 12' slight Alt. at 336-337 Hornblende present	7.5'	9.9	9.75	340			12	No Mineralization
												31								
												slight alt. 345 about 6" Hornblende Present ~~336-337~~	13'	9.2"	9.169	350			20 Pcs.	No Mineralization
												slight alt 351'								

Hole No. 4 Sheet 5 of 7 Sheet

Zone – oxide
~~Wall Rx~~ – granite

Assays Sluice: Intercept	.Cu	.Au	.Ag	.Pb	.Zn	Description: Lithology, Alteration, Misc.	Recovery: Drill Run	Core	%	Ft.	Grafic Log	Vns Description: Vns. Min'ation Pcits	Assays Core: Interval	Wd.	Au	.Ag	.Pb	.Zn
						Unalt. Granite				350	Unaltered	about ¼" Fe_2O_3 from FeS 351'						
						Some flow banding 359'	9'	9'6"	9.5									
						Unaltered "Bird's eye" gr.	9'	9'4"	9.33	360	Unaltered	No Mineralization						
						362'				365.96		Some oxidized Pyrite in Joints						
						369-71 Unaltered gr.				370	Altered	1/2" FeS in Joint seam on 60°						
						373 all hornblende – Fe gone	8	9'7"	9.58			FeO in Joints						
						377-378 Mineralization Complete – Fe gone						Qtz Vn begins at 379' with FeO in vugs. Some real fine PbS or Ags	378 / 383	5	Tr.	1.0		
						Mud Seams 385' & 385.6'	10'	9'5"	9.46	380	Altered	Vn grades into alt. Granite	385-88	5.0	Tr.	1.0		
												Neg Broken Seams at 387'						
												Some MnO_2 Dendrites						
						Alt. Complete to No. Hornblende	9'	9'6"	9.5	390	Altered	2" Seam FeO & Qtz 390'	388 / 91	3.0	T	0.3		
												Some Qtz depositions on 60° Joints	391 To 396	5.0	Tr	Tr.		
													396 / 401	5.0	Tr	0.1		
						No Hornblende. Most of Fe bleached	11"	9'4"	9.33	400	Altered							
												Qtz with Minor FeO 403-408 Some chlorite	401 / 406	5.0	Tr	0.6		
													406 / 411	5.0	Tr.	0.3		
						Only alt. Product is Chlorite Mica – grades into altered Hornblende (To FeO) grades from Soft to hard w/ MnO_2 Dendrites @ 416'	8.5'	8'3½"	8.29	410		Qtz. w/ FeO stain Some vugs Chlorite Mica some	411 / 416	5.0	Tr.	0.2		
							400.00	391.12	98	420								

Hole No. 4 Sheet 16 of

alto. CRA 1968

Zone - oxide - Primary
Wall [illegible] Rx - Granite

Margin note (left, vertical): ε 453' Core = 97.7% Rec. / 465' hole

Assays / Sludge

Interval	Wt.	Au	Ag	Pb	Cu

assay all
assay all

(?) agent [illegible] to evaluate as Core.
[illegible] 445 - 455

Description — Lithology, Alteration, Misc.

No Hornblende or Bio

Silicification — No kadination (?)
① at 426 grades into FeO alteration
Product of Hornblende

427-428 Same as ① above
6" variegated Qtz at 429'
Qtz added to 35° Joints
Balance Semisoft due to
ortho to kaolin
alteration To no hornblende
To 444' where hornblende
appears.
granite fresh at 444-445

Pretty Much unaltered
Bird's eye granite
Seams oxidized to FeO
But Pyrite shows dissiminated
in granite after 448'
"unaltered Bird's Eye"

Completed 12:00 AM July 25 1971
Transit line established for hole 8
Mach. Removed & collar & anchor cemented

Core Recovered in 439' hole — 435.49 (Drill Run: 439.00)

% Core Rec. 99.2%

Recovery

Drill Run	Core	%
9'	8'-4½" (?)	93.75
10'	9'-6½"	95
9'	8'-5"	94.2
9'	8'-0"	88.6
2'	1¾" (?)	83.75 (?)

Ft. / Grafic Log

Ft.: 420, 430, 440, 450

Grafic Log: altered (420–437); altered (437–446); unaltered (446–455)

Pieces: 36 pcs; 30 pcs; 16 pcs; 19 pcs

Vns. Description — Vns. Min'ation Faults

Fine grained light colored
Qtz with 6" blue qtz
& FeO at 425' PbS on cutting 423

Mineralization amounts to
Qtz addition to altered
Course grained granite
Mining would have to
cope with heavy ground.
1½" Fe_2O_3 in Joint at 440'

Notice dendrite of Mn
appear about 8' from
"Bird's eye" granite
FeO in Joints but Pyrite
and maybe other sulfide
Dissiminated after 448'
Particularly in Qtz.

Assays — Core

Interval	Wd.	Au	Ag	Pb	Cu
416–421	5.0	Tr	0.4		
421–423.5	2.5	Tr.	1.3		
423.5–428.5	5.0	Tr.	0.1		
428.5–433.5	5.0	Tr	Tr		
433.5–438	5.0	Tr.	Tr.		
438.5–443.5	5.0	Tr	Tr		
443.5–448.5	5.0	Tr.	Tr.		

Hole No. 4 Sheet 7 of 7 Sheets

JME 624C Silver
Contract 14-08-0001-229
Amount 32,640.00
Govt Partic. 75%

Hole No. 7 Cover Sheet of 5 Shee

Blue SKY Mining Corporation
521 S. Washington Street
Dillon, Montana 59725

July August 1971

DIAMOND DRILL HOLE LOG

Property: COMET MINE
Location: Elkhorn Polaris Area
Beaverhead Co. Mt.

Coord. Collar ~~XXXXXXX~~ N 54,350
~~X XX,XXX~~ E 54,050
Collar Elevation: 8990ft.

Date Started August 1,1971
Date Completed August 7,1971

Hole No. 7
Bearing at Collar S 73 °E
Inclination at Collar-37 °

Length 337' 5" Feet.
Core Size BQWL
NQ= 1 7/8"
BX= 1 5/16"
BQ= 1 7/16"
Logged by: Bill Hand

Graphic Log Legend

Occurance: In Pioneer Stock
Texture: Granitoid

Rock: Granite
Color: Felsic

Major Feldspar: Orthoclase
Mafic Minerals: Horneblende & Biotite

Felsic Minerals: Quartz
Orthoclase

Ore Minerals:
a. Quartz
b. iron
c. Galena
c. Pyrolusite (Drendites)

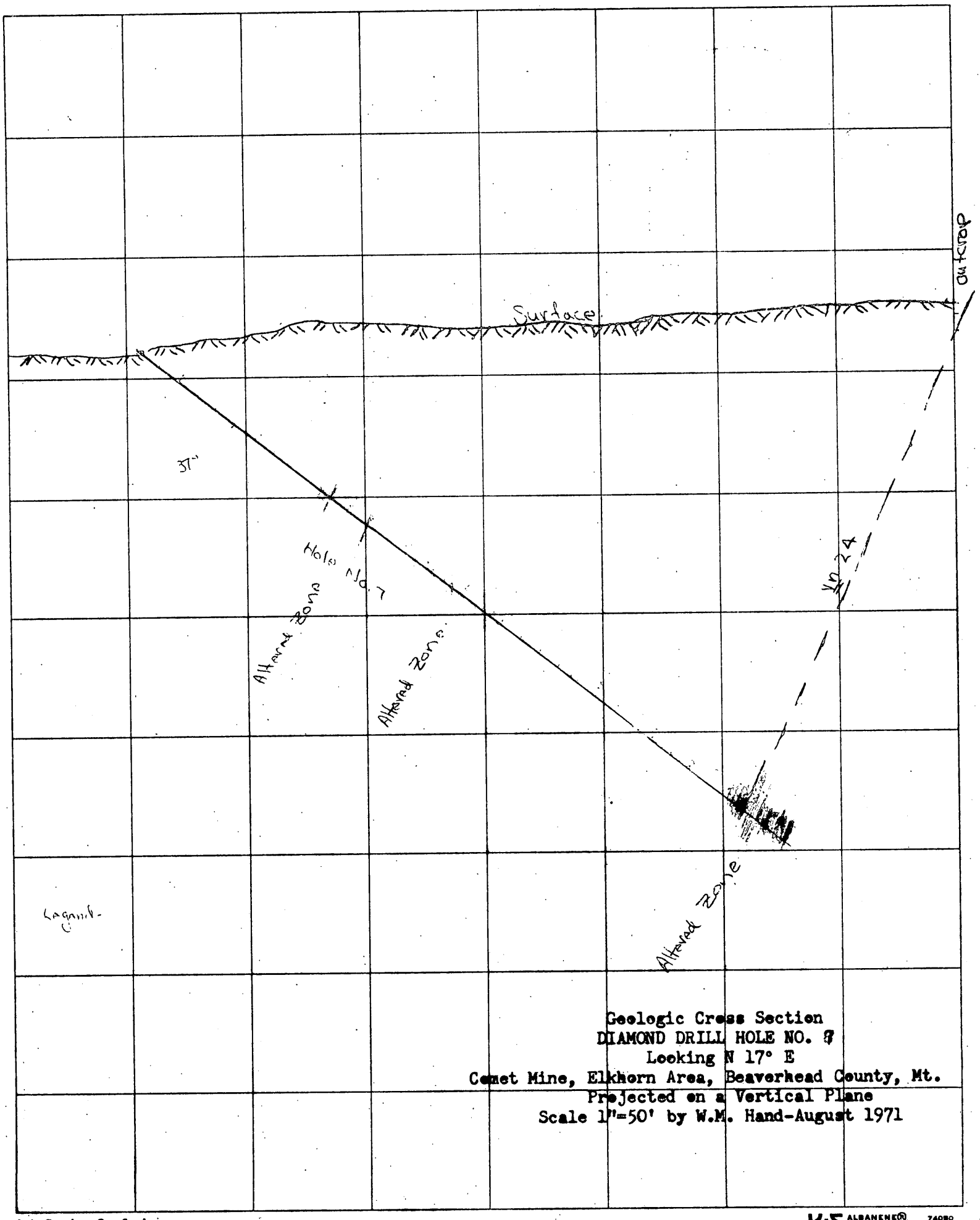
Observed Structures:
a. Jointing
b. Faulting on joints

Degrees of Alteration Noted:
a. Unaltered Gr. = "Bird's Eye"
b. Blurred pinkish Orthoclase Crystals
c. Orthoclase softy and Claylike
d. Horneblende to red FeO Bloches
e. Biotite to muscovite

Survey

Footage	Bearing	Inclination

Notes and Conclusions:
1. Three altered zones were crossed, ore minerals were hard to detect.
2. 335 feet of hole yielded 333.305 feet of core or 99+% recovery.



Geologic Cross Section
DIAMOND DRILL HOLE NO. 7
Looking N 17° E
Comet Mine, Elkhorn Area, Beaverhead County, Mt.
Projected on a Vertical Plane
Scale 1"=50' by W.M. Hand-August 1971

ALBANENE® 74080

exide Zone
Granite Wall Rock

Assays Intercept	Sludge Wt.	Au	Ag	Pb	Cu	Description (Lithology, Alteration, Misc.)	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns	Description Vns. Min'ation Faults	Assays Core Intercept	Wt.	Au	Ag	Pb	Cu
						No. 7 Hole Collar cemented July 31 - P.M. Will begin drilling Aug 2-1971 39°15' off Base line Incl. 37°				0								
						Broken because of Surface				10			No alteration.						
						17-18- No Hornblende alt.				20									
						15" No. Hornblende alteration at 2'" 6" total alt.				30	Slight alt.		No Mineralization but Fe O Mud in Joint						
						unalt. "Birds Eye" granite Poorly Jointed over Muscovite — No Rec.				40	Unaltered		No Mineralization						
Incs. 1:00 P.M. Just had 45' previous shift had hole cave Trouble Said Sand would force drill stem back out						6" Oc Hornblende alt. at 46' 30° w/mag				50	Mostly unaltered		No Mineralization						
						Some of the Joints have (conflicting Joint) have 1/4 - 1/2" unmineralized slickensides between —				60	Unaltered		Perhaps 1/8" Joint 68' No. Mineralization						
						Slight alt. at 70'				70			No Mineralization						

Hole No. 7 Sheet 1 of 5 Sheet

oxide Zone
Granite Wall Rock

Assays Sludge Intercept	Wd.	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Pt	Grafic Log	Vns Description Vns. Min'ation Faults	Assays Core Intercept	Wd.	Au	Ag	Pb	Cu
										70								
						Slight alt. at 80' Bal - unaltered	10'	9'6 3/4"	9.562	80	unaltered	No Mineralization						
						Slightly altered at 92'	9'5"	9'5 1/2"	9.516	90	unaltered	Not Mineralized						
						Mafics complete	8'5"	9'5 1/4"	9.37	100								
						No - hornblende - No. Bio alt. throughout. ~~Then becomes highly alt~~	9'5"	9'7 3/4"	9.33	110		104.5 - 107 - Qtz w/ FeO Min in Small quantities Partly grades into Course Cry alt. Granite w/ in Qtz						
						alt containing ~~Sa~~ Some hornblende to 116' then becomes highly alt to ~~Pla~~ 1/2" @ ~~#~~ 120'	10	9'1"	9.50	120		white broken up Qtz @ 120' Can ~~see~~ No FeS						
						No Hornblende alt. To 121-125 Then grades into Bird's eye @ 126'	9'5"	9'7 1/2"	9.60	130		high Qtz granite w/ Fe added 121.5 - 122.5 — 1/2" ~~Some~~ Qtz added on 30° Joints at 126' & 128						
						a.lt. 18" at 132.5						132.5 3" Qtz Mineralization - at 35° w/ hole						
						Bal Bird's eye	10'	9'8 1/4"	9.27	140	unaltered							

Aug 1 - 19 PM - 191' drilling

134' 132.431

Hole No. 7 Sheet 2 of 5 Sheet

Oxide Zone
Granite Wall Rock

Assays Sludge Intercept	Wd	Au	Ag	Pb	Cu	Description (Lithology, Alteration, Misc.)	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns Description Vns, Min'ation Faults	Assays Core Intercept	Cu	Au	Ag	Pb	Cu
										140								
						unaltered to 148 slightly alt. (Matic Minerals showing) to 148 - No Matic Minerals to 148 148-149 - Matic Minerals Shows	1'	1'	9.1		altered	No Mineralization						
						altered to Clay-like ortho but Bio & Hornebl'ender remain thru-out 9½	9.5	9.5	9.07	150	altered	No Mineralization						
						Slight alteration (Matic Mineral Present) 160-162 Matic Minerals Then ortho-clay-like ~~Matic~~ Matic Minerals at 166	8	8	9.08	160	altered	Fe O in Joints -1" wide or 60° Seam (Not worth assaying)						
						ortho-alt. Blurred Hornebl'ende Bio Present except 6" at 169' Then ortho-clay-like	10	9	9.09		altered	No Mineralization						
						intermittent alteration at ~~180~~ 174-181 - No Matics some matic shows remain although ortho-clay-like	9	9	9.1	180	altered	Fe O in Joints (60°) (None worth assaying)						
						alt intense (No Matics) To 189' Then "Bird's eye"	9	9½	9.07	190	unaltered	Fe O in Joints 1° wide						
						Jointed - unaltered granite	9.5	9½	9.21	200	unaltered	No Mineralization						
						unaltered — "Bird's eye"	9.5	9½	9.26	210	unaltered	No Mineralization						

Hole No. 1 Sheet 3 of 5 Sheet

208 → ~~205851~~ 205851

Granite Wall Rock
Oxide Zone

Assays Sludge Intercept	Mo	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns	Description Vns. Min'ation Faults	Assays Core Intercept	Mo.	Au	Ag	Pb	Cu
										210									
						unaltered Bird's eye granite	9'	9.5'	9.46	220	unaltered	30 Pos	No Mineralization						
						unaltered "Bird's eye" Granite	10'0"	10		230	unaltered	21 Pos	No Mineralization						
						unaltered "Bird's eye" granite	9.8'	9'7"	9.584	240	unaltered	2 Pos	No Mineralization						
						unaltered "Bird's eye"	10.2'	9'8"	9.6	250	unaltered	26 Pos	No Mineralization						
						unaltered "Bird's eye" 260-262 - Band of fine grained - Mafic absent - granite ~~Hard~~ Hard	9.5'	9'6"	9.5	260	unaltered	2 Pos	No Mineralization						
						unaltered "Bird's eye" granite	9'	9'7"	9.584	270		22 Pos	No Mineralization						
						Poorly Jointed Bird's eye Granite slight alt @ 27' aft. 2" wide @ 30° Joint	10.5'	9'7½"	9.79	280	unaltered	15 Pos	No Mineralization						

Hole No. 7 Sheet 4 of 5 Sheet

276 273.535

Assays Intercept	Sludge Wd.	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Pt	Grafic Log	Vns Description Vns. Min'ation Faults	Assays Core Intercept	Wd.	Au	Ag	Pb	Cu
										280								
						unaltered "Bird's Eye" granite -		12'4"	12.33			No Mineralization						
						unjointed except at 189 Joint [illegible] w/[illegible] slight [illegible]				290		slight FOO [illegible] at 295'						
Aug 6-8 AM			295'	about														
						Poorly Jointed "Bird's Eye"			9.06			Some FOO [illegible]						
										300		FOO in [illegible] 45° w/hole Same						
						Jointed Mod Mineralized "Bird's eye" granite			6.05									
Intersection of hole checked at 364'						unaltered to [illegible] at Begin [illegible] alteration - Mod Mafic Minerals to 319 - Pass to Muscovite to 323			3.46			[illegible] at 321' [illegible] of 3 to 10 Mafics [illegible] with hole						
									10.08		altered	Qtzy to 323	318-318.2					
										320			319.5-322					
													322-325.2					
Vn Broken Qtz						after 325.2 - altered Material to 333 shows Little Mafics & Much Clay like all ortho.			10.26	330	altered	Qtz to 325.2 cutting Hole at 60° but going into alt. Granite only [illegible] Fault Gouge Seams at 80-90° Seams [illegible] to [illegible] of FOO						
						highly altered although OK Mineralogy alt to Kaolinite			5.00		altered	No Mineralization						
Hole 7 Finished Aug 6 at 337'5" 1:30 PM							335		333.395	340								
Used 36 Boxes						in 335' hole 1.695' Core unaccounted for												

Hole No. 7 Sheet 5 of 5 Sheet

OME 6840 Silver
Contract 14-08-0001-2297
Amount 32,640.00
Govt Partic. 75%

Hole No. 8 Cover Sheet of 8 Sheet

Blue SKY Mining Corporation
521 S. Washington Street
Dillon, Montana 59725

July August 197

DIAMOND DRILL HOLE LOG

Property: COMET MINE
Location: Elkhorn Polaris Area
Beaverhead Co. Mt.

Hole No. 8
Bearing at Collar S81 • E
Inclination at Collar -59°30'

Coord. Collar ~~N 54,850~~ N54350
~~E 54,050~~ E54050
Collar Elevation: 8990ft.

Length 505 Feet.
Core Size BQ
NQ- 1 7/8"
BX- 1 5/16"
BQ- 1 7/16"

Date Started July 26 1971
Date Completed July 31, 1971

Logged by: Bill Hand

Graphic Log Legend

Occurance: In Pioneer Stock
Texture: Granitoid

Rock: Granite
Color: Felsic

Major Feldspar: Orthoclase
Mafic Minerals: Horneblende & Biotite

Felsic Minerals: Quartz
Orthoclase

Observed Structures:
a. Jointing
b. Faulting on joints

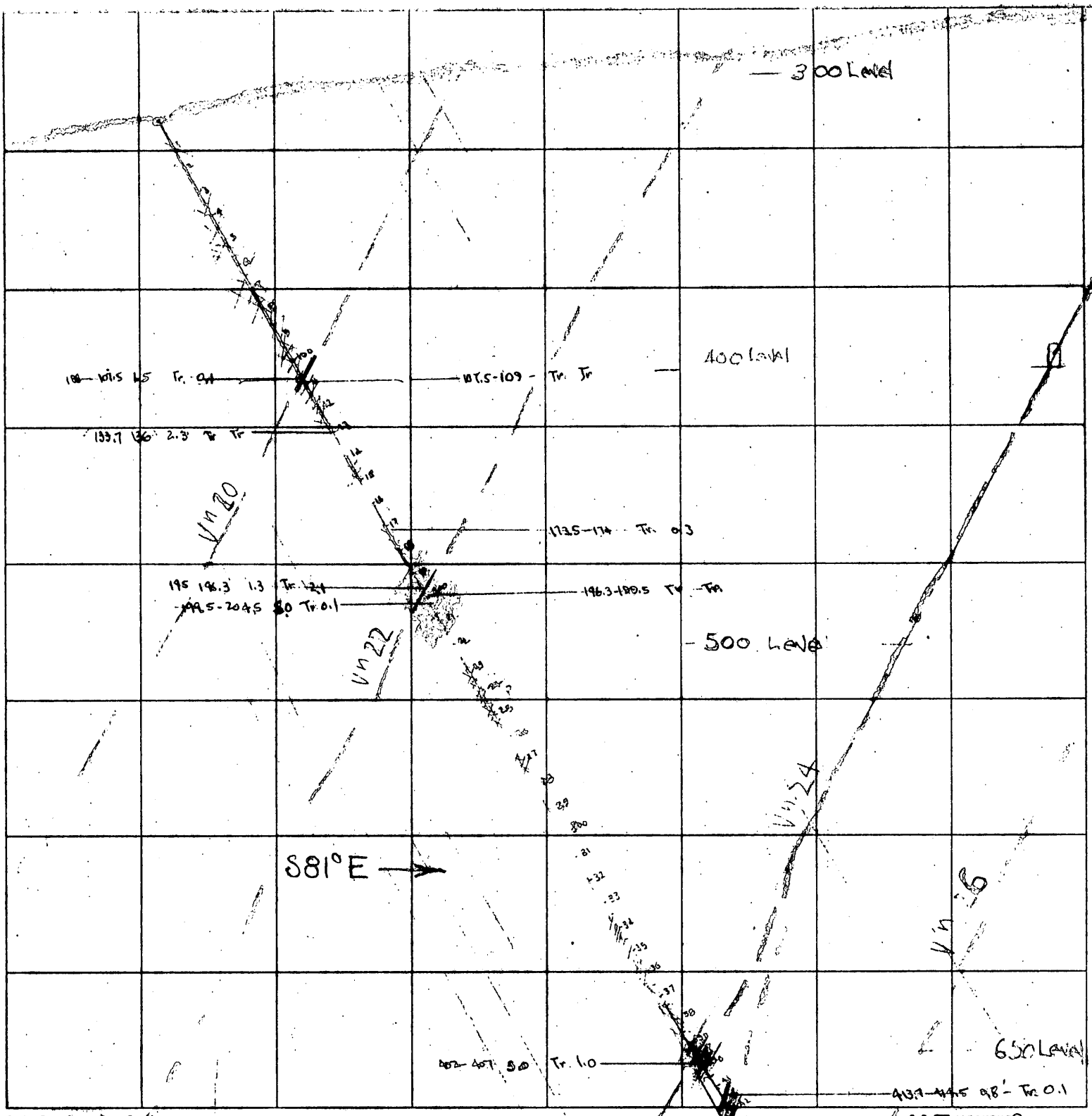
Ore Minerals:
a. Quartz
b. iron
c. Galena
c. Pyrolusite (Drendites)

Degrees of Alteration Noted:
a. Unaltered Gr. = "Bird's Eye"
b. Blurred pinkish Orthoclase Crystals
c. Orthoclase softy and Claylike
d. Horneblende to red FeO Blochs
e. Biotite to muscovite

Survey

Footage	Bearing	Inclination

Notes and Conclusions:
1. four stronger structures were encountered -a new one marked vn 26 was crossed searching for the unaltered footwall of vn 24.
2. Vn 22 made the best show of values. Assayed 2.1 oz./ton Silver over 1.3' hol
3. Vn 24 assayed 1.0 oz.per ton silver over 5' faces.
4. In 492.5' hole 483.5' core was recovered or about 98% recovery.



J. A. Gendron Co., Spokane

K+E ALBANENE® TRACING PAPER 74050

Geologic Cross Section
of
DIAMOND DRILL HOLE 8
Looking N9°E
Comet Mine, Elkhorn Area, Bvd. County, Mt.
Scale 1"=50' by Bill Hand July 1971

Zone - Oxide

Wall Rx [redacted] - Granite

Assays Intercept	Wd	Au	Ag	Pb	Cu	Description (Lithology, Alteration, Misc.)	Drill Run	Core	%	Ft.	Grafic Log	Vns Description Vns. Min'ation Faults	Assays Intercept	Core Wd.	Au	Ag	Pb	C
						Mach. During Sunday July 25 & Positioned Collar Cemented												
						Hole Drilling began July 26 8 AM				0								
							3'	1'7"	1.33									
						Very slight alt. 10x to 7' ortho to clay. No alteration Bird's eye granite	9'	7'7"	7.58	10		No Mineralization						
						Start ~~Core Measurement~~ Core.												
						Slight ortho to Poor clay 17-19'			9.25			slight ¼" FeO introduced into Joints paraloll to hole						
						Balance - "Bird's eye" Gr.	9'	9'3"		20								
						slightly altered to 34' w/ very grains blurred but Hornblende Remain	10'	9'4"	9.54	30		No introduced Mineralization						
						"Bird's eye" at 35-36												
						6" No Hornblende aft. of 38' Remaining unaltered	9'6"	9'5½"	9.46	40	unaltered	at 38' — 1" seam FeO in Joint 35° w/ hole No other Mineralizato						
						slight intermittent alt. Through - grades into "Bird's eye" Dense finegrained (?) 52-53	10'	9'7"	9.58	50	unaltered	No introduced Mineralization						
						6" Very Slight alt. at 63' Bad "Bird's eye"	9'	9'4"	9.375	60	unaltered	slight FeO Mineralization on 30° Joint						
						unaltered "Bird's eye" Granite	10'	9'8"	9.67	70	unaltered	No Mineralization						

58 — Slab 8

Hole No. 8 Sheet 4 of 8 Sheet

WALL ROCK - GRANITE
ZONE- OXIDE

Assays Intercept	Sludge .Cd	.Au	.Ag	.Pb	.Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns	Description Vns, Min'ation Faults	Assays Core Intercept	Wd.	Au	.Ag	.Pb	.Cu
										70	unaltered								
						Jointed "bird's eye" granite	10'	9'10½"	9.8	80	unaltered	27 Ros.	No Mineralization						
						In & out very slight alteration -	9	9'3"	9.0	90	unaltered	27 Ros.	No Mineralization						
						Slight alt. with Orth - Rounded & blurred Hornblende remains	9'	9'6"	1.0	100	unaltered	27 Ros.	FeO Gouge on 45° Joint 94'						
						Hornblende to 103 alt. to No Hornblende across vn to 110.5 Then Hornblende return -	10	9'6"	9.5	110	H	24 Ros.	Pastel Colored Qtz vn w/ qtz Crys & Vugs 106-107.5	106 - 107.5	1.8	Tr	0.1		
														107.5 - 109	1.5	Tr.	Tr.		
July 27 - 90 to load Ore, Idaho get pipe - Move Lower water pump 400'dn from 400 level Portal Reinstall Pipe Tunnel Water to pump catch spring water						Bird's eye q. to 115' Then alt slightly Though Hornblende Patch	9'	9'3½"	9.4	120	unaltered	21 Ros.	No Mineralization						
						very slight alt. to 124 Then remaining Bird's eye"	9	9'5½"	9.4	130	unaltered	30	No Mineralization						
					July 28 - 71 8PM	alt Begins at 131 becomes Dizzy at 131 gradous back into Hornblende Qz 139'	10	9'4"	9.3	140		21 Ros.	some qtz introduced at sample upon wetting appears Qtz Rep ortho	133.7 - 136	2.3'	Tr	Tr		

124 - 123 $2

Hole No. 8 Sheet 2 of 8 Sheets

after CRX 1968

WALL ROCK - GRANITE
ZONE- OXIDE

Assays Intercept	Sluice .Wd	.Au	.Ag	.Pb	.Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft.	Grafic Log	Vns	Description Vns. Min'ation Faults	Assays Core Interval	Wd.	Au	.Ag	.Pb	.Cu
										140									
						Increased SiO2 at 142' But all "Bird's eye" qz.	9'	9'2"	1		unaltered	142	No Mineralization						
						No alteration	9.5'	9'4"	9.31	150	unaltered	150	No Mineralization						
						at. Begins 162 goes To 166 in Some place ~~Qtzbio - persists~~ Bio persists — increased Qtz 162-164.5	9.5'	9'6"	9.5	160		162	163-164.5 Qtz added with No apparent ore Minerals —	163-164.5	15				
						Pretty much "Bird's eye" To 170' with increasing SiO2 altered To 175' w/ Qtz street at 174 on 30° Joint — "Birds eye" ~~From~~ 175-177	9'	9'3"	9.27	170		170	Possibly introduced FeO in 30° Joint on Qtz at 174'	173.5 174	0.5	Tr	0.2		
						alt. grades from "Bird's eye" To 180 Then increased silicification 184 ~~but Hornblende persists~~ — Intense alt Thru 187	10'	9'6"	9.67		altered unaltered		See No Mineralization						
						Faintly altered Joints at 60° grades into Qtz silicification & carbonation almost Complete	10'	9'8"	9.67	190		190	alt. Grades into Qtz 199' shows PbS & Dime Size Vugs Containing AgCl & AgBr. 195-1963	191-195 195-1963	4.0 1.3	Tr.	2.1		
						altered & Complete destruction of hornblende Hydrothermal alter Mica Muscovite — Graphite Missing in Mud of Pan	10'	9'10"	9.83	200		200	Could be Mineralized FeO or Steel showing vugs	196.3-199.5 199.5-201.5	3.7	Tr.	Tr.		

Hole No. 8 Sheet 3 of 8 Sheet

after CRA 1968

112- 190.44

WALL ROCK - GRANITE
ZONE - OXIDE

Assays Slides Interval	Ag	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft.	Grafic Log	Vns Description Vns. Min'ation Faults	Assays Core Interval	Wd.	Au	Ag	Pb	Cu
No set Joint set was developed						altered (Bio to Muscovite) to ~~[illegible]~~ 215 - Then Bio				210		No Mineralization						
						Returns but not Hornoblend	11.5	9.54	9.07			would be hard tough to hold while Mng.						
						Joint return on last ½ of R												
						Practically No Alteration	9	9.18	7.67	220								
						alt. To No Hornoblende in 6" Pcs from 227-230	9.5	9.6	9.5	230	alt Slightly no alteration	High Qtz Band 6" wide 232.5 Can see No ore Minerals Might assay if Cam						
						No alteration Hornoblende Through out	10'	9.63	9.5	235	No alt.	No Mineralization						
						slight 247-251 some spots to No. Hornoblende Remainder "Bird's eye"	10'	9.10	9.85	250	Slightly alt. unalt.	½" Qtz filling on 45° Joint at 250'						
257 July 29, 197 Had to cement here - Drill resumed July 29 Las Vdy's Shift						unaltered 5PM - "Bird's eye granite	9.5	9.5	9.46	260								
						Pretty much unaltered "Bird's eye" granite	9.5	9.5	9.20	270		No Mineralization ground zone 3" wide 274'						
382' H 1st Hard Granite 5PM, July 30 71										280								

260.00 257.373

Hole No. 8 Sheet 4 of 5 Shee

ZONE -- OXIDE
WALL ROCK --GRANITE

Assays Sludge Intercept	Wd.	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Pt	Grafic Log	Vns Description Vns. Min'ation Faults	Assays Core Intercept	Wd.	Au	Ag	Pb	Cu
						unaltered "Bird's eye"	10	9'6"	9.5#	280	unaltered	No Mineralization						
						unaltered except 4" on side of Fe Stream at 286	10	9 7½	9.6#	290	unaltered	¼" of Pyrite to Fe2O3 Exworks 286 Crossing Hole at 45°-						
						Joints off "Bird's eye"	9'	9 10"	9.8#	300	unaltered unaltered	No Mineralization						
						unaltered "Bird's eye" granite	10'	9 8½"	9.0#	310	unaltered	No Mineralization						
						unaltered "Bird's eye" granite	9	9 1"	9.35#	320	unaltered	No Mineralization						
						unaltered Bird's eye granite	10	9 11½"	9.35#	330	unaltered	No Mineralization						
						unaltered "Bird's eye" granite	9'	9 5½"	9.4#	340	unaltered	No Mineralization						
						[illegible]	[illegible]	[illegible]	9.5#	350	unaltered	No Mineralization						

Hole No. 8 Sheet 5 of 6 Sheet

Zone Oxide

Wall Rx - Granite

ZONE — OXIDS
WALL ROCK — GRANITE

Assays Sludge: Intercept	Wd.	Au	Ag	Pb	Cu	Description (Lithology, Alteration, Misc.)	Recovery: Drill Run	Core	%	Ft.	Grafic Log	Vns	Description Vns, Min'ation Faults	Assays Core: Intercept	Wd.	Au	Ag	Pb	Cu
										350									
Note Most have had Drilling problems here Prob. Lost Core in hole						Slight alteration (ortho to clay) @ 354 Bal - "Bird's Eye"	10	9 1/3	9.56	360	Pretty Much unaltered	31 Rec	No Mineralization						
						Slight ~~at~~ alteration ~~365~~ 365' ortho Slightly Clay-like Bal. "Bird's Eye"	10	9 1/2	9.09 9.10	370	unaltered	31 Rec	Possibly Some FeO added						
						Bio present ortho Minerals Blurred but Do ~~at~~ soft	9.5	9 3/4	9.10	380	altered	27 Rec	~~some FeO introduced at 389.5'~~						
July 30-1971 5:00 PM 3½" # rail Hard granite						Hornblende present but ortho Blurred alteration	8.8	8 1/2	8.96			27 Rec	No Mineralization						
						Badly Broken - highly alt. Wall Rx to 393 Then Qtz Some Bio shows to 390	10.5	9 1/2	9.166	390		60 Rec	393 Fwd is Vn Qtz One badly Broken Some FeO Shows in Vug 393-399	393-397	~~4.0~~	Tr.	0.5		
Drill rods usio clean Cu >?						~~w~~ intensley alt. Bio to chlorite	9	9		400		43	Vn Qt ~~399-402~~ Cutting hole at about 60° shows Some AgCl & FeO	402 407	~~5.0~~	Tr	1.0		
						Intensely alt. Bio - to chlorite to 404.5 Then Qtz	10	9 1/2	9.83	410		40	Vr Qtz 404.5 - 418 FeO Qtz Crg. in Vug 1% MnO_2 ?	413.7 ~~414.5~~	0.8	Tr	0.1		
										420									

Hole No. 8 Sheet 6 of 8 Shee

ZONE -- OXIDE
WALL ROCK --GRANITE

Assays Sludge Intercept	Wd.	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Ft	Grafic Log	Vns	Description Vns, Min'ation Faults	Assays Core Intercept	Wd.	Au	Ag	Pb	Cu
													Qtz to 419 in white Bull Qtz						
						Complete alt. 419-424				420			No Mineralization in Qtz						
						Complete oxidation	5'	4'	7.7			30 Deg	Bull Qtz Streak 424-425						
						Hornblende appears at 426.5		4'					Some FeO Qtz Crg in Jucp						
						very slight alt to 435				430			No Mineralization						
						Then Bird all Minerals Hornblende Present But Slightly Blurred	9'	8½"	8.47		slightly alt	71 Deg							
						Then a nast "Bird's eye" 135-137													
						Bird's eye to 442 Then Slight Blurring of ortho But Bio Rem. Then into Bird's eye	4.5'	4½"	9.86	440	slightly Alt	27 Deg	No Mineralization						
						slight Blurring of Orthoclase but no Softening all Minerals (Horn. & Bio) in tact.	0	4½"	7.36	450	slightly Alt.	23 Deg	Qtz Veinlet at 451 Cut hole at 30°	450.5 451					
						slightly alt. - Blurred Gry	10'	9"	9.33	460		23 Deg	Some introduced Mineralization in 60° Joints about ¼' FeO & Qtz Crg. Same 2C. Joint w/ ¼" FeO plus Replacement Qtz	460 460.5					
														460.5-464.8	0.8	Tr.	Tr.		
						Slightly alt. Gr. 467 Qtz Hard granite Resembles sand Stone No Horn. Hornblende or Bio Some Orthoclase	10'	9"	9.21	470		30 Deg	No Mineralization Magnetite Vns	464.8-472	5.0	Tr	Tr.		
						Fine grained completely Alt or. Bio to Chlorite oxidized Vn Qtz Thru-out entire Run	9'	8'	8.7	480		58° Deg	Vn Qtz 482-482.5	482-482.5	0.5	Tr.	0.2		
														483-487	4.0	Tr	Tr.		
						Fine grained completely alt Gr. Bio to Chlorite to 487 Run out in Disseminated	1'	8½"	8.47	490		20 Deg	Could be alt. Vn to 487 Then						

Hole No. 8 Sheet 7 of 10 Sheet

WALL ROCK --GRANITE
ZONE --OXIDE

Assays Sludge Intercept	Wd.	Au	Ag	Pb	Cu	Description Lithology, Alteration, Misc.	Recovery Drill Run	Core	%	Pt	Grafic Log	Vns	Description Vns. Min'ation Faits	Assays Core Intercept	Wd.	Au	Ag	Pb	Cu
										490									
						Pretty much unaltered "Bird's eye" qz. un-Jointed				500			No pyrite No Mineralization						
										505.5									
						8.95' test Core	155.1	in	472.5'	hole									
						Initial [illegible] July 1971	1 AM												
						Make Preparation to [illegible] with small scope Before hit [illegible]													

Hole No. 6 Sheet 8 of ___ Sheet

United States Department of the Interior

GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

August 31, 1971

COPY
O. M. E.
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Cal 120 M
HK 120
gla 130

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Interim Inspection
OME-6840 (Silver)
Blue Sky Mining Company
Comet Mine
Beaverhead County, Montana
Contract 2297

I visited with officials of the Blue Sky Mining Co. in Dillon on Wednesday, August 25, 1971. The visit was necessary to assist the Operator in preparing Form 9-1648. Blue Sky Mining Co. had submitted a voucher, dated August 6, which was not made out correctly. They then submitted another voucher, dated August 20, 1971, which, too, was incorrectly prepared. On the latter voucher they had failed to list the work completed in prior months and had failed to insert the correct figures in the units column.

I spent about two hours with Mr. Bill Hand, Engineer for the Operator, in discussing proper procedures for preparing vouchers and then together we prepared another set of forms 9-1648, which were mailed from the Dillon, Montana, post office.

Mr. Hand and I then visited the Hand mine near Argenta, Montana, where the Blue Sky Mining Company core is stored. The core is in cardboard core boxes that are stored in a locked warehouse. Mr. Hand uses a diamond saw, instead of a core splitter, to prepare portions of the core for assay.

Five of the six holes had been completed and the results are discouraging. Assay data indicate 0.3 feet containing 177.0 ounces per ton in drill hole 3; the assays from other parts of the holes range from a trace to 1.3 ounces per ton.

Mrs. David Udy, wife of the drill contractor, telephoned me on August 30, 1971, to learn if the Operator had been paid for any of the drilling. I explained to her the trouble we had in getting a properly prepared voucher. Apparently the Operator is waiting until receipt of the Government's share of the cost before he pays the driller.

It now appears likely that the project will be completed by the end of the first week in September. Drill recovery has been good; samples have been properly prepared for assay, and the Operator's engineering and geologic reports are adequate. The engineer, Mr. Hand, is aware of our requirement for a final report. Unless very favorable results are found in the last hole to be drilled, there seems little chance that the work will result in a Certification of Possible Production.

Willard P. Puffett

Willard P. Puffett

cc: Director

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HK | 120

30 S. Arizona St.
Dillon, Mt. 59725
August 26, 1971

Honorable Richard Shoup
United States House of Representatives
1724 Longworth Building
Washington, D. C.

Re: OME-~~6389~~ 6840 (Silver) Blue Sky
Spokane National Mines, Inc.
New Departure Mine
Beaverhead County, Montana
Contract 2199

Dear Dick:

First, thanks again to you and Mrs. Shoup for comming to our banquet in Butte; I am sure your address "hit the nail on the head".

Dick, I have had the good fortune to be the "Supervisor-Engineer-Geologist-Administrator" for a 75-25%/for/an Office of Minerals Exploration (OME) contract here in Beaverhead County. Officially it is with the Blue Sky Mining Company and comprises diamond drilling some 2,300 feet in the search for silver.

I believe that this made possible for the small miner a means of taking a look and the collection of basic information. The Government's participation is around $24,000 and the operator about $8,000.

Although it is not quite completed and we may not have found a lot--------- its a real good program. Kind of think it should be expanded.

Just my thoughts.

Kindest regards,

Bill Hand,

RECEIVED
AUG 27 1971
O. M. E.
SPOKANE, WASH.

United States Department of the Interior

GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
W. 920 Riverside Ave.
Spokane, Wash. 99201

July 30, 1971

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130
120

Memorandum

To : Chief, Office of Minerals Exploration

From : Field Officer, Region I

Subject: Interim Inspection
OME-6840 (Silver)
Blue Sky Mining Company
Comet Mine
Beaverhead County, Montana
Contract 2297

I visited the Comet mine on Monday, July 26, 1971, with Mr. Pierce, the Operator, and Mr. Hand, his supervising engineer-geologist. We visited the diamond drill rig and then spent about an hour examining exposures in the 400-level adit.

Two drill holes had been completed. The altered zone in which the vein occurs was intersected by both holes but the footage required was more than approximated in the contract. Hole No. 3 was 315 feet long and hole No. 4 was 457 feet long. Sulfides were in the altered zone; silver content will be learned from assays of split core.

Core recovery is well above 90 percent. The Operator contracted with a driller for $8.00 per foot. The OME contract allows as much as $9.50 per foot so there will be sufficient funds for the added length of hole that apparently will be required to completely intersect the altered zones.

The project is proceeding satisfactorily. Drill recovery is high; Mr. Hand is doing an excellent job in logging the core and preparing samples for assay. Drilling progress is satisfactory--the project might be completed by September 1, 1971.

Willard P. Puffett

Willard P. Puffett

FORM 9-1648
MARCH 1968

OFFICIAL COPY O. M. E. RECEIVED AUG 4 1971 INITIALS/CODE

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

RECEIVED JUL 12 1971 O.M.E. SPOKANE, WASH

HK 7/22/71

OPERATOR'S MONTHLY VOUCHER

For Month of JUNE 1971

Docket No. OME- 6840 Silver 2297

Contract 14-08-0001

Contract Amount $ 32,640.00

Gov't. Participation 75 % $ 24,480.00

Operator's Name BLUE SKY MINING CORPORATION

Address 521 S. Washington St. Dillon, Mt. 59725

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Drill Site Preparation	1-Job	$ 250.00	1-Job	$ 250.00	1	$ 250.00	1	$ 250.00
Engr. & Supervising Svcs	3/8 Mo.	450.00	3/8Mo	450.00	3/8 Mon.	450.00	3/8 Month	450.00
Mobilization	1-Job	600.00	1-Job	600.00	1			
TOTALS		$ 1,300.00		$ 1,300.00		$ 700.00		$ 700.00

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

Date July 9, 1971 *Payee ~~Blue Sky Mining Corporation~~

Per Roger C. Pierce Title President

~~Roger C. Pierce~~

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature Willard O Raffety 7/19/71
OME Field Officer Date

(63) 14X0804

Approved for: $ 525.00
(SUBJECT TO AUDIT)

Signature ms

Date AUG 8 1971 Vou. No. 20614

(SEE OTHER SIDE)

FOR OPERATOR'S USE

REMARKS

RECEIVED
U.S. GEOLOGICAL SURVEY
JUL 26 9 43 AM '71
BUDGET & FINANCE

FOR GOVERNMENT USE

REMARKS

B DAVID WOY

1) Attached statement inadequate as it does not include total ~~part~~ cost for move-in mobilization expense.

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

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

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

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

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

20614

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: Blue Sky Mining Corp.
521 S. Washington St.
Dillon, Mt. 59725

Amount Claimed:	Differences (Explained Below)	Amount Approved
1,300.00	600.00	700.00 525.00 Govt. Part.
Bu. Voucher No.	Payee's Invoice No.	Period
	Docket #6840 Contract #2297	June 1971

EXPLANATION

$600.00 was disallowed because statement from David Udy is inadequate as it does not include total cost of Mone-in mobilization expenses.

Any reclaim for items deducted must be included as a separate item on subsequent monthly voucher and supported by the original of this statement.

ms

Branch of Budget and Finance

Operator's Narrative Report
Docket No. OME-68[illegible] Silver
Contract No. 14-08-0001-2297

Blue Sky Mining Corp.
Comet Mine, Beaverhead County, Montana
For Month of June 1971

Having established the approval of this OME loan the first part of June, efforts were immediately commenced to execute the work commitment.

Bids and estimates were invited and secured to complete the work under the stated specifications and Mr. Richard Udy of Salmon, Idaho (or Lead Ore) was awarded the diamond drilling.

Plans were immediately initiated to locate the collars of the six holes.

The services of W. M. Hand, Registed Professional Mining Engineer, were enlisted to assist in laying out the work, supervise its execution and provide the technical knowledge in logging the core.

Hand has had more than twenty five (25) years of experience in mining at the camp of Argenta where he assisted in the family operation of the Maulden or Hand Mine which is located about twenty (20) miles east of the Comet Mine.

On June 21 a preliminary survey was made to establish the various hole collar elevations. It was soon learned that the holes as laid out would be far too long; in otherwords,the chances were very evident that insufficient footage was available to cut the veins properly.

The day of June 22 was spent in the office trying various collar positions by means of descriptive and graphic geometry. It was soon evident that a drill site would have to be cut yielding to a minor compromise in order to stay within the budgeted hole footage and the cutting of only one drill site.

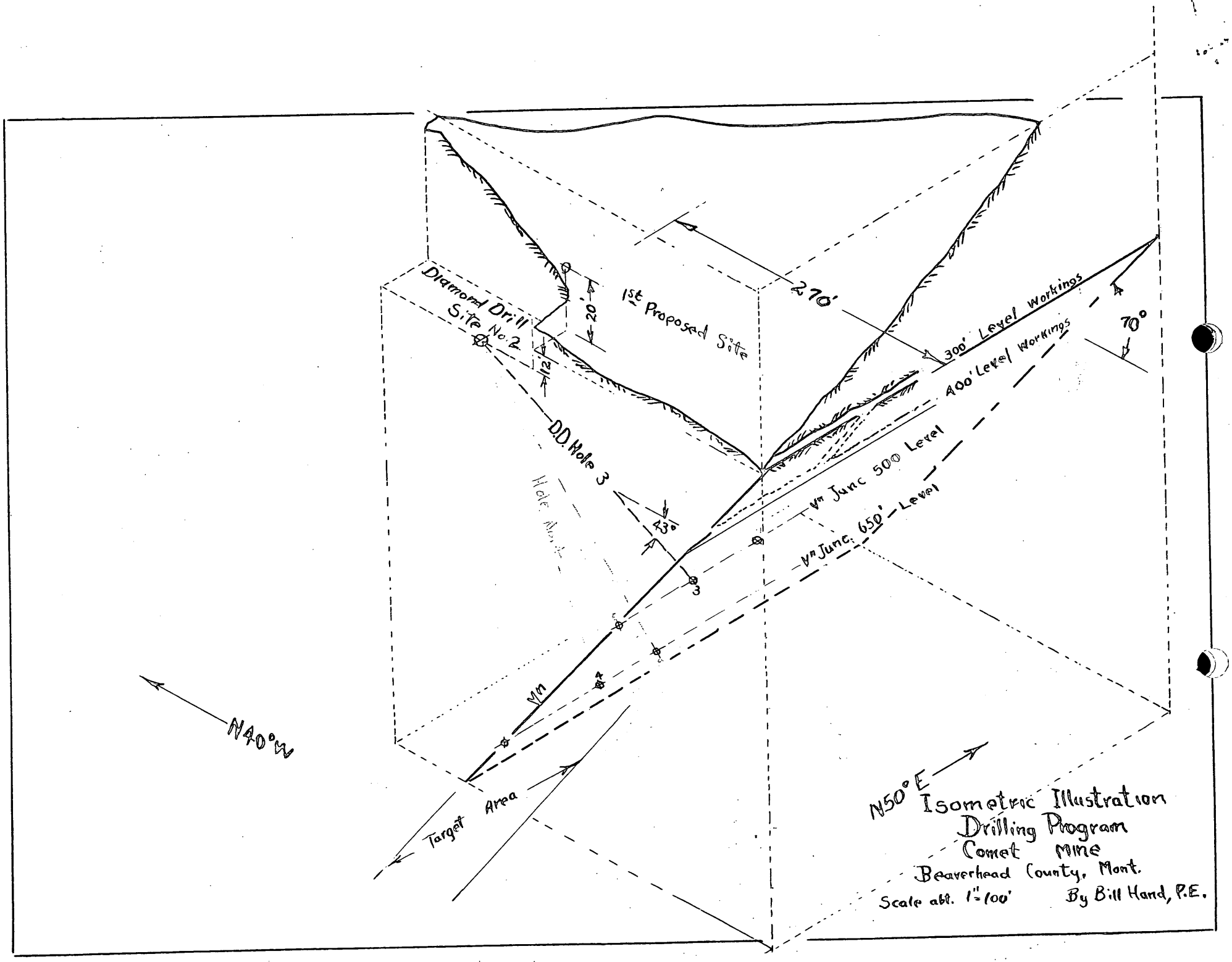
The best collar position was determined to be about 270 feet north of the vein outcrop and the hole direction altered slightly to intersect the structure at the predetermined target area. Re:attached Illustratio

Having established the need, Wednesday June 23 was spent running a line to the hole collar and determining its elevation and approximately the excavation effort required.

Efforts were immediately begun to hire the needed equipment. Fortunately, a D8 Caterpillar Dozer was readily available and with the exception of mireing in the mud, the site was expeditiously prepared on Friday and Saturday June 25th and 26th on the latter of which the final collar of hole number three (3) was laid out and Mr. Udy so informed.

An attempt was made to ascend Comet Mountain with drilling equipment on Monday June 28th but the rains had made the trek impossible and completion had to await Wednesday June 30th. On Wednesday, rather Thursday July 1, the Joy Diamond drill rig was leveled and positioned to collar and drill Hole No. 3.

Respectfully submitted,
BLUE SKY MINING CORPORATION
Roger C. Pierce
Roger C. Pierce, President


Diamond Drill Site No. 2
1st Proposed Site
20
12
270'
300' Level Workings
400' Level Workings
70°
D.D. Hole 3
Hole Angle
43°
Vn Junc 500 Level
Vn Junc. 650' Level
3
4
Vn
N40°W
Target Area
N50°E
Isometric Illustration
Drilling Program
Comet Mine
Beaverhead County, Mont.
Scale abt. 1" = 100'
By Bill Hand, P.E.

Operator's Memorandum of Expense
for Documentary evidence
Docket No. OME-6840 Silver

Blue Sky Mining Corporation
Comet Mine, Beaverhead County, Montana
For Month of June 1971

Contract No. 14-08-0001-2297

Operator's Memorandum of Expense

Blue Sky Mining Corporation
521 S. Washington St.
Dillon, Montana 59725

July 1, 1971

June 25 and 26	
Small Construction 7.15 Hrs. D8 Cat Mach. Hire	
Drill site preparation	250.00
June 21 to July1	
0.375 Months Engr.& Supervising Svc's @ $1,200/Mo.	450.00
June 10 to July 1,	
Operator's Mobilization Expense	
Snow Removal, Travel Expense, Telephone Charges	
Road repair, etc.	600.00
Total initiation expense	$ 1,300.00

"CERTIFIED TRUECOPY"
BlueSky Mining Company
Roger C. Pierce
Roger C. Pierce, President

Documentary Evidence
Docket No. OME 684 Silver
For months of June 1971

Statement of Account
with

WM. M. HAND
50 S. ARIZONA STREET
DILLON, MONTANA

July 1, 1971

Blue Sky Mining Company
521 S. Washington St.
Dillon, Montana 59725

Professional Engineering & Supervisory Svc's

Comet Mt. Drill Proj.
June 21 to July 1,
1½Wks or .375 Mo. @$1,200/Mo. ---- $450.00

CERTIFIED TRUE COPY
William M. Hand
William M. Hand, Prof. Engr. 969E(Mont)

RECEIVED
JUL 19 1971
O.M.E.
SPOKANE, WASH

Re: Docket No. OME 6840 Silver
Contract No. I[illegible]08-0001-2297
June 1971 (Reporting Month)

David Udy
Contract Diamond Drilling

Lead Ore, Idaho

July 1, 1971

Blue Sky Mining Company
Mr. R. C. Pierce, President
521 S. Washington St.
Dillon, Montana 59725

Re: Drill Proj. Comet Mt.-Bvd. Coounty, Mt.

This is to certify that I have recieved payment for move-in mobilization expenses.

CERTIFIED TRUE COPY

David Udy, Contrator

David Udy

RECEIVED
JUL 19 1971
O. M. E.
SPOKANE, WASH.

OFFICIAL
COPY
O. M. E.
RECEIVED
JUN 10 1971
INITIALS | CODE
Cal 120m
Ga 120
JHK 120

U. S. Courthouse, Rm 656
West 920 Riverside Avenue
Spokane, Washington 99201
June 7, 1971

Mr. Roger C. Pierce
Blue Sky Mining Corporation
521 S. Washington
Dillon, Montana 59725

Re: OME-6840 (Silver)
Comet Mine
Beaverhead County, Montana
Contract 2297

Dear Mr. Pierce:

Enclosed is a three-month supply of the Operator's Monthly Voucher, Form 9-1648. The original and three copies of the completed report forms as well as the narrative, maps, assays, and all technical data, should be submitted for each month in which costs have been incurred under the contract. However, in the event that you do not wish to submit a voucher for any month, the narrative report for the work done in that month is required. Delay in processing can be avoided if reports are submitted promptly to this office.

Also enclosed are three copies of Standard Form 38, entitled "Notice of Nondiscrimination in Employment." In accordance with Executive Order 11246, which is Exhibit B of your contract, you shoul complete one copy and send it to any labor union that may be involved in your OME contract work and should post one or more copies in conspicuous places availabe to employees or applicants for employment.

We would appreciate being advised when the OME contract work has started.

Sincerely,

Willard P. Puffett
Field Officer, Region I
Office of Minerals Exploration

Enclosures

WPPuffett:wpp
cc: OME
Director's Reading file

521 S Washington,
Dillon, Montana
June 3, 1971

United States Department of the Interior,
Office of Minerals Exploration,
656 U. S. Court House,
W. 920 Riverside Ave.
Spokane, Wash. 99210

RECEIVED
JUN - 7 8 1971
SPOKANE, WASH

Attention: Willard P. Puffett, Field Officer Region 1, O.M.E.

Dear sir:

In reply to your letter of June 1, 1971, the claims involved in the project covered by the Government contract (O.M.E. 6840- Silver) will not be encumbered in any manner as security for repayment of the advance funds furnished by Cook Incorporated.

Please find enclosed the signed copies of above mentioned contract. We appreciate your cooperation.

Very truly yours,

Blue Sky Mining Corporation

Roger C. Pierce

Roger C. Pierce, Pres.

Received 6/3/71

120 M

OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
W. 920 Riverside Ave.
Spokane, Wash. 99201

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 3 1971

INITIALS	CODE
Cac	120 M

June 1, 1971

Mr. Roger C. Pierce
Blue Sky Mining Corporation
521 S. Washington
Dillon, Montana 59725

Re: OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana

Dear Mr. Pierce:

Enclosed are the original and three copies of a proposed contract to explore the subject property. The contract consists of MME Form 50 (seven pages), Annnex I (one page), one Lien and Subordination Agreements, Annex II (one page), Exhibit A (four pages), Exhibit B (one page), and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government.

You or whoever will be in charge of carrying out the project work under this contract are urged to read carefully all the specifications set forth in Exhibit A. Without prior Government approval subsequently confirmed in writing, the Government may refuse to contribute to the cost of any work that does not conform to those specifications. Your attention is specifically directed to Article 10 and Exhibit B. Appropriate forms to meet the compliance requirements will be sent with forms for reporting monthly progress and vouchering.

If the terms and conditions are satisfactory, sign all copies, keep the Operator's copy, and return the other copies to this office.

If any part of the proposed contract is not satisfactory, please return all copies unsigned to this office with a statement of your proposed changes for consideration.

The 7-3/4 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

In your letter returning the signed contracts please state whether the claims involved in the project are to be encumbered in any manner as security for repayment of the advance of funds by Cook, Incorporated. You assured me in a telephone conversation that there were to be no encumbrances; however, we need your written statement to this effect.

Sincerely,

Willard P. Puffott
Field Officer, Region I
Office of Minerals Exploration

Enclosures

cc: OME

ROUTING AND TRANSMITTAL SLIP

			ACTION
1 TO (Name, office symbol or location)	INITIALS		CIRCULATE
Chief, Office of Minerals Exploration	DATE		COORDINATION
2 Re: OME ~~685~~ 6840 (Silver) Blue Sky Mining Company Comet Mine ~~Beaverhead County, Montana~~	INITIALS		FILE
	DATE		INFORMATION
3 Contract 2297	INITIALS		NOTE AND RETURN
	DATE		PER CONVERSATION
4	INITIALS		SEE ME
	DATE		SIGNATURE

REMARKS

Attached are the Government's and the Budget and Finance's copy of the subject contract--signed for the Government and by the Operator. Also attached is a letter from the Operator stating that the claims involved in the contract are not or will not be encumbered in any manner as security for repayment of the advance funds furnished by Cook, Incorporated.

OFFICIAL
COPY
O. M. E.
RECEIVED
JUN 10 1971

INITIALS	CODE
Cec	120
gla	130
	120

Do NOT use this form as a RECORD of approvals, concurrences, disapprovals, clearances, and similar actions.

FROM (Name, office symbol or location)	DATE
Willard P. Puffett Field Office, Region I Spokane, Washington WPP	June 7, 1971
	PHONE 509-456-4677

OPTIONAL FORM 41
AUGUST 1967
GSA FPMR (41CFR) 100-11.206

GPO : 1967 O—300-455 (8-H) 5041-101

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/26/71	Kirkemo	120
5/27	Kilgoard	
5/27	Brew	220
5/27	Murphy	
		120
		220
		120M

MAY 28 1971

AIRMAIL

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 50 (seven pages), Annex I (one page), one Lien and Subordination Agreements, Annex II (one page), Exhibit A (four pages), Exhibit B (one page), and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government. You should insert the date for commencement of the work. Your attention is called to the enclosed copy of a memorandum from the Assistant Solicitor regarding the letter to us from Mr. William A. Cook, President, Cook, Incorporated, dated May 17, 1971, which we discussed by telephone recently. An extra copy of the contract is enclosed for field use.

If the proposed contract is satisfactory to you and the Applicant, all four copies should be signed by an authorized representative of the Applicant. Thereafter, please distribute the copies as usual.

Please advise the Applicant that the 7-3/4 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval or that of the Applicant, the original and all copies should be returned to this office together with the proposed changes for consideration.

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket

OME Reading File
Mr. Kirkemo
130

GLAult/a 5-26-71

United States Department of the Interior

OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

IN REPLY REFER TO:

May 26, 1971

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Solicitor--Mines and Minerals Exploration

Subject: OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana

We have approved the subject contract for legal sufficiency and forward it herewith.

The letter which you recently forwarded to us from Mr. William A. Cook, President, Cook, Incorporated, dated May 17, 1971, stating that the Company will make available to the applicant the sum of $8,000 appears to provide sufficient assurance that the applicant will have sufficient funds to pay its share of the project costs. However, the letter does not indicate whether or not the claims involed in the project are to be encumbered in any manner as security for repayment of the advance of funds by Cook, Incorporation. You should determine whether or not this is the case. If so, it will be necessary to secure a Lien and Subordination Agreements from Cook, Incorporated in order to protect the Government's interest.

D R Tindal

Donald R. Tindal
Assistant Solicitor
Mines and Minerals Exploration

Enclosure

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/20/71		120
5/20	Cal	220
		130

AIRMAIL

Mr. William A. Cook
President
Cook, Incorporated
925 South Curry Pike
P. O. Box 1272
Bloomington, Indiana 47401

MAY 20 1971

Re: OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana

Dear Mr. Cook:

Thank you for your letter of May 17, 1971, assuring us that Cook, Incorporated, is ready to make available to Blue Sky Mining Corporation, applicant, 25 percent of the total estimated value of a proposed OME contract to explore the Comet mine. This amount ($8,160) would cover the applicant's share of a contract, and satisfies our request to Blue Sky Mining Corporation for this assurance. We have no instruction concerning how these funds should be transferred or made available to Blue Sky Mining Corporation. Any arrangement mentioned in your letter should be satisfactory to the applicant.

Thank you, also, for the financial statement of Cook, Incorporated.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to Roger Pierce
Blue Sky Mining Corp.

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
OME Region I w/cy incoming letter
Mr. Kirkemo

HKirkemo/gla 5/20/71

COOK INCORPORATED

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 18 1971
INITIALS | CODE
gla | 130
HR | ~~130~~

May 17, 1971

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

ATTN: Mr. Harold Kirkemo
Chief, Office Minerals Exploration

Gentlemen,

OME 6840

At the request of Mr. Roger Pierce, President, Blue Sky Mining Corporation, Dillon, Montana, I am writing to confirm our understanding with his organization regarding underwriting 25% of an exploration loan. I understand that your department is considering Mr. Pierce's application for a loan totaling approximately $32,000.

Cook, Incorporated is ready to make available 25% of the loan value ($8,000 approximately). These funds can be made available to Blue Sky according to your desire eg., certified check, bank draft or check payable to Blue Sky. Would you please let the writer know the best procedure to follow for this transfer in order to satisfy the loan requirement? Enclosed is a copy of our most recent financial statement to indicate our ability to match funds.

Thank you.

Respectfully yours,

COOK, INCORPORATED

William A. Cook
President

WAC:scg

cc: Roger Pierce

Enclosure April balance sheet

Copy letter + statement to R-I

925 SOUTH CURRY PIKE, P. O. BOX 1272, BLOOMINGTON, INDIANA 47401 PHONE 812 339-2235

EXHIBIT A

COOK, INCORPORATED

Balance Sheet

APRIL 30, 1971

(Prepared without Audit Verification)

ASSETS				
CURRENT ASSETS				
Petty cash		$		
Cash in bank - regular		146996		
Cash in bank - payroll		122	$ 147118	
Account receivable		220547		
Reserve for bad debts		16224	204323	
Expense advances				
Prepaid expense			2000	
Inventory			47781	
Total current assets				$ 401222
FIXED ASSETS	Cost	Accumulated depreciation	Net	
Land	$	$	$	
Building	172344	8087	164254	
Office equipment and furniture	6045	2524	3521	
Equipment	76657	26361	50296	
Auto and automotive equipment	68972	24991	43981	
Leasehold improvements	22630	10484	12146	
Total fixed assets	$ 341.145	$ 72447		274198
OTHER ASSETS				
~~Organization expense~~ INVESTMENTS			127190	
~~Patents and trademarks~~ DEFERRED INTEREST			51	
SABIN (38644 - 6230)			32414	
Total other assets				159655
Total assets				$ 835075
LIABILITIES AND CAPITAL				
LIABILITIES				
Accounts payable			$ 80	
Accrued taxes - payroll			3927	
- state				
- federal			12666	
Accrued interest				
Contracts payable			537	
Mortgages payable				
Debentures payable			1000	
Loans payable				
Total liabilities				$ 18210
CAPITAL				
Capital stock			3250	
Retained earnings - beginning			483018	
- current			330597	
Total capital				816865
Total capital and liabilities				$ 835075
BLUE SKY	67808			
CAMPUS LEASING	28862			
ANTHONY PRODUCTS	25520			
AMERICAN FLEETCARE	5000			
	127190			

EXHIBIT II

COOK, INCORPORATED

Statement of Income and Expense

(Prepared without Audit Verification)

	APRIL, 1971		TEN MONTHS ENDED APRIL 30, 1971	
SALES INCOME				
Sales - medical	$ 172282	%	$1 547379	%
Sales - optometric	42		961	
Refunds and allowances	(12)		(1131)	
Net sales	172312	100.0	1 547209	100.0
COST OF SALES				
Material	31 062	18.0	196572	12.7
Supplies	1146	.7	13320	.8
Direct labor	27421	15.9	249878	16.2
Supplies - optometric				
Shop expense	704	.4	7208	.4
Total cost of sales	60333	35.0	466978	30.2
Gross profit on sales	111979	65.0	1080231	69.8
EXPENSE				
Advertising and promotion	191	.1	6901	.4
Bad debt expense	862	.5	7738	.5
Depreciation and amortization	3636	2.1	33752	2.2
Dues and subscriptions	77		315	
Insurance + PROFIT SHARING	7583	4.4	71958	4.7
Interest expense	10		1024	
Legal and professional fees	1841	1.0	25439	1.6
Miscellaneous expense	883	.5	1494	.1
Office salaries	1591	.9	16314	1.1
Officers' salaries	7833	4.5	77995	5.0
Office supplies and expense	1387	.8	9301	.6
Patent expense				
Payroll taxes	2328	1.3	18549	1.2
Postage + FREIGHT	9621	5.6	24638	1.6
Rent	1000	.6	10000	.6
Repairs and maintenance	739	.4	7688	.5
Research and development	491	.3	21332	1.4
Sales commission	3200	1.9	22133	1.4
Taxes and licenses	6104	3.5	9195	.6
Telephone and telegraph	2021	1.2	9161	.6
Travel and entertainment	3468	2.0	31756	2.1
Utilities	619	.4	6106	.4
Auto expense	460	.3	4227	.3
PLANE EXPENSE	601	.3	2550	.2
ROYALTIES			244	
Other income			(826)	
Total expense	57546	32.8	418982	27.1
Net income before tax	55433	32.2	661249	42.7
Federal income tax	24431	14.2	292666	18.9
Net income	$ 31002	18.0%	$ 368583	23.8%

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/13/71		120
		220
		120M

May 13, 1971

Memorandum

To: Assistant Solicitor
Mines and Minerals Exploration

From: Chief, Office of Minerals Exploration

Subject: OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana

In response to the two questions on this application you asked us today, we have been advised by phone by Mr. Willard P. Puffett, Field Officer, OME Region I, that:

1. Mr. Roger C. Pierce, President, Blue Sky Mining Corporation, will furnish a current financial statement for the corporation.

2. Cook Incorporated, Bloomington, Indiana, a major shareholder in Blue Sky Mining Corporation, manufactures medical equipment. Mr. William A. Cook will prepare a letter attesting that Cook Incorporated is willing to finance Blue Sky Mining Corporation as needed for an OME contract.

These documents will be submitted to you for review upon receipt in this office.

Harold Kirkemo
gla

Harold Kirkemo

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

HKirkemo/gla 5-13-71

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

May 13, 1971

Memorandum

To: Assistant Solicitor
Mines and Minerals Exploration

From: Chief, Office of Minerals Exploration

Subject: OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana

In response to the two questions on this application you asked us today, we have been advised by phone by Mr. Willard P. Puffett, Field Officer, OME Region I, that:

1. Mr. Roger C. Pierce, President, Blue Sky Mining Corporation, will furnish a current financial statement for the corporation.

2. Cook Incorporated, Bloomington, Indiana, a major shareholder in Blue Sky Mining Corporation, manufactures medical equipment. Mr. William A. Cook will prepare a letter attesting that Cook Incorporated is willing to finance Blue Sky Mining Corporation as needed for an OME contract.

These documents will be submitted to you for review upon receipt in this office.

Harold Kirkemo

Harold Kirkemo

RECEIVED
MAY 13 1971
MINERAL RESOURCES and
GENERAL LEGAL SERVICES

Blue Sky Mining Corp.
521 S Washington,
Dillon, Montana
March 16, 1971

RECEIVED
MAR 19 1971
INITIALS CODE

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

Re: O.M.E. 6840 (Silver)
Blue Sky Mining Corp.
Comet Mine, Beaverhead County, Montana

Gentelmen:

Thank you for your letter of March 9, 1971. I am sorry about the forms filled out in error.

file OME-6326

Please find enclosed 2 copies of form MME63, completed as requested. I did not realize that a report was necessary when mill returns were being forwarded on production. Also, please find 5 copies of the lien and subordination agreements enclosed.

We, Blue Sky Mining Corporation, hereby acknowledge our obligation on O.M.E. 6326, Contract 2181, however, it would appear that the San Francisco Claim (Survey no.3353) was included in the original contract (O.M.E. 6326). The San Francisco claim is under a different ownership and Blue Sky Mining Corporation does not have possession of the San Francisco claim, due to conditions beyond our control.

We hope we have cleared up the errors in filling out the forms. Thank you for your patience and cooperation.

Very truly yours,
Blue Sky Mining Corporation

Roger C. Pierce

Roger C. Pierce, President

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/9/71	Emerick	120
3/9	Cac	220
		120N

AIRMAIL

MAR 9 1971

Blue Sky Mining Corporation
521 South Washington
Dillon, Montana 59725

Re: OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana

Gentlemen:

Thank you for your letter of March 1, 1971, enclosing additional information, copies of the claim map, and Lien and Subordination Agreements requested in our letter to you dated February 24, 1971.

As the Lien and Subordination Agreements were not properly executed, we are enclosing a sample copy showing exactly how it should be executed and six copies of the form for your use. Please return to this office five copies of the form properly executed.

Although a legal review of the application has not yet been made, it is likely that obligations remaining under provisions of a prior OME Contract (OME-6326, Contract 2181) to explore this property would carry over and be added to the Government's contribution under a new contract. Any royalties on production from the property would be applied first against the accrued interest, then on the principal (amount of the Government's contribution) under the prior contract, and when these are repaid in full, against the interest and principal under the new contract. In no event would more than one royalty be due or payable on the same production. As of February 28, 1971, the outstanding balance on the principal under the prior contract was $9,558.09 and accrued interest totalled $3,585.15.

We will draft a contract following the modified program agreed upon by you and Mr. W. P. Puffett, Field Officer, OME Region I, upon receipt of properly executed Lien and Subordination Agreements, and acknowledgment from you of the obligation remaining from the prior contract on this property.

With reference to Contract 2181, we have not received from you a reply to our letter of January 29, 1971 (Form MME 63), asking to be informed about changes in the status of the property and production from it during the period of royalty obligation. Please furnish this information on the enclosed form letter.

Sincerely yours,

Harold Kirkemo
gla

Harold Kirkemo
Chief, Office of Minerals Exploration

cc: Director's Reading File
Mineral Resources
OME Docket 6840
OME Reading File
OME Region I 130

Enclosures
HKirkemo/gla 3-9-71

521 S Washington,
Dillon, Montana
March 1, 1971

OFFICIAL
COPY
O. M. E.
RECEIVED
MAR 4 1971
INITIALS | CODE

United States Department of the Interior,
Geological Survey,
Washington D. C. 20242
Att'n: Harold Kirkimo, Chief, Office of Minerals Exploration

Re: OME 6840 (silver) your letter 2/24/71
Blue Sky Mining Corporation.

Gentlemen:

(1) Blue Sky Mining Corporation is prepared to furnish our share of the cash funds necessary to complete this project, minus equipment use credit as agreed upon and necessary to complete the program.

(2) H. L. Patterson lease, and extension is planned, as Mr. Patterson is aware of our present exploration, inasmuch as he has signed subordinate agreements. Montana law allows a ½ owner to operate a mining claim without the consent of the other ½ owner, providing for a 10% of net profit to go to the dissenting owner. In short, a ½ owner of a mining claim cannot prevent the operation of the property by the other owner. We do not anticipate this problem, however. It is to his advantage to have this property in operation.

(3) Subordination agreements (M.M.E. Form 52) enclosed as requested.

(4) A claim map showing the relationship of the proposed work to the boundaries of the property enclosed.

If there are any further questions or information needed, I will gladly try to furnish same. Thank you for your consideration.

Very truly yours,

Blue Sky Mining Corporation

Roger C. Pierce, President

Enclosed with Applicant's letter 3/1/71 - Claim Map

United States Department of the Interior

GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
W. 920 Riverside Ave.
Spokane, Wash. 99201

OFFICIAL COPY
MAR 1 1971
INITIALS CODE

February 26, 1971

Memorandum

To : Chief, Office of Minerals Exploration

From : Field Officer, Region I

Subject: Application appraisal and recommendation
OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana

INTRODUCTION

The Blue Sky Mining Corporation has requested OME assistance to explore for silver ore bodies in quartz-filled shear zones cutting granite in the Elkhorn Mining District, about 45 miles southwest of Butte, Montana. Sufficient information is in our files and in the application on which to base a recommendation; a field examination of the property is not needed.

Formerly, Wayne Erickson obtained OME assistance to explore the Comet mine by drifting, crosscutting, and raising from the 400 level (OME-6326). Less than half of the planned work was completed; however, a small ore shoot was found and, according to Amendment No. 1 of Erickson's contract, the Government has a lien on production from the Comet mine until January 30, 1974, or until $9,468.00 is fully repaid with interest at the rate of $6\frac{1}{2}$ percent per annum, whichever occurs first. Value of production since the contract date totals $2,036.32, from which the Government received $101.81. The Government's lien, with accrued interest, now totals approximately $14,000.00.

On-Site Exam

The Blue Sky Mining Corporation proposes to diamond drill from three separate surface drill-sites to explore three different objectives. Estimated total cost of this work is $57,040.00. In this report, I am recommending the drilling of 6 holes from one drill site to test one objective. Total estimated cost of this work is $32,640.00, of which the Government's share at 75 percent participation, is $24,480.00. The work, if successful, will indicate 41,600 tons that contain 457,600 ounces of silver which, at today's prices, has a gross value of $736,736.00.

MME FORM 6 REFERENCE SI

REV. 2-59 OFFICE OF MINERALS E LORATION

TO:	DATE	INITIALS
1. Chief, Office of Minerals Expl.		
2. Re: OME-6840		
3. Blue Sky Mining Corp. Comet Mine Beaverhead County, Montana		
4.		
5. Willard P. Puffett Field Officer, Region I	2/26/71	WPP

FROM:

FOR: Check items for action desired

X Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

Instructions Your information

REMARKS: Attached is my report approving a diamond drilling program at the Comet Mine, and a proposed contract. I realize that the lease must be changed or extended on the claims, but I hope you can adjust the contract after receipt of necessary information from Applicant.

M56300-62

INT.-DUP. SEC.. WASH.. D.C.

RECOMMENDATION

I recommend that OME approve a contract to explore, by diamond drilling from a surface drill-site, the Comet ore zone between the 400 and 600 levels of the mine. Expected result of this work justifies the estimated costs of exploration. Ore found as a result of the work can be reached by development from the existing 600 level. There seems little likelihood that the Government's existing lien can be repaid by mining the few ore reserves now assigned to the mine. Additional exploration is necessary to determine if an ore body exists on the applicant's property. If successful, the proposed work will encourage the further development of the mine with consequent production and repayment of the Government's share of the past and proposed exploration costs.

APPLICANT

Blue Sky Mining Corporation
521 S. Washington
Dillon, Montana 59725

Officers include:

President: Roger C. Pierce, 521 S. Washington, Dillon, Montana

Vice President and Secretary : Hazel D. Pierce, 521 S. Washington, Dillon, Montana

Chairman of the Board : William A. Cook, 925 S. Curry Pike, Bloomington, Indiana

PROPERTY

The property consists of 6 unpatented claims that are recorded in the official records of Beaverhead County, Montana, as follows:

Claim	Book	Page
Dox No. 1	164	27 and 28
Dox No. 2	164	29 and 30
Comet No. 1	155	463 and 464
Comet No. 2	155	465 and 466
✓ Comet No. 3	164	25 and 26
✓ Comet Fraction	155	461 and 462

The Blue Sky Mining Corporation owns a half-interest in these claims and is in possession of the other half-interest by virtue of a 3-year lease, dated January 23, 1969, between Blue Sky Mining Corporation and H. L. Patterson, owner of the other half-interest in the claims. expires 1/23/72

Only 2 claims, the Comet Fraction and the Comet No. 3, will directly benefit from the proposed work.

LOCATION AND ACCESSIBILITY

The claims are on the steep southwest slope of Comet Mountain between altitudes of 8,500 and 9,250 feet and extend across the common boundaries of secs. 26 and 27, T. 4 S., R. 12 W. (Figure 1--Composite plan map and longitudinal section showing proposed drilling, Comet Mine, Sec. 26., T. 4 S., R. 12 W., Beaverhead County, Montana).

An unsurfaced access road leads 4.5 miles to the property from the county road near Grasshopper Creek at an altitude of about 6,650 feet. This junction with the county road is 10.85 miles north of the junction with surfaced County Road 278, which leads easterly to U. S. Highway 91, about 3.5 miles south of the city limits of Dillon, Montana.

The Comet mine property is snow covered from early autumn until late spring. Equipment and personnel must be transported over the steep unsurfaced access road, which in bad weather is nearly impassable.

GEOLOGY

Country rock at the Comet mine is coarse grained biotite granite. Ore is along joints or shear zones that strike northeasterly and dip steeply NW. There is some suggestion that ore shoots rake steeply SW.

Ore on the 400 level is in veins of banded milky quartz containing stringers of oxidized argentiferous tennantite and galena. A zone of shearing, locally as much as 15 feet wide, contains concentrations of ore minerals along its hanging wall and footwall, but is relatively barren in the central part. Assay data (see map with final report of OME-6326), show that the vein contains 1 to 2 feet of ore on the hanging wall that assays as much as 55 ounces silver per ton, a central part about 3 feet thick that assays fewer than 5 ounces silver per ton, and a footwall ore band that assays from a few to as much as 126 ounces silver per ton across 0.5 feet. The silver values are not consistent along the vein, and this could reflect erratic original mineralization or the extent of local oxidation and leaching. Selected ore sold from the 400 level contained as much as 70 ounces silver per ton (Table 1). Mine-run ore shipped in 1969 and 1970 contained from 10.48 to 25.23 ounces silver per ton.

The applicant reports that work done in the summer of 1970 found the best values along the footwall of the vein; the hanging wall consisted of much barren quartz.

The work done to date on the 400 level has followed the vein for about 250 feet and found erratic silver values along most of this distance. Raises and stopes have followed the ore for 45 to 80 feet above the 400 level and 1 small stope has followed ore about 30 feet below the 400 level.

A vein, questionably correlated with the one on the 400 level, was cut on the 600 level and contains iron-stained quartzy lenses that assay less than 1 ounce silver per ton.

There are several other veins on the property, all apparently trending northeasterly and dipping steeply. Many of these are shown on the maps with the application in docket OME-6326. None appear to be as richly mineralized as the one explored by the 400 adit.

HISTORY AND PRODUCTION

Information in the application with docket OME-6326 indicates that most of the workings of the Comet mine were excavated prior to 1900. Mining in the main stope on the 400 level took place between 1960 and 1963. Former exploration under OME contract 2181 was from August to December 1964. The Blue Sky Mining Corporation resumed exploration and development in the summer of 1969 and produced about 200 tons of ore before they recessed operations in August 1970. The mine is now idle. There is no record of production before 1900, although the applicant reports some very rich silver ore came from near-surface excavations prior to 1900. Table 1 lists production since 1960.

TABLE 1.--PRODUCTION FROM COMET MINE

Shipment date	Tons	Cu %	Ag Oz/ton	Au Oz/ton	Net per ton	Net before shipping costs	Net after shipping costs
11/4/60	17.062		37.4	0.018	$26.99	$ 474.01	$ 332.09
12/2/60	24.894	0.10	73.2	0.025	52.72	1,035.75	773.15
7/14/61	27.494	0.26	39.25	0.015	31.94	878.16	664.41
8/7/61	28.355	0.46	70.65	0.060	58.56	1,660.38	1,440.63
8/16/61	29.254	0.37	64.35	0.036	52.88	1,546.98	1,320.85
8/25/61	30.758	0.36	45.35	0.060	38.41	1,181.41	944.78
10/16/61	28.163	0.12	17.30	0.043	15.37	432.87	216.87
10/8/62	42.712	0.25	27.15	0.015	28.04	1,197.66	827.91
11/5/62	61.407	0.31	36.30	0.060	40.63	2,494.97	1,961.59
11/21/62	22.312	0.28	38.10	0.020	41.06	916.23	723.49
11/21/62	25.383	0.28	33.05	0.025	35.98	913.28	695.62
11/26/62	20.977	0.28	22.75	0.050	25.79	514.00	356.76
12/13/62	17.731	0.27	35.45	0.015	37.36	662.43	500.93
12/14/62	21.914	0.32	52.30	0.020	54.82	1,201.35	1,004.36
12/20/62	68.079	0.16	22.15	0.015	23.99	1,633.22	1,039.28
1/4/63	25.492	0.51	16.75	0.010	18.03	459.63	236.08
4/9/63	113.655	0.44	24.20	0.020	27.79	3,158.49	2,160.38
7/10/63	24.234	0.18	46.95	0.025	53.33	1,292.40	1,080.32
10/10/63	17.142	0.21	14.6	0.006	16.82	288.34	140.23
12/17/64	69.227	0.13	8.40	0.008	9.85	681.29	79.24
12/17/64	15.502	0.18	15.40	0.008	17.81	276.10	140.95
8/21/69	102.433	0.12	5.00	0.009	7.27	744.69	0.00
11/10/69	40.461	0.14	10.48	0.019	18.06	730.73	418.24
11/10/69	15.265	0.12	16.49	0.016	27.29	416.60	300.42
8/11/70	35.885	0.19	25.23	0.019	38.73	1,366.61	1,097.47
TOTAL	925.791					$26,157.58	$18,456.05
AVERAGE			27.43			$ 28.25/tons	$ 19.93/tons

APPLICANT'S PROPOSAL

The applicant proposes to explore three areas on his property by diamond drilling from three surface drill-sites. Two holes will explore for an intersection between two veins near the west end line of the Dox 1 claim; two holes will explore downward extensions of the vein exposed in the Upper Telstar adit and open cuts on the Telstar 2 claim; and six holes will explore downward extensions of the vein in the 400 adit level on the Comet Fraction claim. Soil sampling, prior to drilling, is proposed for the area near the west end line of the Dox 1 claim. Total estimated cost of the work is $57,040.00.

Appraisal

The applicant did not justify the drilling of the holes at the Upper Telstar location or near the west end of the Dox claim. He did mention much quartz on the Dox 1 claim and that soil sampling would more closely define the area to be drilled.

Information about the Upper Telstar workings is on the maps with the application of docket OME-6326. The vein on the Telstar 2 claim is exposed in several open cuts at altitudes of about 9,350 feet; in these the vein is about 3 feet thick and contains several rich stringers, 6 to 10 inches thick, in the central part. Assays indicate that the richest part of the vein contains 89.4 ounces silver per ton across 0.5 feet. The Upper Telstar adit intersects the vein at an altitude of about 9,240 feet (approximately 110 feet below the open cuts). The vein is a zone about 20 feet thick, and contains a few stringers of ore minerals. Many assays indicate less than 5 ounces silver per ton; however, one from a sample 5 feet long, shows 18 ounces silver per ton. The adit explores the vein along strike for about 55 feet but there is no stope. Perhaps some shipping ore can be obtained by very careful sorting of the vein material, but the tonnage is limited.

The most work has been done on the vein exposed in the No. 4 adit (400 level). Prior to the work done under OME contract 2181, the adit was 340 feet long and had an ore-bearing vein exposed for 100 feet. Some ore was mined from a small underhand stope and a small overhead stope. The OME drift followed ore for an additional 50 feet, after which it apparently veered away from the ore-bearing structure. Ore found by OME work was estimated to be 1,150 tons containing 11.5 ounces silver per ton.

Blue Sky Mining Corporation resumed mine work in 1969 and 1970 and discovered the northeasterly extensions of the ore followed by part of the OME drift. Drifting and raising followed ore to the northeast for at least 100 feet beyond the work done under the OME contract. The applicant's map shows that the ore contains from 5 to 25 ounces silver per ton, and that the vein is 6 inches to 9 feet thick with the best values along the footwall (see map C-2 with application).

The work on the 400 level has indicated an ore shoot about 250 feet long that contains somewhat erratic values in silver. There are only 100 to 150 feet of backs above the level, and if a mine is to be developed, the vein should be explored below the 400 level. The 600 level, some 400 feet lower than the 400 level, has cut a vein tentatively correlated with the vein in the 400 level; however, assay data indicate less than an ounce of silver per ton in the vein on the 600 level.

There has been no exploration of the vein between the 400 and 600 level except for the small underhand stope in the No. 4 adit. The area between the two levels might contain a minable ore body that could be developed by raising from the 600 level.

An ore zone 250 feet long, extending downdip for 400 feet, and averaging 5 feet thick with an average silver content of 11 ounces silver per ton, will contain 41,600 tons and 457,600 ounces of silver. At today's price for silver ($1.61/ounce), the ore would have a gross value of $736,736.00, of which 5 percent (the Government's royalty) is $36,837.00. It seems, therefore, that there is justification for the Government to participate in an exploration program to determine how far the ore extends below the 400 level.

RECOMMENDED WORK

There is fair justification for drilling the six holes from a single surface drill-site to explore the vein between the 400 and 600 levels. The holes, as proposed by the applicant, will intersect the vein between 100 and 300 feet below the 400 level (Figure 1, longitudinal section). Three holes will intersect the vein about 120 feet below the 400 level; two will intersect the vein about 250 feet below the 400 level; and the third will intersect the vein slightly more than 300 feet below the 400 level. The holes will explore a strike length between 200 and 250 feet. Six holes are about the minimum required to prove the existence of the vein and to determine the degree of mineralization. Any one of the holes might intersect a barren part of the vein, but six holes should prove definitely if the vein is ore bearing. As explained elsewhere in this report, if all holes are successful, a fair reserve of silver ore will be indicated.

The time needed to complete the work will depend in large part on the weather. During periods of wet weather, the drillers might not be able to reach their rig. Snow and cold weather, which can be expected any day of any month at 9,000 feet in Montana, will cause delays. The water supply might be a problem; the applicant states that water can be supplied from the underhand stope on the 400 level. Additional water might have to be trucked from Grasshopper Creek. It is estimated that the drilling can be completed during a four-month period, if drilling can start during the latter part of June.

ESTIMATED COSTS

The drilling will be contracted and the actual costs are estimated from the three bids included in the application. Drill-site preparation and road maintenance will be done by the applicant using a John Deere crawler loader that he values at $8,000.00. The operator of the loader is paid $4/hr. Gasoline, oil, and general upkeep is estimated at about $2/hr. The applicant lists a cost of $14/hr for use of the crawler and operator, which appears reasonable. In a telephone conversation, Mr. Pierce, President of Blue Sky Mining Corporation, agreed that a unit-cost of $500.00 would be satisfactory to him for drill-site preparation and road maintenance during the period of drilling.

The total cost, as shown in the proposed contract below, is $32,640.00, of which $24,480.00 will be the Government's share (75 percent).

ECONOMIC APPRAISAL

As shown above, the completed work, if successful, will indicate 41,600 tons of ore containing 457,600 ounces of silver which, at today's prices, has a gross value of $736.736.00. Five percent (the Government's percentage royalty on production) will be $36,837.00, or nearly 50 percent more than the Government's share of the estimated cost of the exploration.

The Government now has a lien of $9,468.00 plus accrued interest of about $4,500.00 against production from the property until January 30, 1974. There are insufficient known reserves at the property to encourage mining, and unless more exploration is done, there is little possibility of more than a very small amount being paid to the Government before the expiration date of the lien.

If the proposed exploration is completed and successful, at least some of the ore can be mined by raising from the 600 level with only modest development costs. Of course, before all the ore is mined, an intermediate level will have to be driven from the surface.

The Blue Sky Mining Corporation has demonstrated that they are capable of conducting a mining operation. They extended the 400 level, successfully followed the mineralized shear zone, and shipped about 200 tons of ore. They appear to be financially sound and are sincerely attempting to determine if a minable ore body exists on their property.

PROPOSED CONTRACT

Annex I

Property

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of 6 unpatented claims in secs. 26 and 27, T. 4 S., R. 12 W., Elkhorn Mining District, Beaverhead County, Montana. These are recorded in the official records of Beaverhead County, Montana, as follows:

Claim	Book	Page
Dox No. 1	164	27 and 28
Dox No. 2	164	29 and 30
Comet No. 1	155	463 and 464
Comet No. 2	155	465 and 466
Comet No. 3	164	25 and 26
Comet Fraction	155	461 and 462

The Blue Sky Mining Corporation owns a half interest in these claims and is in possession of the other half-interest by virtue of a 3-year lease, dated January 23, 1969, between the Blue Sky Mining Corporation and H. L. Patterson, owner of the other half-interest in the claims.

A Lien and Subordination Agreements executed by H. L. Patterson is attached hereto and made part hereof.

EXHIBIT A

The purpose of this project is to explore by diamond drilling from a surface drill-site for silver-bearing ore bodies in and along a quartz-filled shear zone cutting granite.

General Provisions

Holes shall be drilled not less than 100 feet from the outer boundaries of the land outlined on Figure 1.

All drill holes shall be cased through overburden and completed with not less than Standard AX core size or equivalent wire line size.

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

Facilities shall be provided for recovering drill sludge, and such sludge shall be retained when drilling in significantly mineralized rock.

Significantly mineralized core from hole intervals not exceeding 5 feet each shall be split and one split assayed for gold and silver. Wherever the core recovery is less than 60 percent, a split of the corresponding retained sludge and a split of the recovered core shall be assayed separately, and the assay results combined according to standard practice to represent a single sample.

The remaining core shall be stored in proper sequence with the unsampled core, and the remaining sludge shall be stored in suitable containers properly identified as to source and location. Stored samples shall be made available for Government inspection and possible use, and may be disposed of with prior Government approval.

All drill holes shall be logged, and true copies and maps or sketches showing the work completed during the reporting period, the location and width of all samples taken, and the geological formations and structures traversed by the drill holes shall be furnished monthly to the Government.

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

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

The Government will not participate in the costs incurred for incomplete drill holes or for casing left in a hole at the request of the Operator.

Description of the Work

The work shall consist of preparing one surface drill-site and diamond drilling a maximum of 6 holes totaling not more than 2,110 feet, including overburden drilling. The approximate location of the drill holes are shown on Figure 2 entitled "Proposed exploration, Blue Sky Mining Corporation, Beaverhead County, Montana," attached hereto and made part hereof. The number, approximate bearing, inclination, and approximate length of each hole are as follows:

Hole No.	Bearing	Inclination	Approximate Length 1/ Feet
3	S. 38° E.	-48°	330
4	S. 38° E.	-70°	370
5	S. 9° E.	-45°	270
6	S. 9° E.	-67°	390
7	S. 65° E.	-45°	310
8	S. 65° E. 2/	-67°	440
			2,110

1/ No hole shall be drilled for more than 20 feet beyond a vein zone that can be correlated with the vein zone exposed on the 400 level.

2/ If previously drilled holes indicate a SW rake to ore shoot, Hole No. 8, with prior Government approval, may be drilled on a more southwesterly bearing.

Estimated Costs of the Project

Fixed Unit Cost 1/

Drill-site preparation	$250.00	
Road maintenance during project	250.00	
		$ 500.00

Actual Costs

Category (1) Independent Contracts		
Mobilization and demobilization, 1 drill unit	$1,200.00	
Diamond core and overburden drilling, 2,110 feet	$19,517.50	
AQWL $9.00/ft BQWL $9.50/ft		
Water supply $1.75/ft	$3,692.50	
Cementing and redrilling 50 hrs at $14/hr	$700.00	
Reaming and casing 200 feet at $4/ft	$800.00	
Casing lost in hole 200 feet at $2/ft	$400.00	
		26,310.00
Category (2) Personal Services		
None except:		
1 Supervisor-engineer-geologist 4 months at $1,200/month		4,800.00
Category (3) Operating Materials and Supplies		
None except:		
210 cardboard core boxes at $1/box	$210.00	
Cement, cement substitutes, drilling mud, and additives	$200.00	
50 sample sacks at $0.60/sack	$30.00	
Sludge catching and sampling supplies	$40.00	
		480.00
Category (7) Miscellaneous		
Office and accounting expense 4 months at $75/month	$300.00	
Assaying 50 samples for gold and silver at $5/sample	$250.00	
		550.00
Total estimated cost of Project		$32,640.00
Government participation at 75 percent		$24,480.00

1/ Completed job is one unit. Road maintenance will be paid for at conclusion of project.

Enclosures:

Figure 1.--Composite plan map and longitudinal section showing proposed drilling, Comet Mine, sec. 26, T. 4 S., R. 12 W., Beaverhead County, Montana

Attachments for contract:

Figure 1.--Property map, Blue Sky Mining Corporation, Beaverhead County, Montana

Figure 2.--Proposed exploration, Blue Sky Mining Corporation, Beaverhead County, Montana

W. P. Puffett

W. P. Puffett

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/24/71	Emerick	120E
		120
4/24	cal	220
		120M

AIRMAIL

Blue Sky Mining Corporation
521 South Washington
Dillon, Montana 59725

FEB 24 1971

Re: OME-6840 (Silver)
Blue Sky Mining Corporation
Comet Mine
Beaverhead County, Montana

Gentlemen:

Preliminary review of your application for financial assistance in exploring the Comet Mine indicates that additional information is needed before we can complete the review.

(1) Please state how you propose to furnish your share of the cost of the exploration work.

(2) The lease between H. L. Patterson and Blue Sky Mining Corporation, dated January 23, 1969, will expire in eleven months. Is an extension of this lease planned? In the event of a contract, an extension of the lease probably would be required.

(3) The one copy of Lien and Subordination Agreements (MME Form 52) between H. L. Patterson and Blue Sky Mining Corporation submitted with the application is not acceptable as executed. Please return five copies of the enclosed MME Form 52 properly executed. We suggest the land description in the blank line spaces at the top of the form following the county and state names be filled in as follows: "The unpatented lode mining claims known as Dox No. 1, Dox No. 2, Comet No. 1, Comet No. 2, Comet No. 3, and Comet Fraction located in Section 26, T. 4 S., R. 12 W., M.D.M..,Elkhorn Mining District,". Item 1(a) of the Lien and Subordination Agreements is sufficient to take care of the 1/2 interest which is indicated in the Lease between H. L. Patterson and Blue Sky Mining Corporation. H. L. Patterson's signature under the date on the reverse side of the agreements form is the only one necessary.

(4) Please submit a new claim map showing the relations of the proposed work to the boundaries of the property.

We shall be pleased to continue the processing of your application upon receipt of the requested information. However, nothing in this

letter should be construed as a commitment by the Government to grant an exploration contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
OME Region I
Mr. Emerick

WLEmerick/gla 2-24-71

February 16, 1971

Blue Sky Mining Corporation
521 S Washington
Dillon, Montana 59725

Subject: OME-6840

Gentlemen:

Your application for exploration assistance, dated December 22, 1970, submitted to our office at Spokane, Washington, has been assigned Docket No. OME-6840.

Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to Region I

OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
W. 920 Riverside Ave.
Spokane, Wash.. 99201

ORIGINAL COPY
O. M. E.
RECEIVED
JAN 15 1971

INITIALS	CODE
glb	130
~~120~~	
HK for glb	120

January 12, 1971

Mr. Roger C. Pierce
Blue Sky Mining Corporation
521 S. Washington
Dillon, Montana 59725

Re: Comet Mine
Beaverhead County, Montana
(former OME-6326 (Silver)
contract 2181)

Dear Mr. Pierce:

Additional information is needed before your recent application is forwarded to our Washington, D. C. office.

What claims are to be included as subject of the application? For example, you do not mention the San Francisco lode (Survey No. 3353), on which much of the work in the 400 level was done. This claim might be benefited by the drilling even though none of the planned holes come within 100 feet of its boundaries. A list of those claims specifically included in the project is necessary.

The cost of the drilling needs further justification. Are you going to do the drilling yourself or have it contracted? If contracted, please submit bids from three contractors, if possible. If not to be contracted, the drilling costs need more supporting data. For example, are you going to buy or rent a drill rig? One is not among the items of equipment you have listed. How many men will be working on the rig, what will be their wage scale, and what will be the average length of hole drilled per shift?

The cost of supervision is not ordinarily included in the per-foot cost of drilling. If we know the average drill rate, we can estimate the total length of time for the drilling and, if we know the supervisor's salary, we can then determine the total cost of supervision.

Separate cost data are needed for the preparation of access road and drill sites. We need to know the hourly wage scale of the operator of the John Deere crawler-load, which I assume will be used in this work. Estimated length of time necessary for constructing the road and drill sites should be furnished.

More justification is needed for the existence of the No. 6 and No. 7 veins near the proposed drill station No. 1. Undoubtedly snow covers the ground in the area now and if you have no specific information on file, more information will have to wait until summer. Perhaps a field examination can be planned to gather such data.

I'd appreciate receiving any information you have concerning the underground work done since the OME contract ended. We have your shipping records but underground maps with assay data would be most helpful.

The limited ore shoot found on the 400 level and the modest amount of ore shipped from the Comet mine do not strongly justify the rather costly exploration program you have proposed. Perhaps a more modest program should be considered. Whatever the case, we do need the above requested information to more fully evaluate your proposal.

Sincerely,

Willard P. Puffett
Field Officer, Region I
Office of Minerals Exploration

cc: OME

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

RECEIVED
JAN 11 1971
O. M. E.
SPOKANE, WASH.

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090 –
Contract Date

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of Beaverhead, State of Montana, described as follows:[2] Dox #1, Dox #2, Comet #1, Comet #2, Comet #3, and Comet Fraction. Above listed claims ½ interest owned by Blue Sky Mining Corporation ½ owned by H.L.Patterson. See attached lease Patterson to Blue Sky Mining Corporation.

hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

Blue Sky Mining Corporation[3]

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

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

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

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

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

United States Government O.M.E. loan no.6326, Contract no. 2181, incurred by Wayne Erickson, Comet et al. Claims.

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated _____, and recorded in Book _____, Page ____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions None (State "None" or "See Annex No. ____".)

Dated this 22 day of December, 1970.

N L Patterson (Seal) 509 Kentucky Ave., (Street) Dillon, Montana (City & State)

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

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

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

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

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

I, _____ (Name), certify that I am the _____ (Title—Secretary, etc.) of the corporation named herein; that _____ (Name), who signed this agreement was then _____ (Title—Pres., Vice-Pres., etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

Roger C. Pierce
(Corporate Seal)

INT.-GOV. SEC., WASH., D.C. 21103

RECEIVED

JAN 11 1971

MME Form 52
Jan. 1959

UNITED STATES
O. M. E. DEPARTMENT OF THE INTERIOR
SPOKANE, WA OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090 –
Contract Date

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of Beaverhead, State of Montana, described as follows:[2] Dox #1,Dox #2,Comet #1,Comet #2,Comet #3,Comet Fraction. Above listed claims ½ interest owned by Blue Sky Mining Corp.½ interest owned by H.L.Patterson. See attached lease H.L.Patterson to Blue Sky Mining Corp. Telstar #1,Telstar #2 owned by Blue Sky Mining Corp. hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

Blue Sky Mining Corporation[3] hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

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

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

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

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

United States Government O.M.E. loan no.6326 Contract no.2181 incurred by Wayne Erickson Comet et al Claims.

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated _____, and recorded in Book_____, Page____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

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5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions None (State "None" or "See Annex No.____".)

Dated this 22 day of December, 19 70.

H. L. Patterson	(Seal)	509 Kentucky Ave., Dillon, Montana 59725	(Street) (City & State)
	(Seal)		(Street) (City & State)
	(Seal)		(Street) (City & State)
	(Seal)		(Street) (City & State)
	(Seal)		(Street) (City & State)
	(Seal)		(Street) (City & State)

I, Hazel D. Pierce (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporation named herein; that Roger C. Pierce (Name), who signed this agreement was then President (Title—Pres., Vice-Pres., etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

Roger C. Pierce
(Corporate Seal)

U.S. GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OME 6840 (SILVER)

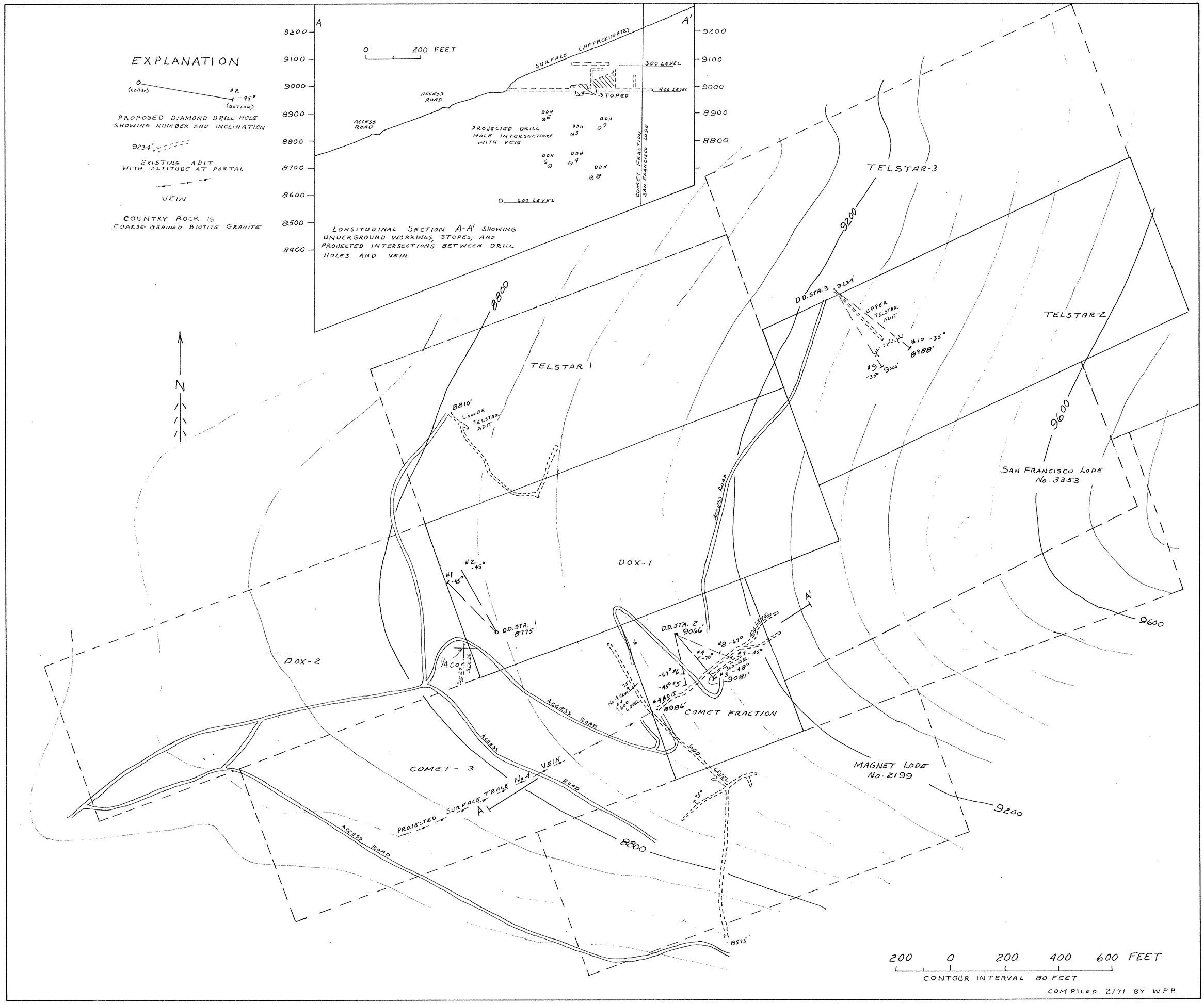
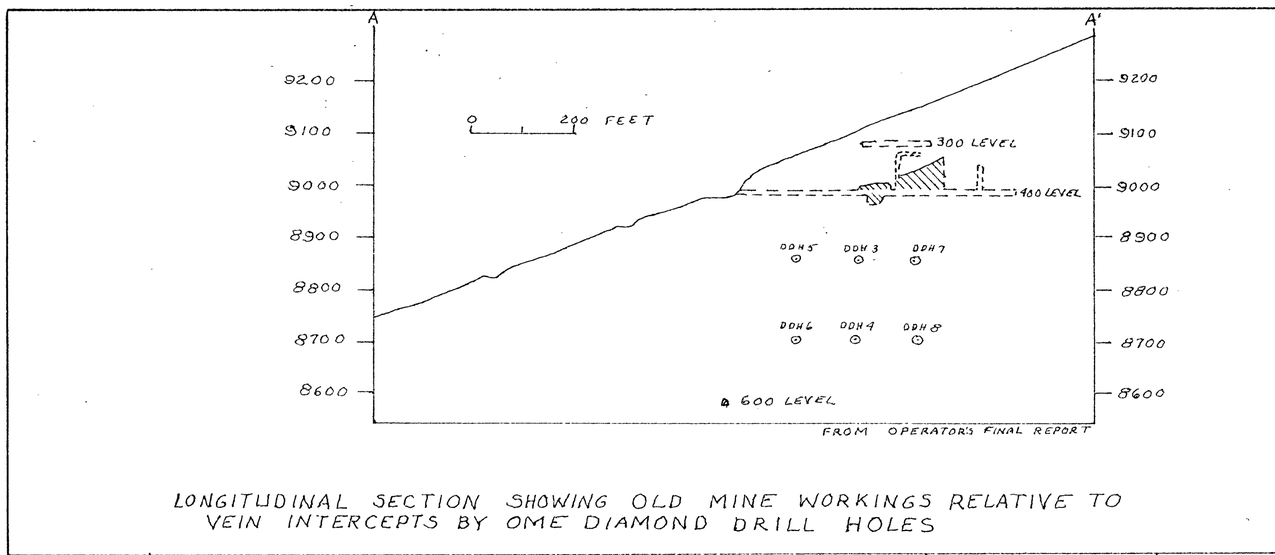


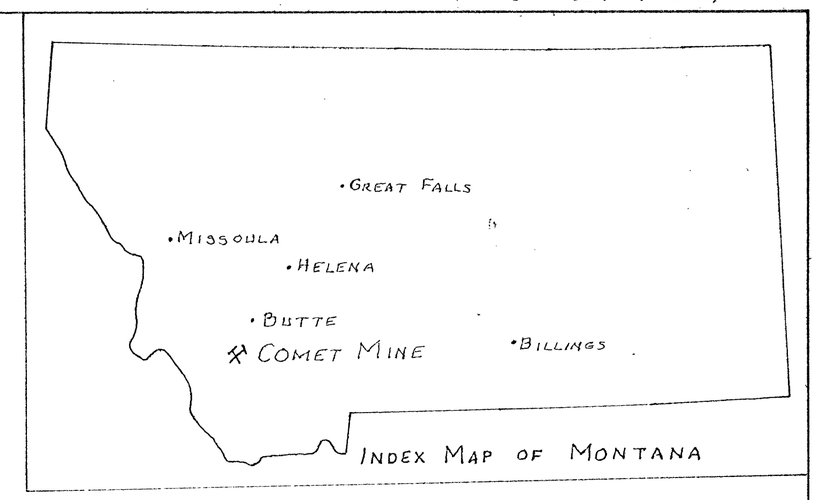
FIGURE 1- COMPOSITE PLAN MAP AND LONGITUDINAL SECTION SHOWING PROPOSED DRILLING, COMET MINE, SEC. 26, T. 4 S., R. 12 W., BEAVERHEAD COUNTY, MONTANA

COMET GROUP ELKHORN DISTRICT
BEAVERHEAD COUNTY MONTANA
FEB. 1971 SCALE 1" = 200' CONTOUR INTERVAL 80
BLUE SKY MINING CORP. BY: Roger C. Pierce
COMET No. 2
BULLOCK SPECIAL
TELSTAR-3
TELSTAR-2
TELSTAR
UPPER TELSTAR WORKINGS
SAN FRANCISCO LODE
No 3353
DOG SHAFT
COMET
SAN FRANCISCO ADIT
MAGNET LODE
No. 2199
COMET FRACTION
MAGNET MILLSITE
DOX-1
DOX-2
COMET-3
LOWER TELSTAR ADIT
OLD TRAIL WORKINGS
ECLIPSE
No 3785
ECLIPSE WORKINGS
LOWER GAR SHAFT
UPPER GAR SHAFT
GUY LODE
No 9711
LOWER GAR WORKINGS
ELKHORN
INITIAL POINT
NUMBER 2
9600
9200
8800
8400
8000
19°

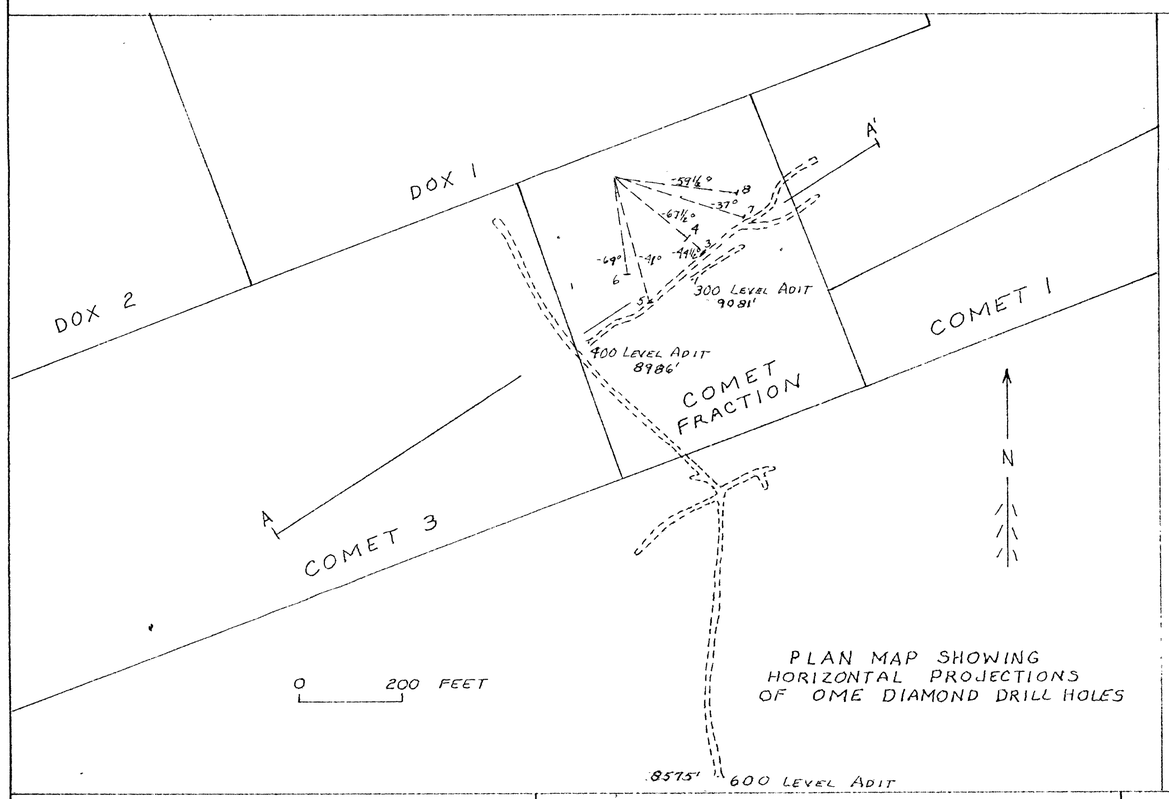
COMET GROUP ELKHORN DISTRICT
BEAVERHEAD COUNTY MONTANA
FEB. 1971 SCALE 1" = 200' CONTOUR INTERVAL 20
BLUE SKY MINING CORP. BY Roger C. Pierce
BULLOCK SPECIAL
TELSTAR-3
TELSTAR-2
TELSTAR
UPPER TELSTAR WORKINGS
SAN FRANCISCO LODE
No 3353
DOG SHAFT
COMET
SAN FRANCISCO ADIT
MAGNET LODE
No. 2199
COMET FRACTION
DOX-1
DOX-2
COMET-3
MAGNET MILLSITE
LOWER TELSTAR ADIT
ELKHORN INITIAL POINT NUMBER 2
OLD TRAIL WORKINGS
ECLIPSE
No 3785
ECLIPSE WORKINGS
LOWER GAR SHAFT
UPPER GAR SHAFT
GUY LODE
No 9711
LOWER GAR WORKINGS



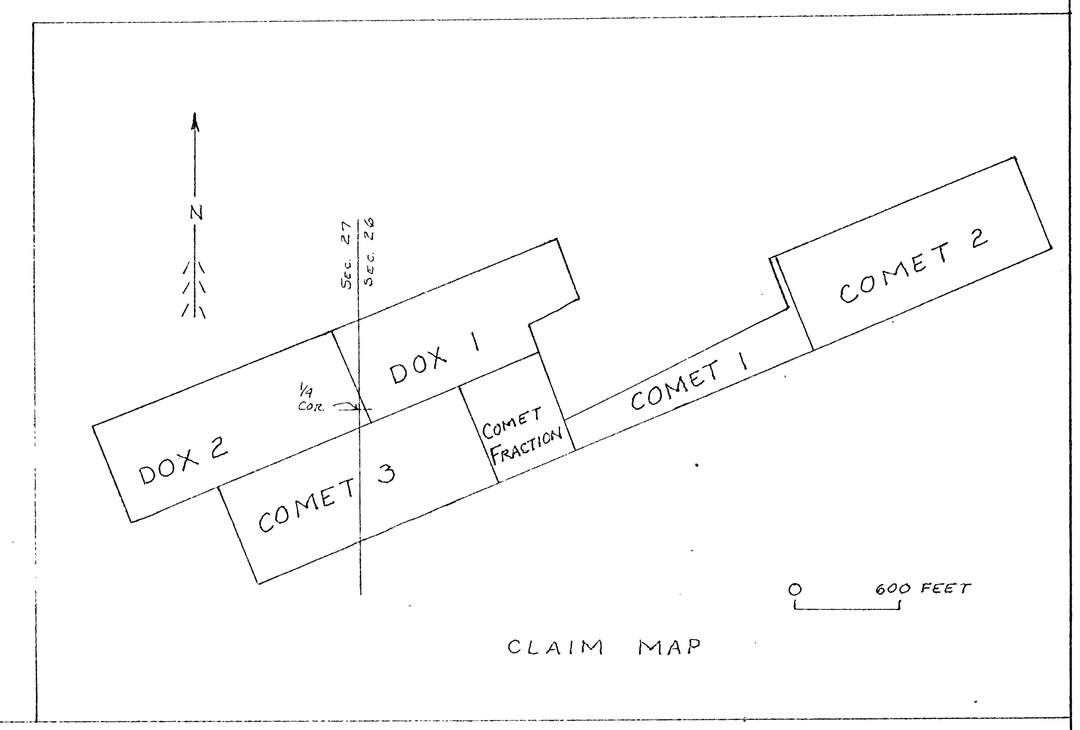
LONGITUDINAL SECTION SHOWING OLD MINE WORKINGS RELATIVE TO VEIN INTERCEPTS BY OME DIAMOND DRILL HOLES



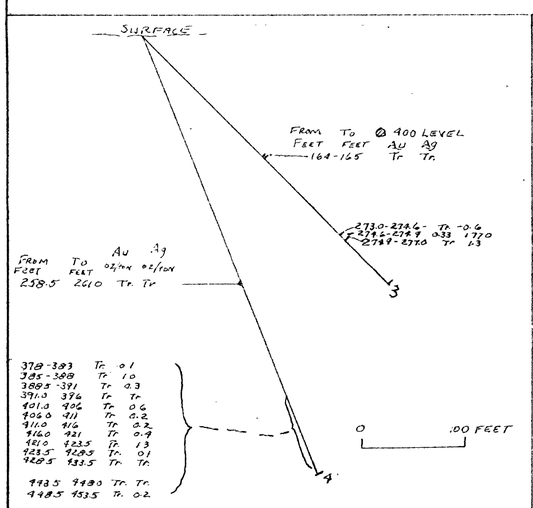
INDEX MAP OF MONTANA



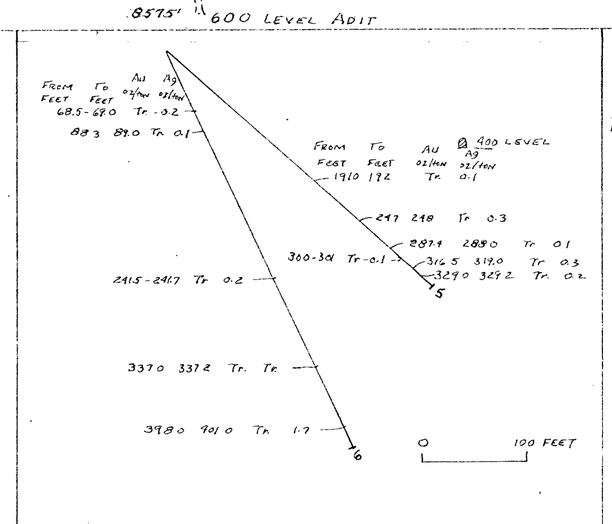
PLAN MAP SHOWING HORIZONTAL PROJECTIONS OF OME DIAMOND DRILL HOLES



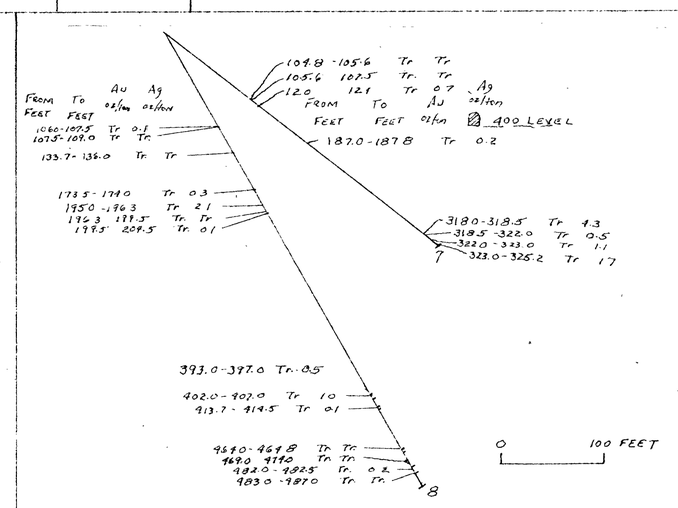
CLAIM MAP



SECTION THROUGH D.D.H. 3 & 4



SECTION THROUGH D.D.H. 5 & 6



SECTION SHOWING PROJECTION OF D.D.H. 7 & 8

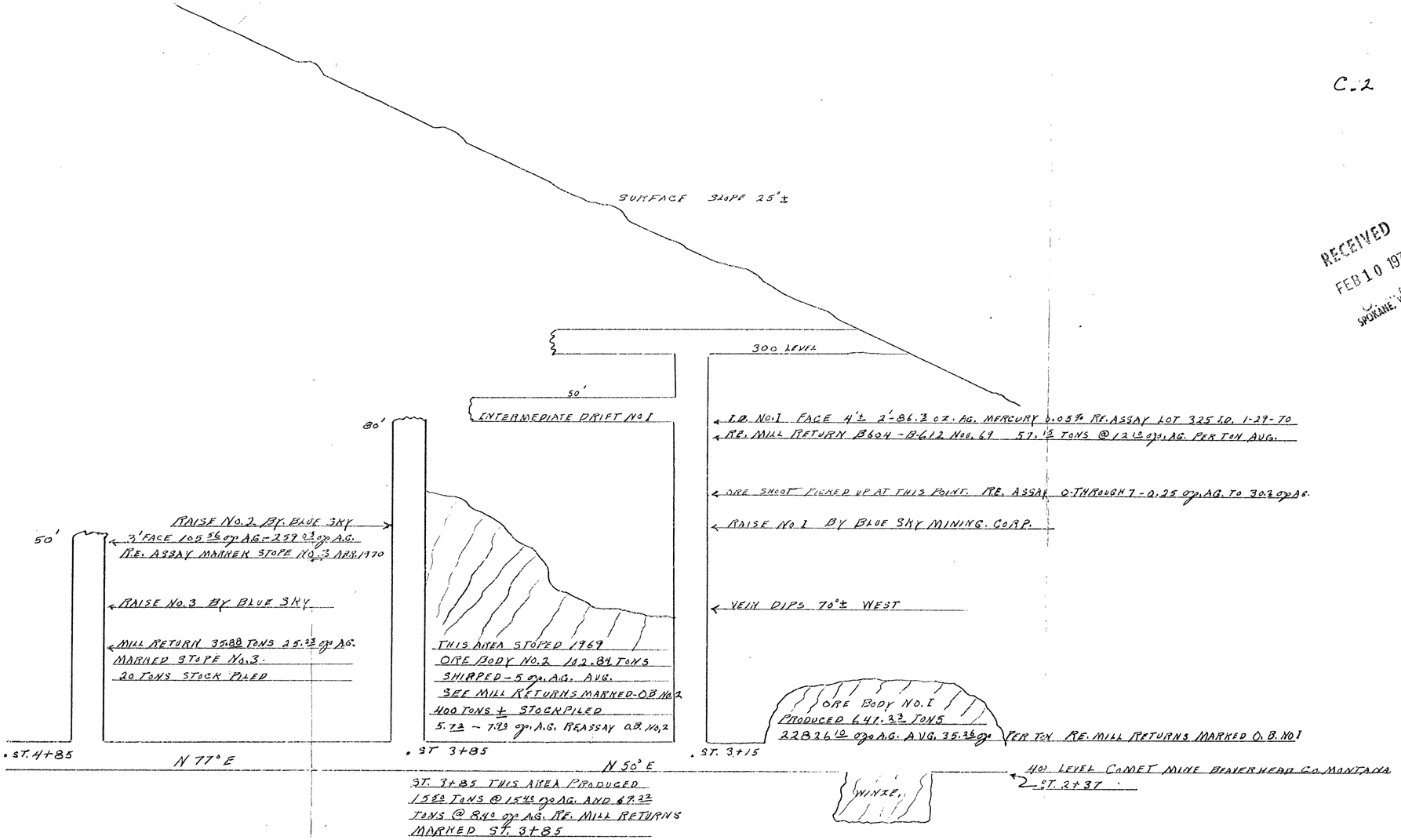
COUNTRY ROCK IS MEDIUM- TO COARSE-GRAINED BIOTITE GRANITE. SAMPLED CORE IS LIMONITE STAINED AND CONTAINS SPARSE SULFIDES AND ALTERED BIOTITE.

ALL DATA FROM OPERATOR'S REPORTS

FIGURE 1- PLAN AND SECTION MAPS OF DIAMOND DRILL HOLES, BLUE SKY MINING COMPANY'S COMET MINE, SEC. 26, T.4S., R.12W., BEAVERHEAD COUNTY, MONTANA

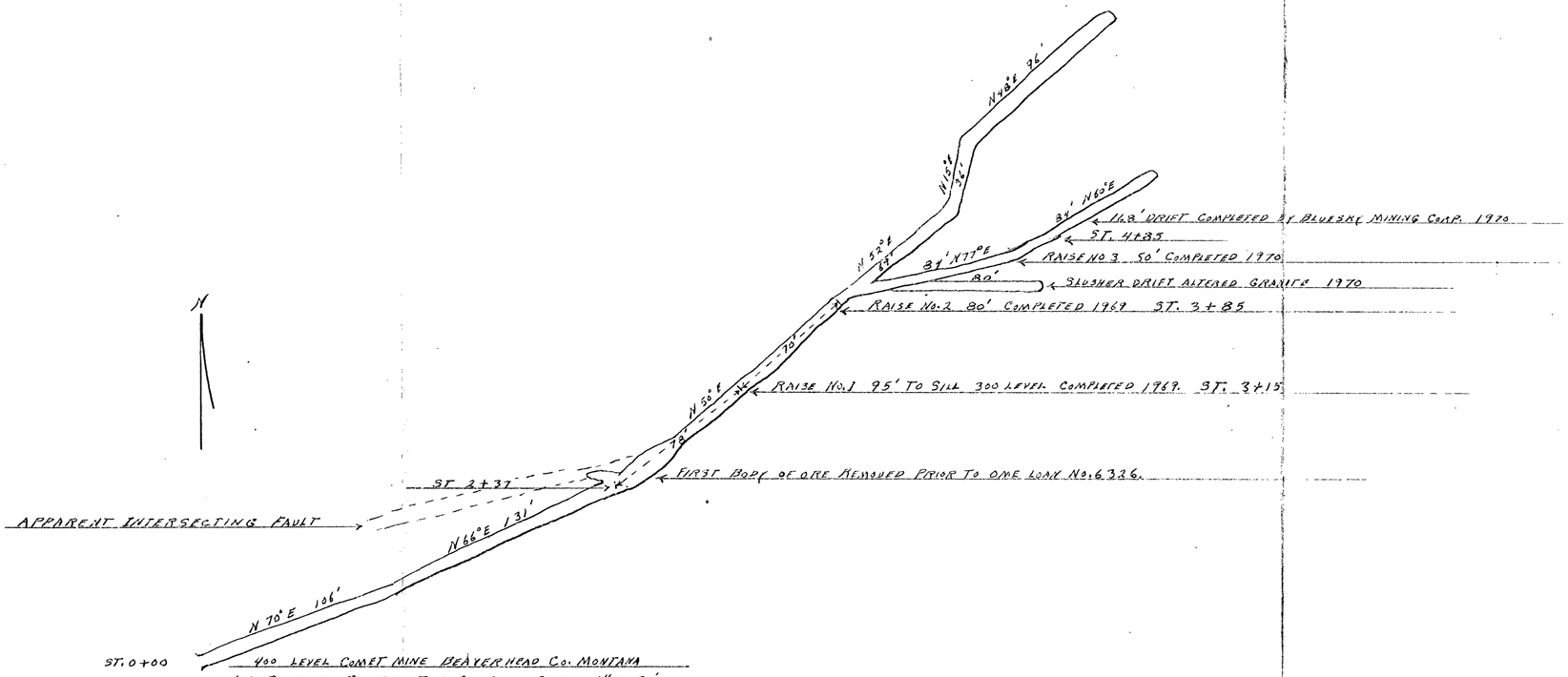
C.2

RECEIVED
FEB 10 1971
U.S.B.M.
SPOKANE, WASH.



CROSS SECTION 400 LEVEL COMET MINE BEAVERHEAD CO. MONTANA BLUE SKY MINING CORP. DILLON MONT.
BY: Roger C. Price SCALE 1" = 20' EXHIBIT C.2 SEE EXHIBIT C.1.
NOTE: ORE LEAD WAS INTERCEPTED AT ST. 2+37 AND FOLLOWED TO ST. 4+85 (248') ORE BODY WAS CONTINOUS IN LENGTH. WIDTH VARIED FROM 6" TO 9' RAISE'S 1-2+3 VARIED FROM 6" TO 4'
BETTER GRADE OF ORE OCCURRED ON FOOT WALL. HANGING WALL CARRIED LEAN QUARTZ IN LARGE QUANITYS.

C 1



400 LEVEL COMET MINE BEAVERHEAD Co. MONTANA
ALL BEARINGS BY BRUNTON COMPASS SCALE 1" = 50'
BY: Roger C. Paine EXHIBIT C.I.
BLUE SKY MINING CORP. DILLON MONTANA

RECEIVED
FEB 10 1971
JAN - 5
SMOKE WEGA