MME Form 9
Rev. Mar. 59

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

OFFICIAL DOCKET FILE Contract No. 14-23-2184 Docket No. MME-6317

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [ ] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes 2/25/64
- [ ] Owner's Consent to Lien and Subordination Agreement
- [x] Application and Attachments

Right Side

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

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

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

Additional Folders:

Left Side

Folders No. _____: Reports

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

Right Side

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

Folders No. 2: Maps and geologic report ~~(Use separate folder or envelope)~~

Folders No. _____: Settlement Sheets

Folders No. _____: Drill Logs

Folders No. _____: Royalty Material

52615

Government's Copy

EXPLORATION CONTRACT
BAKER AND DAVIS
OME-6317

AMENDMENT NO. 1

It is agreed this 26th day of May, 1964, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Baker and Davis, hereinafter called the "Operator," that Exploration Contract No. 2184, is amended, effective May 15, 1964, as follows:

1. Under Article 1 of the contract the date for the commencement of the work is extended from May 15, 1964, to on or before August 15, 1964.

2. The period of time for completion of the work is extended from twelve (12) months to fifteen (15) months from the date of the contract.

This amendment shall not be construed to increase the amount of any item designated as maximum, the fixed unit cost of any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Paul J. Hill
Acting Field Officer, Region II,
Office of Minerals Exploration

BAKER AND DAVIS

By [illegible]

Title Partner

Supplement 1(a) 4
Baker & Davis
162 Sneden St.
Bishop, Calif.

P. O. Box 2
La Sal, Utah
June 23, 1963

Loan Department
Zion National Bank
Box 1308
Provo, Utah

Dear Sirs:

My partner and I would like to borrow from your bank, in which I maintain both a savings and a checking account, $20,000 to be repaid in five years. Please let us know what we would be to start getting such a loan.

The proceeds of the loan will be used for a diamond drilling exploration program on our Las Vegas Silver property in the Silver Peak District, Silver Peak Range, Nevada. The program will cost about twice the amount of the loan, but we will provide the remaining necessary money from other sources. We believe we have an excellent chance of making a successful strike on the property. We can provide for your study the geological reports that led us to this conclusion, as well as an outline of the proposed exploration.

Sincerely yours

BAKER AND DAVIS

R. S. Davis

Supplemental (a) 3
Baker & Davis
162 Sneden St.
Bishop, Calif.

162 Sneden St.
Bishop, California
June 19, 1963

Loan Department
Bank of America
125 S. Main St.
Bishop, California

Gentlemen:

This is to inquire as to what steps are necessary for us to make application for a loan in the amount of $20,000, repayable in five years. The loan would be used to cover approximately half the cost of a diamond drilling exploration program we propose to undertake on our Los Compedres mining property in the Silver Peak Mining District, Silver Peak Range, Nevada. We would provide the remainder of the cost of the program with personal savings and other funds.

The undersigned maintains both checking and savings accounts in your bank.

Thank you for your kind consideration.

Yours truly

BAKER AND DAVIS

Arthur Baker III

COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 22 1963

DATE	INITIALS	CODE

July 17, 1963

Memorandum

To: Chief, Division of Field Operations, OME, Washington, D. C.

From: Acting Field Officer, OME, Area VI

Subject: New Application for Silver - Baker and Davis, 162 Sneden Street, Bishop, California

Enclosed herewith is an application for financial assistance submitted by Arthur Baker III, in the amount of $56,720.00.

The property is located in the Red Mountain Mining District, Esmeralda County, Nevada, and known as the Los Compadres Silver property.

The applicants propose a diamond drill program involving two work stages with a total footage of 5,200 feet.

Their objective is to explore the downward and lateral extension of three ore bearing veins that are shown on surface. The silver value is about 2 oz. The applicants' thoughts are the veins would widen at lower elevation as well as the silver grade would increase to about 20 oz.

Although the grade of ore is a borderline case, a field examination is probably justified. Kindly advise your thoughts on this.

I will be traveling in Nevada sometime in August, so possibly at that time I could visit the property.

Paul V. Fillo
Paul V. Fillo

Enclosure

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

JUL 1963
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION 11

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 22 1963

DATE	INITIALS	CODE

162 Sneden St.
Bishop, California
July 15, 1963

Field Officer
Office of Minerals Exploration
113 Custom House
555 Battery Street
San Francisco 11, California

Gentlemen:

Enclosed herewith are two copies of an application for OME assistance in an exploration project at our Los Compadres silver property in Esmeralda County, Nevada.

We will be most happy to provide any further information you may require.

Yours truly

BAKER AND DAVIS

Arthur Baker III

Arthur Baker III

MME Form 40
July 1962

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Budget Bureau No. 42-R1368
Approval expires Dec. 31, 1963

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.)* See Supplement 2 & 15

Baker and Davis
162 Sneden St.
Bishop, California 93514

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6317

DATE RECEIVED: 7-22-63

REGION: II

DIVISION CODE: 500

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED: California

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Arthur Baker III	162 Sneden St. Bishop, California	Partner
Robert Stanley Davis	P. O. Box 2 La Sal, Utah	Partner

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

ESTIMATED COST OF PROJECT: $ 56,720.00

PROPERTY NAME	LOCATION COUNTY	STATE
Los Compadres	Esmeralda	Nevada

GENERAL INSTRUCTIONS

Before filling out this application, please read the *OME Regulations for Obtaining Federal Assistance in Financing Explorations for Mineral Reserves* (30 CFR Chap. III). To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit two copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 3(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Office of Minerals Exploration, Department of the Interior, Washington 25, D. C., 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.

July 15, 1963
DATED

Arthur Baker III
BY *(Signature)*

Partner
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 true copies of correspondence which show: (1) date of loan request, (2) amount and terms requested, (3) proposed use of loan funds, and (4) the replies from credit sources. If the loan was offered under terms which you consider unreasonable, state why you consider them so.

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

INT.-DUP. SEC., WASH., D.C.11879

SUPPLEMENTARY INFORMATION FOR APPLICATION TO

OFFICE OF MINERALS EXPLORATION

FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

Los Compadres Property, Red Mountain (Silver Peak) Mining District

Esmeralda County, Nevada

Partnership of Baker and Davis

Item 1 (a) Supplement 1 (a) 1 is a letter from the Bishop Branch of the Bank of America, refusing a loan for drilling on the Los Compadres property. This is the bank of account of Arthur Baker III

Supplement 1 (a) 2 is a similar letter from Moab National Bank, Moab, Utah.

Item 1 (b) Not applicable.

Item 1 (c) The partnership has sufficient money, contributed by the partners, to furnish its share of the cost of the first stage of exploration proposed herein, and part of the second stage. The remainder of the partnership's share in the cost of the exploration work will be financed by selling a part of the partnership' interest in the property.

Item 2 (a) The partnership is owner of the land (all unpatented claims). The property was acquired from Callahan Mining Corporation (100 Park Avenue, New York 17, N.Y.) by Arthur Baker III, who subsequently turned it over to the partnership. Callahan retains a 10% interest in net profits to the partnership from the property, and also retains the right to provide any needed financing on the same terms as any

other organization offers financing. Callahan has stated that it would not exercise this right to provide financing on the terms under which OME loans are granted. The transferral of the property to Arthur Baker III is embodied in two documents: QUITCLAIM DEED, recorded in Book 3-G, Page 586, of the records of Esmeralda County, Nevada and AGREEMENT, recorded in Book 4-B, Page 309, of the records of Esmeralda County, Nevada. True copies of the documents are appended hereto as Supplements 2(a) 1 and 2 (a) 2. The transferral of the property to the partnership has been verbal and in informal writings until recently; a formal partnership agreement has just been completed (Supplement 2 (a) 5).

Mid-Continent Uranium Corporation has surface rights to the Hidalgo, Morelos, and Caballo No. 3 claims, to the south 400' of the Caballo No.2 and Carumba No. 2 claims, and to the north 300' of the Caballo No. 1 and Carumba No. 1 claims, and an easement to drive a tunnel across part of the Hidalgo claim. This document (Supplement 2 (a) 3) is not recorded. The partnership retains the right to use the surface for exploration work.

Mid-Continent Uranium Corporation has a mineral lease covering the part of the Hidalgo claim for 300' on each side of its tunnel, and extending from the tunnel portal to the boundary of its own property. This document (Supplement 2 (a) 4) is not recorded.

Item 2 (b) The Los Compadres property is in the Red Mountain (Silver Peak) Mining District, Esmeralda County, Nevada, in approximately Section 32, T 2 S, R 38 E and Section 5, T 3 S, R 38 E (the township is not surveyed). Following are the claims (all unpatented) that are included in the area for which exploration assistance is requested:

Name	Book	Page
Morelos	1-P	319
Hidalgo (partly excluded; see below)	1-P	320
Burney No. 1	1-P	308
Burney No. 2	1-P	309
Patience No. 1	1-P	308
Patience No. 2	1-P	308
Chico No. 1	1-P	326
Chico No. 2	1-P	326
Carumba No. 1	1-P	325
Carumba No. 2	1-P	325
Caballo No. 1	1-P	324
Caballo No. 2	1-P	324
Caballo No. 3	1-P	325

Excluded from this application is the part of the Hidalgo claim leased to Mid-Continent Uranium Corporation.

The Olaf unpatented claim, ~~is~~ owned by James Gavin and Harvey Humphrey of Silver Peak, Nevada, lies in the middle of the Los Compadres group, and is older than the claims of the Los Compadres group. It invalidates parts

of the following claims: Burney No. 1, Burney No. 2, Carumba No. 1, Carumba No. 2 and Caballo No. 1.

All of the valid claims known in the vicinity of the Los Compadres property are shown on the map, Drawing No. LCB 1, Supplement 2 (b) 1.

Item 2 (c) Not applicable.

Item 3 (a) One diamond drill hole, Callahan Mining Corp. Hole No. 6, was drilled for the Burney Vein below its outcrop on Los Compadres ground, in 1962. The hole did not reach the vein because the vein dips in the opposite direction from what was believed at the time. The hole was 315' deep, in andesite breccia all the way, and intersected one 2.5' zone of quartz stringers that assayed 0.010 oz. Au, 0.35 oz. Ag.

The only other exploration on the land included in this application has been sampling of outcrops and two 10' adits driven on the Burney Vein at least ten years ago. There are no mine workings or production facilities.

Item 3 (b) Arthur Baker III was employed by Callahan Mining Corporation as Manager of another division of the Corporation at the time Hole No. 6 was drilled.

Item 3 (c) There has been no past or current production.

Item 3 (d) There are no known ore reserves.

Item 3 (e) (See map, Drawing No. LCB 1, Supplement 2 (b) 1). The country rock over nearly all of the property is andesite breccia and basalt, interpreted to be rocks comprising an old volcanic pile surrounding vents through which were extruded some of the volcanic rocks that form the main mass of the

Silver Peak Mountains. The property lies in an intensely faulted area, with numerous faults srtiking N 20° E and N 65° E, and a few faults striking about N 65° W.

Three major veins, the Burney, Patience and Kathy, are known on the property, and a fourth vein of the same group, the Chico, lies on the Olaf claim. The veins are in fault zones of both northeaster groups, and form a crude zig-zag pattern. They are quartz-carbonate fissure fillings, with but trace amounts of other minerals; the main silver mineral is probably argentite. At the surface, the veins are only three to five feet wide, but evidence from other veins in the district indicates that widths of as much as 20' and more can be expected at depth: the carbonate content of the veins is leached out in the near-surface zone, and the vein walls have squeezed in to make a narrow vein zone.

Sampling of the outcrops indicates an average metal content in the outcrops of 0.06 oz. Au, 2.3 oz. Ag. In other veins of the district, outcrops with similar silver content overlie orebodies.

A more detailed description of the geologic features of the property is presented in Supplement 3 (g) 1.

Item 3 (f) We expect to find ore primarily because the Los Compadres veins are identical in all respects with the three known ore-bearing veins in the district: the Nivloc, Mohawk and Sixteen-to-One. The Nivloc produced 350,000 tons of ore averaging 11 oz. Ag (recovered grade), and the Mohawk produced about 30,000 tons averaging 20 oz. Ag (recovered grade).

The Sixteen-to-One has been diamond drilled but has not yet been mined -- the Mid- Continent Uranium Corp. tunnel is being driven to it. The drilling at Sixteen-to-One indicates at least 100,000 tons of ore.

On all three of these ore-bearing veins, the outcrops are narrow, and silver content is about 2 oz. Ag. At depth the veins widen to 20' to 80' width, and carry ore in widths of 6' to 50'. It is reasonably certain that the primary mineralization of these veins was somewhat higher than the 2 oz. Ag now seen in the near-surface parts, and that most of the silver has been leached from the upper parts, and probably redeposited at deeper horizons to form secondarily enriched ore -- the known orebodies.

Assuming that the average spacing, dimensions and grade of the known orebodies on the district's three known ore-bearing veins will prevail in the Los Compadres veins, then the Los Compadres veins should contain two and one-half average-sized orebodies 350' long, 9' wide and 400' high, containing a total of 260,000 tons of ore with recoverable gold and silver values of $15 to $20 per ton at today's prices ($35.00 and $1.29 per ounce, respectively).

A more detailed description of both the district and property mineralization is presented in the geological report, Supplement 3 (g) 1.

Locations and assays of samples on the Los Compadres veins are shown on the map, Drawing No. LCB 1, Supplement 2 (b) 1. Assay certificates for the samples taken by Callahan Mining

Corporation are not available; the assay certificate for the eight ABIII samples is appended as Supplement 3 (f) 1.

Item 3 (g) See Supplement 3 (g) 1. This geologic report need not be returned.

Item 4 (a) Arthur Baker III
162 Sneden St.
Bishop, California Phone: UPton 2-6961

The property is reached by driving west from Silver Peak, Nevada 8 miles on State Highway 47 to the abandoned Nivloc Mine, and thence 1 1/2 miles farther west on the dirt road into which the highway degenerates. The dirt road is passable for cars. It passes through the middle of the Los Compadres property, crossing all of the veins. On the property the road lies in the bottom of a steep canyon, so most points off the road require climbing on foot. There are no mine workings on the property.

Item 4 (b) The nearest rail shipping point is Mina, 60 highway miles north of the property, and the nearest supply point is Tonopah, 60 highway miles northeast. A 200 tpd cyanide mill in Silver Peak, built in the 1950's and currently idle, will probably be available to mill ore from the property; this mill is nine miles distant. A spring on the Hidalgo claim makes 5 gpm of water, sufficient for exploration and mining purposes, and greater amounts of water are available in Silver Peak. Silver Peak is the only near place where housing for a working force can be found.

Item 5 (a) The proposed exploration work, for which OME aid is applied,

consists of seven diamond drill holes totalling 5,200' of drilling, and 300' of road-building to reach one of the drilling sites. The work is divided into two stages: a first stage of two holes, and a second stage of the road-building and the five remaining holes. The undertaking of the second stage will be dependent upon encouraging results from the first stage. Following are descriptions of the proposed holes and the road work (see Drawing No. LCB 1, Supplement 2 (b) 1 for location:

Proposed Hole A (First Stage): At N 9,410, E 4,920, bearing S 28° E, vertical angle - 30°, 800' long. This hole is aimed principally to test the intersection of the Patience and Kathy Veins and incidentally to establish fairly accurately the angle of dip of the Burney Vein and to test at shallow depth two minor veins that outcrop between the Burney and Patience Veins. See Supplement 5 (a) 1 for cross section.

Proposed Hole B (First Stage): At N 9,560, E 4,550, bearing S 55° E, vertical angle - 60°, 800' long. This hole is aimed to test the Burney vein for ore below typical outcrops at a depth that should be well below the bottom of the leached zone. See Supplement 5 (a) 2 for cross section.

Proposed Hole C (Second Stage): At N 9,420, E 5,110, bearing S 25° E, vertical angle -20°, 500' long. This hole is aimed to test the intersection of the Patience and Kathy Veins at an elevation of 6,800' which could be expected to be in the leached zone on a straight vein, but might well carry ore in such a strong structure as this. See Supplement 5 (a) 3

for cross section.

Proposed Hole D (Second Stage): At N 9,650, E 4,640, bearing S 75° E, vertical angle -72°, 850' long. This hole is aimed to test the Burney Vein at considerable depth under wide outcrops on the north side of the canyon. See Supplement 5 (a) 4 for cross section.

Proposed Hole E (Second Stage): At N 9,650, E 4,640, bearing S 75° E, vertical angle -55°, 650' long. This hole is aimed above Proposed Hole D, to reach the Burney Vein just below the leached zone -- it is the shallowest of the holes aimed for a simple vein, and intended to try to probe for the top of ore. See Supplement 5 (a) 4 for cross section.

Proposed Hole F (Second Stage): At N 9,420, E 5,110, bearing S 25° E, vertical angle -40°, 600' long. This hole is aimed for the Kathy Vein 200' below the aiming point of Proposed Hole C, to check for mineralization below the Patience-Kathy intersection.

Proposed Hole G (Second Stage): At N 9,560, E 4,550, bearing S 55° E, vertical angle -75°, 1,000' long. This hole is aimed for the Burney Vein 200' below Proposed Hole B, and is intended to give an idea of the depth to which ore may extend.

Item 5 (b) The proposed road building is necessary to reach the site of Proposed Holes D and E from the present road. The other sites can be reached without road-building. It is proposed to build only a rough road passable for trucks and pickups, using a bulldozer. The road would not be built until the second stage drilling has been started on other holes.

2nd phase

Item 5 (c) If an OME contract is executed, work would be started as soon as the drilling contractor could move in a rig -- probably within two weeks. The first stage drilling should be finished about two and one-half months after execution of the contract, and the second stage about eight months after execution of the contract. The road construction would be done early in the second stage.

Estimated average drilling rate, based on the rate of previous drilling in the vincinity, is 25 feet per day on a two-shift basis. This estimate includes all days, whether worked or not, and whether drilling, mowing, reaming, or doing other types of work on the holes. Thus, the driller should average about 750' of hole, or about one completed hole, per month. Bulldozing should progress at an average rate of 150' per shift -- requiring two shifts to do the necessary work.

Item 6 Following is the operating experience and backgound of Arthur Baker III:

1947 B.A. degree, Wesleyan University, Middletown, Conn.

1953 Ph. D. degree in Geology, Stanford University, Palo Alto, California

1949 - 1954 Mine geologist, Johnson Camp Unit, Coronado Copper & Zinc Co., Dragoon, Arizona

1955 - 1957 Exploration geologist, Callahan Mining Corporation, Gunnison, Colorado

1957 - 1962 (July) Chief Geologist, Callahan Mining Corporation, Gunnison, Colorado and Salt Lake City, Utah

1962, July - December Manager, Callahan Industrial Minerals Co., Bishop, California

1963, January - June Manager, Huntley Industrial Minerals, Inc. Bishop, California

1963, June - present Self-employed, Consulting Mining Geologist, Bishop, California

Following is the operating experience and background of Robert Stanley Davis:

1945 - 1953 Warehouseman, Coronado Copper & Zinc Co., Dragoon, Arizona

1953 - 1956 Warehouseman, Andes Copper Corporation, Potrerillos, Chile

1956 - 1958 Construction Purchasing Agent, Andes Copper Corporation, El Salvador, Chile

1958 - present Purchasing Agent, Homestake Mining Co., Utah Operations, La Sal, Utah

Arthur Baker III, whose operating experience and background is outlined above, will supervise the work.

Item 7 (a) Bids for the proposed drilling from Boyles Bros. Drilling Company, R. S. McClintock Diamond Drill Company and Vivian Drilling Co. are appended hereto as Supplements 7 (a)1, 7 (a) 2 and 7 (a) 3 respectively. Boyles Bros. bid averages lower than the other two, and Boyles has had experience in the district (having done all of Calahan's drilling) so unless an appreciably lower bid is received from someone else, Boyles should do the work. The Boyles bid is used as the basis for the following cost estimates.

Contractor's charges in addition to straight per-foot drilling charges are estimated as follows:

Mobilization charge of $250.00 will be billed on the first bill as a lump sum. It will be most practical to charge it this way to the OME contract, if awarded.

Cardboard core boxes holding 10' of core will be provided by the contractor at $1.00 each, or $0.10 per foot of core. Since core recovery can be expected to average close to 100%, all drilling should be allowed a 10¢ per foot core box charge.

During Callahan's 1962 drilling program in the district, the drilling contractor's charge for incidental costs -- reaming, cementing, mud, etc. -- averaged $0.71 per foot of hole, in holes averaging 300' depth (for the part of the program for which costs are available). Since the proposed holes average more than twice this depth, the incidental costs will probably be somewhat higher; $1.00 per foot seems a fair estimate.

In the past, all drilling in the district has been a minimum of BX size, in order to ensure the best possible core recovery. At least the first stage of the drilling proposed here should be BX, for the same reason, but AX might be used for the lower parts of the later holes. BX prices are used in this estimate, with the thought that if an OME contract is executed, it might stipulate that AX drilling, if used, be charged to the contract at 3% less than BX charges.

Using these estimates and the Boyles Bros. bid, the costs for work to be performed by Boyles Bros, will cost (each hole assumed to be drilled NX for the first 300' and

remainder BX):

First Stage:	1,600' drilling (two 800' holes)	$12,940.00
	Mobilization	250.00
	Core boxes @ 10¢ per foot	160.00
	Reaming, cementing, etc. @ $1.00	1,600.00
	Total First Stage	$14,950.00
Second Stage:	3,600' drilling (five holes)	$29,150.00
	Core boxes @ 10¢ per foot	360.00
	Reaming, cementing, etc. @ $1.00	3,600.00
	Total Second Stage	$33,110.00
	Total Estimated Drilling Cost	$48,060.00

The overall unit cost for drilling thus is estimated at $9.24 per foot ($48,060 for 5,200' of hole).

16 hours small jobs usually are charged higher rates

A D-6 bulldozer is available for rental in Tonopah at a cost, including operator, of $18.00 per hour plus $50 mobilization charge. The needed road and site preparation work will take about 20 hours of bulldozer work, making the total cost of bulldozing about $410.00.

Assays for gold and silver at Smith-Emery Co., 781 East Washington Boulevard, Los Angeles cost $5.00 each. ? The seven holes will probably require a total of about 50 assays, costing $250.00 in all.

Total contracted work on the proposed project is thus estimated to cost $48,720.00.

Item 7 (b) Supervision of the project will be by Arthur Baker III, at a salary of $700 per month plus expenses estimated at $300.00 ? per month. Since the project is estimated to require eight

months, this cost will total $8,000.

Total work of all kinds on the proposed project is estimated to cost $56,720.

Item 7 (c) Not applicable.

Item 7 (d) Not applicable

Item 7 (e) Not applicable

Item 7 (f) Not applicable

Item 7 (g) Not applicable

Supplement 1 (a) 1
Baker & Davis
162 Sneden St.
Bishop, Calif.

Cable Address — BANKAMERICA

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

BISHOP BRANCH • 125 SOUTH MAIN STREET • BISHOP, CALIFORNIA

June 20, 1963

Mr. Arthur Baker III
162 Sneden Street
Bishop, California

Dear Mr. Baker:

In connection with your application for credit this date in the amount of $20,000. repayable in five (5) years for exploration costs of the Los Combadres property in Silver Peak Range, Nevada, we must advise you that we are not at this time entertaining credit advances of this nature.

In view of the requirement imposed upon us requiring a shorter repayment program than that proposed and our unability to participate in a venture unless it is in full production, we are sorry that assistance cannot be made available to you.

Yours very truly,

J. R. Thomas,
Manager

Supplement 1 (a) 2
Baker & Davis
162 Sneden St.
Bishop, California

MOAB NATIONAL BANK

MOAB, UTAH

ROBERT D. BLAGG
Cashier

June 24, 1963

Mr. R. S. Davis
Box 2,
La Sal, Utah

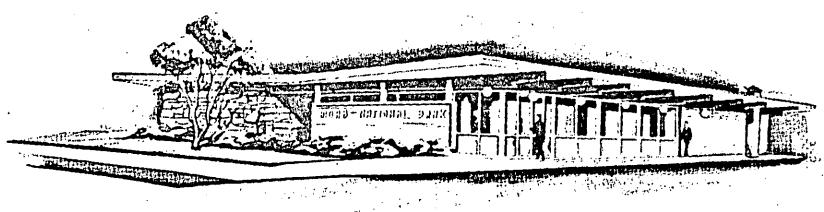
Dear Mr. Davis:

This is to advise both you and Mr. Baker that your request for a $20,000.00 loan for exploration in the Los Compadres in the Silver Peak Range, Nevada, has been refused. Due to the size of our Bank and the heavy demand for credit in this area, we feel that we cannot tie-up this amount of money for a five year period.

Yours very truly,

Robert D. Blagg
Cashier

cc: Mr. Arthur Baker II
162 Sneden St.
Bishop, California



Supplement 2 (a) 4
Baker & Davis
162 Sneden St.
Bishop, Calif.

MINING LEASE

THIS AGREEMENT made and entered into this 15th day of May, 1963, by and between ARTHUR BAKER III, hereinafter referred to as Lessor, and MID-CONTINENT URANIUM CORP., a Colorado corporation, hereinafter referred to as Lessee

WITNESSETH:

For and in consideration of the royalties, covenants and agreements hereinafter contained to be kept, paid and performed by Lessee, the Lessor has agreed and by these presents does hereby let, lease and demise unto Lessee the following part of an unpatented mining claim located in the Silver Peak (Red Mountain) Mining District, in the County of Esmeralda, State of Nevada, described as follows:

> Using the proposed tunnel to be driven in a northerly direction on the Hidalgo Mining Claim, as a center line, the eastern and western boundaries of the premises leased hereunder shall each be a distance of 500 feet from the said center line and run parallel thereto, and the southern boundary shall be a line at right angles to this center line and running through the portal of the tunnel, and each of said three boundaries shall be vertical planes and extra-lateral rights shall not prevail across said boundaries. The northern boundary shall be the boundary of the Desert Eagle Mining Claim, and along this boundary extra-lateral rights shall prevail. The notice of location of said Hidalgo Mining Claim is recorded in Book 1-P, at page 320, of the Records of said Esmeralda County, Nevada.

to have and to hold unto Lessee for a period of three (3) years and, in addition, with the option in Lessee to renew the term of the within lease for an additional period of three (3) years, provided that in order to exercise such option Lessee shall notify Lessor in writing of its intention so to renew at least thirty (30) days prior to the expiration of the initial term of this lease, unless sooner forfeited or terminated as hereinafter set forth. In the event Lessee, within said initial term or the renewal thereof, should make discovery of mineral or ores

in commercial quantities upon said claim, then this lease shall remain in full force and effect so long as Lessee conducts, with due diligence, operations for the development, mining and removal of such ores.

IN CONSIDERATION OF the premises the parties have mutually agreed:

1. Royalty:

There shall be paid unto Lessor a royalty of ten (10%) per cent of the net smelter returns received from the sale of ores extracted and shipped by Lessee. Net smelter returns shall be the gross proceeds from the sale of said ores or concentrates less smelter charges, and transportation costs of crude ore shipped from the mine directly to the smelter, or of concentrates shipped from the mill to the smelter. Lessee will cause copies of settlement sheets and the aforesaid royalty payments to be sent and paid to Lessor through the proper purchasing depots, mills or smelters, on or by the 20th day of the month following the month said ores or concentrates were shipped and sold.

2. Work Requirement:

(a) In the event of the discovery of ore deposits which Lessee determines in its sole judgment to be economically feasible to mine, Lessee shall with reasonable diligence and continuity conduct mining, development and exploration operations in manner so as to extract the maximum amount of saleable ore.

(b) So long as this lease may be in effect Lessee shall perform, within the time prescribed by law, the annual labor and work required for the retention of possessory rights upon said mining claim and shall prepare and file an affidavit so showing such performance.

(c) All of the work and operations performed by Lessee hereunder shall be performed in conformity with all applicable laws and regulations pertaining to such operations. Not in limitation to the generality of the foregoing, but in furtherance thereof, Lessee shall carry workmen's compensation insurance coverage on all of its employees performing work on the property, pay its proportionate share of all production taxes, and to save and hold Lessor harmless from any and all liability arising out of Lessee's operations hereunder.

3. Title and Possession:

(a) Lessor represents that he is the record owner of all of the above described mining claims and that his title thereto is based upon compliance with the mining laws of the United States and State of Nevada. Lessor specifically warrants that he has not alienated or encumbered any interest in the property covered hereby and Lessor hereby warrants the title as against all and every person lawfully claiming the whoe or any part of such property through or under Lessor.

(b) Lessor agrees to grant peaceful possession of said property unto Lessee upon the execution of these presents and for so long as this lease shall remain in effect.

(c) In case Lessor should own a less interest in the above described claim than the entire and undivided interest therein, then the royalties herein provided shall be paid to Lessor only in the proportion which his interest hears to the whole undivided estate.

4. Right of Surrender:

Notwithstanding anything to the contrary herein contained Lessee shall have the option at any time, upon thirty (30) days

written notice to Lessor, to terminate this agreement and reassign said vaidating lease to Lessor. In the event of any such termination or reassignment the parties hereto shall be released of any further duties, liabilities or responsibilities under this agreement or under said lease or the assignment thereof.

5. Forfeiture:

In the event that Lessee shall fail to perform any of the covenants or duties incumbent upon it by the terms of this agreement, or under said validating lease or assignment thereof, the Lessor shall have the privilege of serving written notice upon Lessee specifying in detail the covenants and duties which Lessee has failed to perform and the substantial facts constituting such failure. Such notice shall further provide that Lessee shall, within a period of thirty (30) days from service thereof, cure or correct such failure to perform. In the event that Lessee shall fail or refuse within said thirty (30) day period to enter in good faith upon the correction of such default in performance and to carry out such correction to completion thereafter with due diligence, then Lessor shall have the privilege, at his option, of declaring this agreement and said assignment forfeited and null and void.

6. Notices:

Any written notice required under the terms of this agreement or under the terms of said lease or assignment thereof, shall be deemed validly served and such service complete when the same has been deposited in the United States mail for transmittal by ordinary mail in a properly stamped and addressed envelope. Notice directed to Lessor shall bear the following address:

Mr. Arthur BAker III
162 Sneden Street
Bishop, California

Notice directed to Lessee shall bear the following address:

Mid-Continent Uranium Corp.
Uranium Center Bldg.
Grand Junction, Colorado

7. Lessor Right to Access and Information:

Lessor reserves the right at all reasonable times to enter into the property covered hereby for the purpose of inspection. In addition, Lessee agrees to furnish Lessor from time to time as compiled and prepared, upon request of Lessor copies of all maps, drill logs, reports and other data resulting from the investigation, exploration and mining activities of Lessee hereunder.

8. Benefit:

This agreement shall be binding upon and inure to the benefit of the parties hereto, their legal representatives, successors, heirs and assigns.

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

LESSOR

Arthur Baker III

LESSEE

MID-CONTINENT URANIUM CORP.

By Norman E. Colby
President

ATTEST:

Mark D. Dunn
Secretary

Supplement 2 (a) 3
Baker & Davis
162 Sneden St.
Bishop, Calif.

EASEMENT

THIS AGREEMENT, made and entered into this 15 24 day of May, 1963 by and between ARTHUR BAKER III, of 162 Sneden St., Bishop, California, hereinafter called "First Party", and MID-CONTINENT URANIUM CORP., a Colorado corporation of Uranium Center Bldg., Grand Junction, Colorado, hereinafter called "Second Party";

WITNESSETH:

WHEREAS, the First First Party has possessory title, subject only to the paramount title of the United States of America, of certain unpatented mining claims in the Silver Peak (Red Mountain) Mining District, County of Esmeralda, State of Nevada, described as follows:

MORELOS Mining Claim, notice of location of which is recorded in Book 1-P, at page 319, Records of Esmeralda County, Nevada;

HIDALGO Mining Claim, notice of location of which is recorded in Book 1-P, at page 320, Records of Esmeralda County, Nevada;

CABALLO NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 324, Records of Esmeralda County, Nevada;

CABALLO NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 324, Records of Esmeralda County, Nevada;

CABALLO NO. 3 Mining Claim, notice of location of which is recorded in Book 1-P, at page 325, Records of Esmeralda County, Nevada;

CARUMBA NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 325, Records of Esmeralda County, Nevada;

CARUMBA NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 325, Records of Esmeralda County, Nevada; and

WHEREAS, Second Party is desirous of obtaining and First Party is desirous of granting an exclusive right-of-way for a tunnel through the said Hidalgo Mining Claim and the right

to use the surface of the said Hidalgo Mining Claim, and the north 300 feet of the said Caballo No. 1 Mining Claim and of the Carumba No. 1 Mining Claim, and the south 400 feet of the said Caballo No. 2 Mining Claim and of the Carumba No. 2 Mining Claim, and the Morelos Mining Claim and the Caballo No. 3 Mining Claim.

NOW THEREFORE, in consideration of the premises and the mutual benefits to be derived by the parties hereto from said tunnel and use of said surface rights, the parties hereto do agree as follows:

1. The First Party does hereby grant, assign, and set over to the Second Party the exclusive right to construct, use, and maintain a tunnel with dimensions not in excess of eight (8) feet in width and nine (9) feet in height over, across and through the said Hidalgo Mining Claim.

2. The First Party does hereby further grant, assign, and set over to the Second Party the right to use the surface of the said Hidalgo Mining Claim, and the north 300 feet of the said Caballo No. 1 Mining Claim and of the Carumba No. 1. Mining Claim, and the south 400 feet of the said Caballo No. 2 Mining Claim and the Carumba No. 2 Mining Claim and the Morelos Mining Claim and the Caballo No. 3 Mining Claim; provided, however, that First Party hereby reserves the right to use the surface of said claims in common with Second Party for purposes of geological examination and surface drilling but First Party hereby covenants and agrees not to interfere with Second Party's operations thereon.

3. The Second Party shall construct said tunnel at its own cost and expense and shall repair and maintain and keep repaired and maintained in proper, substantial and workman-like

manner the said tunnel.

5. The Second Party shall pay all taxes which may be assessed and levied against the above described property as a result of the improvements thereon by the Second Party upon the First Party's submitting to the Second Party written evidence of such assessment and levy.

6. The First Party shall fully use and enjoy said premises except as modified herein; and the Second Party hereby agrees to hold and save the First Party harmless from any and all mechanic's and materialmen's liens, workmens' compensation; unemployment compensation; and any and all damages arising from the Second Party's use of the right, easement and right-of-way herein granted and agrees to pay any and all damages or damage which may arise to the property, premises or rights of the First Party through Second Party's use, occupation and possession of the rights herein granted.

7. The rights, easements, and right-of-ways herein granted, assigned and set over to the Second Party by First Party shall commence upon the execution of this agreement and shall continue for a term of ten (10) years, and, in addition, with the option in Second Party to renew the said term for an additional period of ten (10) years upon the same terms and conditions contained herein, provided that in order to exercise such option Second Party shall notify First Party in writing of its intention so to renew at least thirty (30) days prior to the expiration of the initial term of this agreement.

8. In consideration for said surface rights, easements and right-of-ways granted hereunder, Second Party shall pay First Party as follows:

Supplement 2 (a) 3
Baker & Davis
162 Sneden St.
Bishop, Calif.

a. Three Hundred Dollars ($300.00) upon execution of this agreement, the receipt of which is hereby acknowledged by First Party; and

b. Five cents ($0.05) per ton for all ore of commercial grade hauled through said tunnel by Second Party; provided, that commencing at a time two (2) years from the execution of this agreement, in the event that the said tonnage payments of five cents per ton do not amount to the sum of at least $300.00 per year thereafter then First Party shall either pay Second Party the accrued amount due computed at five cents per ton or $300.00 per year thereafter, whichever is greater. All amounts due on haulage of ore at five cents per ton through said tunnel shall be applied towards payment of the minimum payment per year of $300.00.

c. The payments provided for in paragraph 9.b. immediately preceding shall be payable on or by the 20th day of the month following the month in which the ore was hauled through the tunnel by Second Party. There shall be no tonnage charge hereunder on waste hauled through said tunnel.

9. All equipment, tools, implements, machinery, fixtures, structures and other property placed on or under the above described mining claims by Second Party shall remain the property of Second Party, and upon the expiration of the term of this agreement, or any extension thereof, Second Party shall have ninety (90) days within which to remove the same.

IN WITNESS WHEREOF, the parties have executed this agreement this 22nd day of May, 1963.

MID-CONTINENT URANIUM CORP.

ATTEST:

Mark D. Burns
Secretary

By Norman E. Ebbley
President

Second Party

Arthur Baker III
First

Supplement 3 (f) 1
Baker & Davis
162 Sneden St.
Bishop, Calif.

RICHMOND 9-3411

SMITH-EMERY COMPANY

CHEMISTS • TESTING • INSPECTION • ENGINEERS

781 EAST WASHINGTON BOULEVARD

LOS ANGELES 21, CALIFORNIA

FORM C-7 1-62 LC

ALL REPORTS ARE SUBMITTED AS THE CONFIDENTIAL PROPERTY OF CLIENTS. AUTHORIZATION FOR PUBLICATION OF OUR REPORTS, CONCLUSIONS, OR EXTRACTS FROM OR REGARDING THEM IS RESERVED PENDING OUR WRITTEN APPROVAL AS A MUTUAL PROTECTION TO CLIENTS, THE PUBLIC AND OURSELVES.

FILE NO: 2343-63
CLIENT: ARTHUR BAKER III
162 SNEDEN STREET
ADDRESS: BISHOP, CALIFORNIA

ATTENTION:

DATE: JUNE 7, 1963
P.O. NO.:
SAMPLE ROCK
SUBMITTED BY: CLIENT
GOLD , @ $35.00 PER OZ.
SILVER, @ $1.20 PER OZ.

ASSAY REPORT

NUMBER	MARK	PER TON OF 2000 LBS. GOLD OUNCES	GOLD VALUE	SILVER OUNCES	SILVER VALUE	COPPER PER CENT	LEAD PER CENT	ZINC PER CENT
C-508214	"ARTHUR BAKER III #1"	0.07	$2.45	3.10	$3.72			
C-508215	"ARTHUR BAKER III #2"	0.05	$1.75	0.98	$1.18			
C-508216	"ARTHUR BAKER III #3"	0.04	$1.40	0.80	$0.96			
C-508217	"ARTHUR BAKER III #4"	0.10	$3.50	1.06	$1.27			
C-508218	"ARTHUR BAKER III #5"	0.08	$2.80	1.94	$2.33			
C-508219	"ARTHUR BAKER III #6"	0.06	$2.10	1.54	$1.85			
C-508220	"ARTHUR BAKER III #7"	0.07	$2.45	1.86	$2.23			
C-508221	"ARTHUR BAKER III #8"	0.15	$5.25	8.62	$10.35			

RESPECTFULLY SUBMITTED
SMITH-EMERY COMPANY

BY G.L. Cheney
G.L. CHENEY

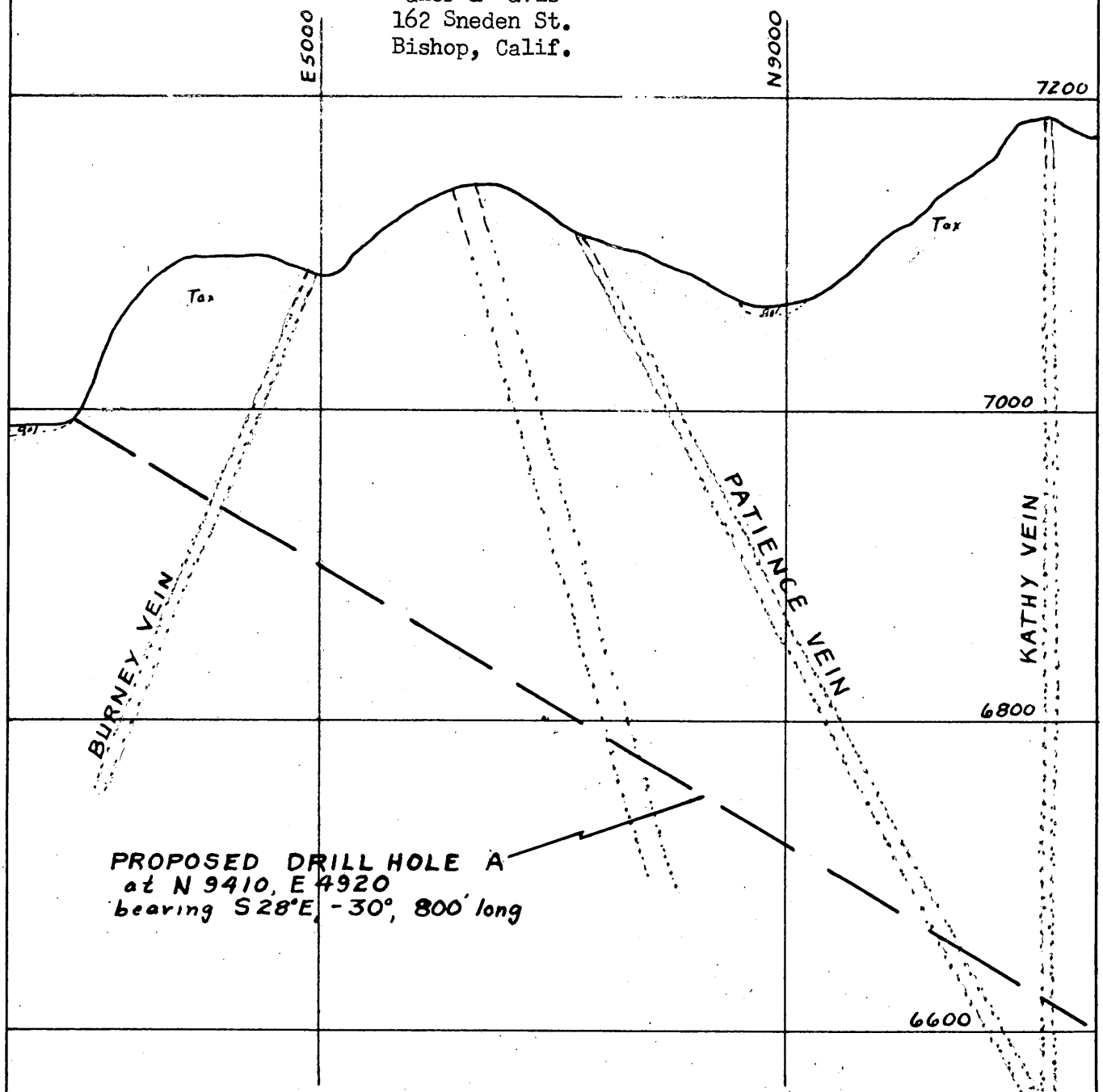
4 ARTHUR BAKER III

NR

Baker & Davis
Drawing No. LCE 7
Red M. Dist., Esmeralda Co., Nevada

Patience & Kathy Veins
Section Thru Proposed Hole A
Scale 1" - 100' 6/27/63 ABIII

Supplement 5 (a) 1
Baker & Davis
162 Sneden St.
Bishop, Calif.



LEGEND

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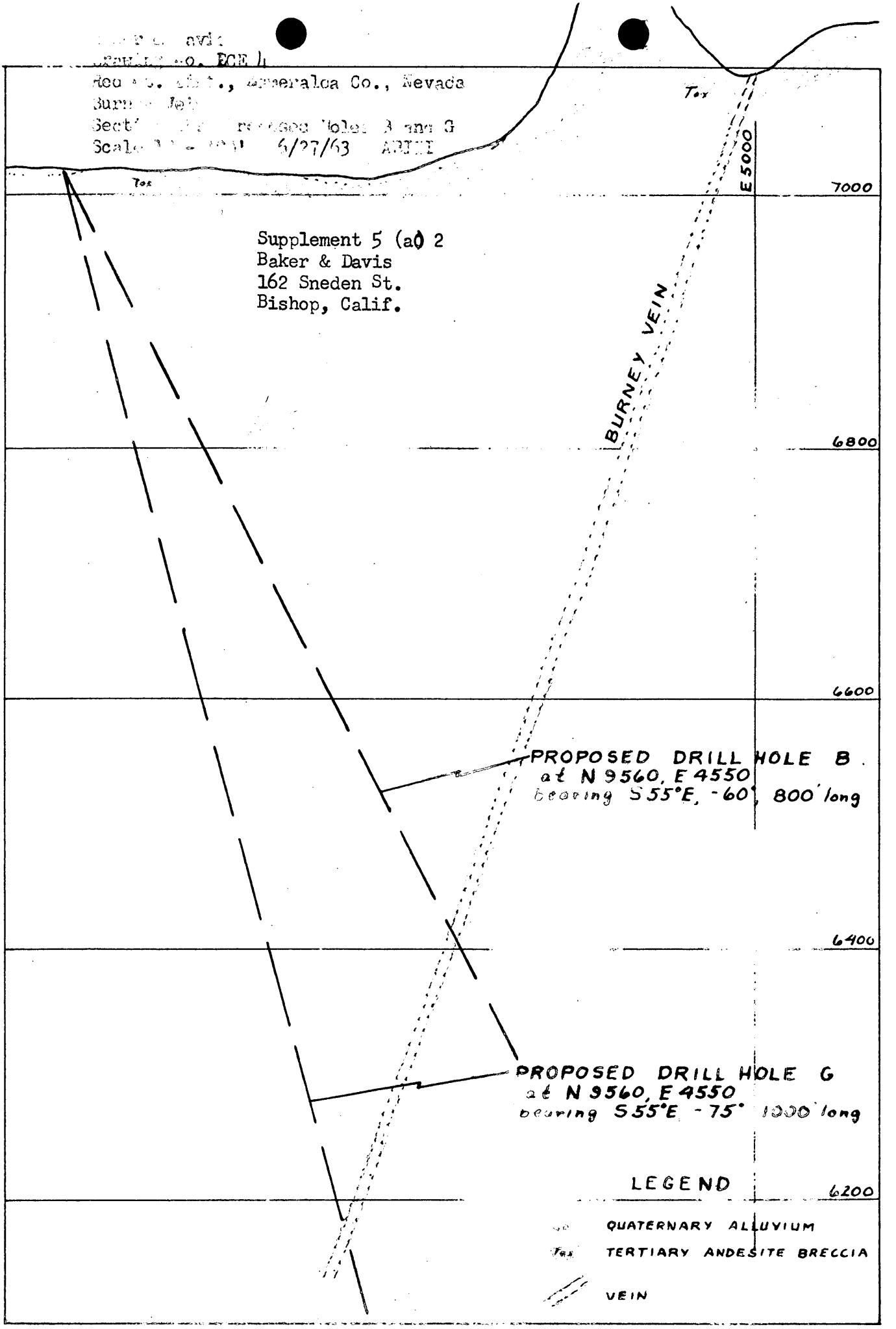
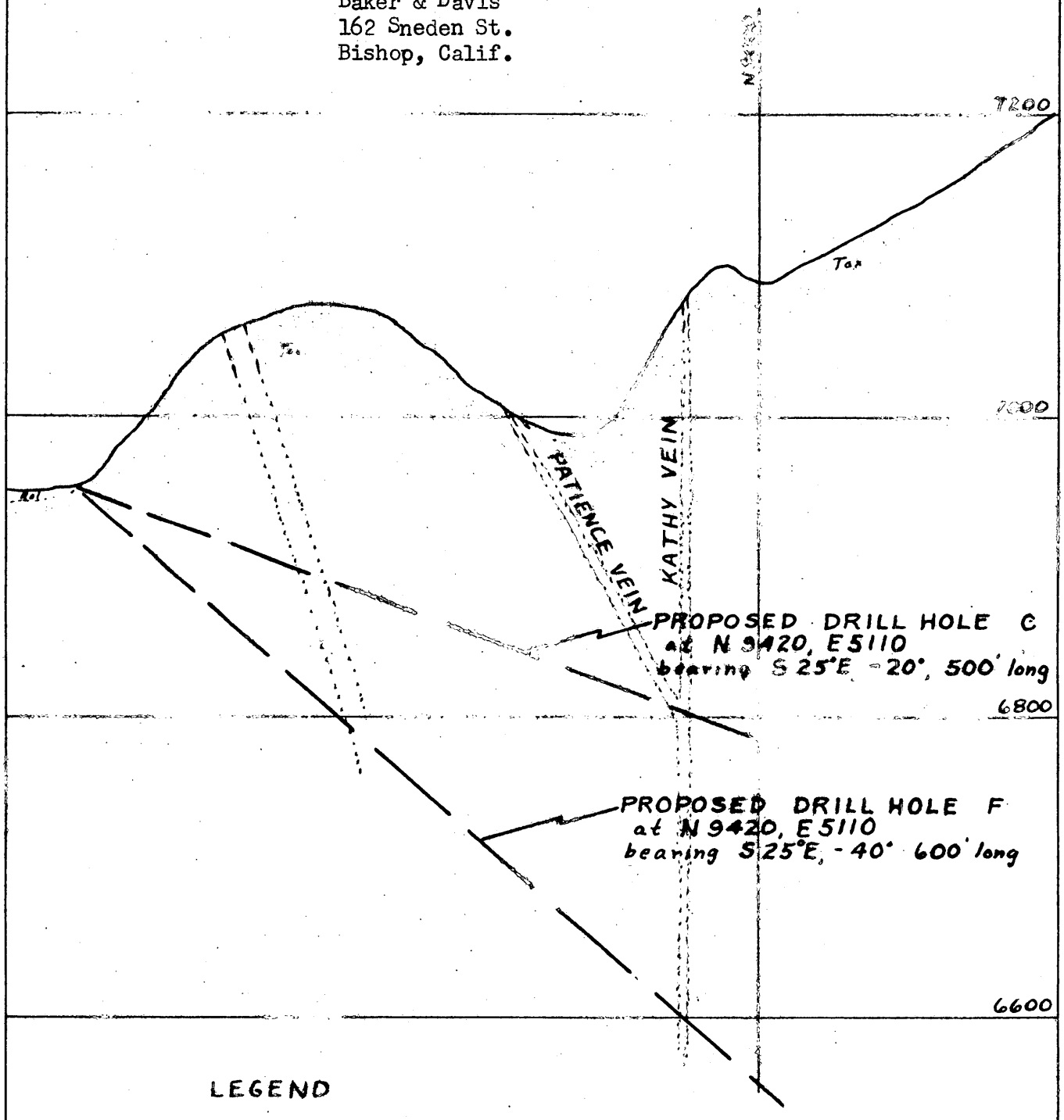
VEIN


Supplement 5 (a) 2
Baker & Davis
162 Sneden St.
Bishop, Calif.
6/27/63
Tox
E 5000
7000
6800
6600
6400
6200
BURNEY VEIN
PROPOSED DRILL HOLE B
at N 9560, E 4550
bearing S 55°E, -60°, 800' long
PROPOSED DRILL HOLE G
at N 9560, E 4550
bearing S 55°E -75° 1000' long
LEGEND
QUATERNARY ALLUVIUM
TERTIARY ANDESITE BRECCIA
VEIN

Baker & Davis
Drawing No. LCE 6
Red Mt. Dist., Esmeralda Co., Nevada

Patience & Kathy Veins
Section Thru Proposed Holes C and F
Scale 1" - 100' 6/27/5[illegible]

Supplement 5 (a) 3
Baker & Davis
162 Sneden St.
Bishop, Calif.



LEGEND

Qal QUATERNARY ALLUVIUM

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VEIN

Supplement 5 (a) 4
Baker & Davis
162 Sneden St.
Bishop, Calif.

ICE 5
Esmera[illegible]

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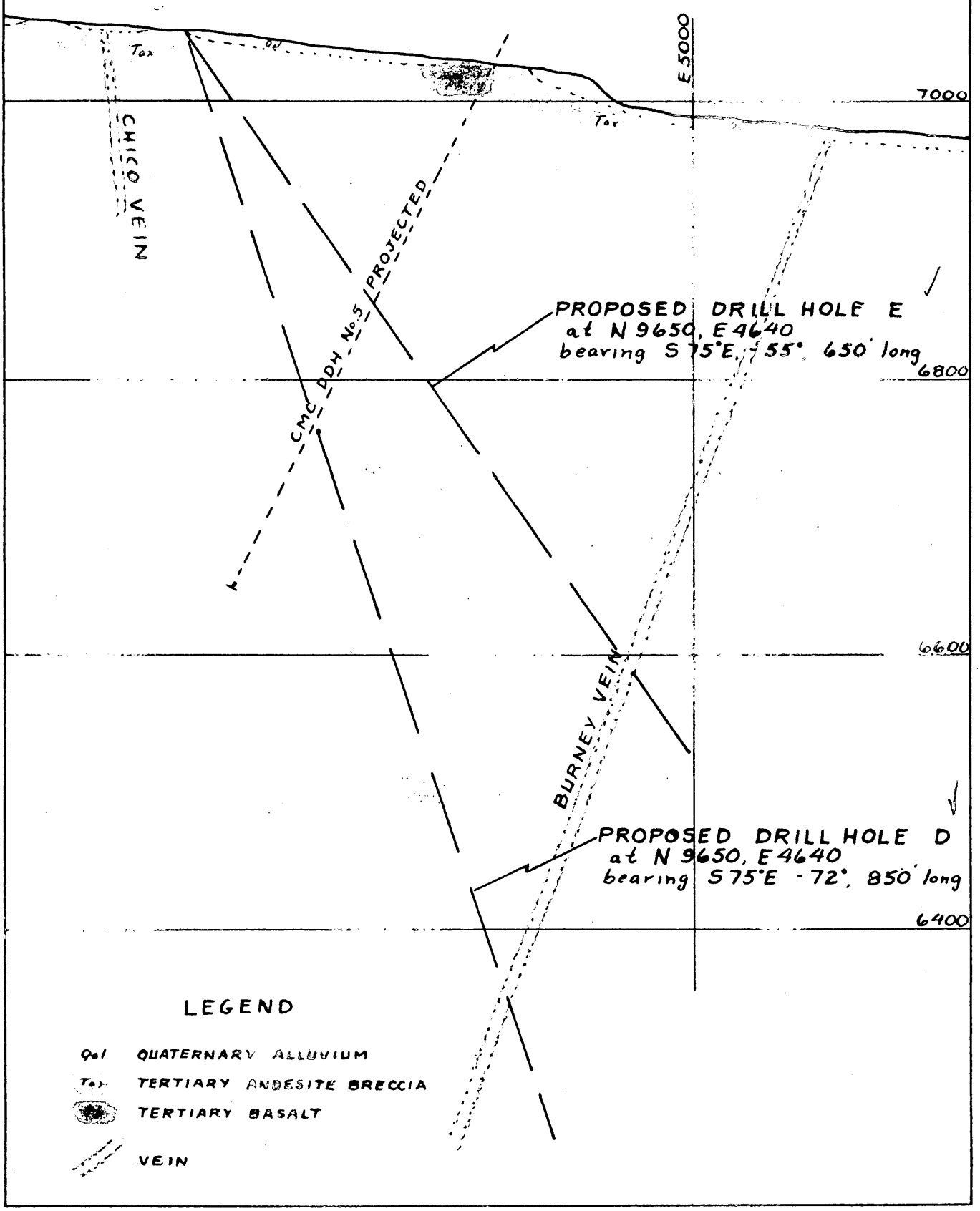
Section Thru Propose[illegible] D [illegible] E
Scale 1" - 1[illegible]0'



Supplement 7 (a) 1
Baker & Davis
162 Sneden St.
Bishop, Calif.

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

Boyles Bros. DRILLING COMPANY

CONTRACTORS - ENGINEERS - GEOLOGISTS

600 Industrial Way
SPARKS, NEVADA
Phone: 355-3233

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

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
ST LOUIS

June 27, 1963

Mr. Arthur Baker & Mr. R.S. Davis
162 Sneden Street
Bishop, California

Dear Sirs:

In regards to the proposed drilling on the Los Compadres property located near Silver Peak, Nevada, we wish to offer the following prices.

1. Mobilization and demobilization of equipment and crews. - $250.00

2. Drilling rates:

	NX Size	BX Size	AX
0 to 400 feet deep	$7.90 per ft.	$7.50 per ft.	7.25
400 to 750 " "	8.65 " "	8.25 " "	8.00
750 to 1000 " "	9.65 " "	9.25 " "	9.00

3. Cementing, if necessary, will be charged for at $12.00 per hour plus cost of cement or cement substitutes, including drilling mud.

4. Moving between holes, setting up and laying pipe line - $10.00 per hour.

5. Standby time or delay time requested by you or for which you are responsible - $10.00 per hour.

6. Roads and drill sites to be furnished at no cost to Boyles Bros.

Boyles core boxes
OME-6298
Core Boxes 65¢ each

Since there will be roads to the drill sites and we will be covered for the time spent laying pipe line, the same drilling price will prevail for both the canyon floor and the canyon wall.

Thank you for the opportunity of bidding on your work.

Yours truly

J. D. Fettorhoff

J.D. Fettorhoff
District Manager

Supplement 7 (a) 2
[illegible]er & Davis
162 Sneden St.
Bishop, Calif.

June 26, 1963

Mr. Arthur Baker, III
162 Sneden Street
Bishop, California

Dear Mr. Baker:

We wish to submit our tentative proposal for diamond drilling on your property in the Silver Peak, Nevada District, as outlined in your letter of June 18, 1963.

We propose to furnish personnel, diamond core drill, drill pump, rods, casing, diamond bits and shells and other accessories necessary to perform this work, with the exception of core boxes, for the following prices:

Size	Footage	Per Foot
BX	0' - 250'	7.35
BX	250' - 500'	7.95
BX	500' - 750'	8.60
BX	750' -1000'	9.35
AX	0' - 250'	6.85
AX	250' - 500'	7.45
AX	500' - 750'	8.10
AX	750' -1000'	8.85

Contractor agrees to mobilize and demobilize his equipment for the lump sum of $1,400.00.

In the event of delays not attributable to the fault of contractor or breakdown of his equipment, contractor shall expect to be reimbursed for his continuing costs at the rate of $9.00 per hour.

In the event of loose or caving material, water courses or any conditions encountered which tend to make drilling impractical without the use of casing or cement, an additional charge of $3.50 per foot for reaming casing or cementing will be made.

ker & Davis
152 Sneden St.
Bishop, Calif.

Our employees will be covered by Workman's Compensation to comply with the State Act and the job will be covered by public liability insurance in the amounts of $300,000 and $500,000 and property damage in the amount of $100,000.

We wish to thank you for the opportunity of furnishing this proposal and to assure you of our full cooperation in the event you find our bid acceptable.

Very truly yours,

R. S. McCLINTOCK DIAMOND DRILL COMPANY

T. M. Welsch
Drilling Superintendent

TMW:cw

Supplement 7 (a) 3
Baker & Davis
162 Sneden St.
Bishop, Calif.

Vivian Drilling Co.

ROCK BIT & DIAMOND CORE DRILLING CONTRACTORS

P. O. BOX 1025
MOAB, UTAH

July 9, 1963

PHONE: ALPINE 3-4366

Arthur BakerIII &
R.S.Davis
162 Sneden St.
Bishop, Calif.

Gentlemen:

I submit the following quotation for diamond drilling on your Los Compadres property in the Silver Peak Range, Nevada:

Mobilization	$300.00
Casing over burden for NX size hole	8.50 per ft.
NX size core 0 to 375 '	8.50 per ft.
BX size core 0 to 375'	8.00 " "
BX size core 375 to 750'	8.75 " "
BX size core 750 to 1000'	10.00 " "
AX size core 0 to 375'	7.75 " "
AX size core 375 to 750'	8.25 " "
AX size core 750 to 1000'	9.00 " "
Cementing hole	12.50 per hr.
Drilling out cement	12.50 per hr.
Cement at cost plus freight charges	
Reaming BX size hole to NX size hole	5.75 per ft.
Reaming Ax size hole to BX size hole	4.75 prt ft.
Lowering, setting or pulling casing	12.50 per hr.
Laying pipe line and setting pump	12.00 per hr.
Delay time	10.00 per hr.

Roads to drill stations and drilling stations to be furnished at no expense to drilling contractor.

A sufficient supply of water to be available to drilling contractor at no expense to drilling contractor and within 2500 feet fo drilling stations.

Yours truly,

VIVIAN DRILLING CO.

C. B. Vivian

C B. Vivian

CBV/em

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
450 GOLDEN GATE AVENUE, BOX 36012
SAN FRANCISCO, CALIFORNIA, 94102

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 24 1964

DATE		CODE
		120
Date: Aug. 12, 1964		
		120M

icy 130

Memorandum

To : Files

From : Acting Field Officer, Region II

Subject: Equal Employment Opportunity Under Government Contracts
OME-6317 (Gold, Silver)
Operator: Baker & Davis
Name of Property: Los Compadres Silver Property
County-State: Esmeralda County, Nevada
Contract No.: 2184

I have obtained the following information from my visit to the above mentioned operating project:

1.	Number of all employees	0
2.	Number of women employees	0
3.	Number of Negro employees	0
4.	Number of other minority groups (Indian, Latin, Oriental, etc.)	0
5.	Was employment through a union?	–
6.	Distance to the closest union headquarters.	Tonopah, Nevada
*7.	Are the discrimination posters prominently displayed? (Being forwarded)	No
8.	If employment was through a union, was the union furnished Standard Form 38?	–
9.	If employment was not through a union, in what manner was employment made?	Work will be contracted.

Remarks: Acts of intimidation matters discussed with the operator.

* The OME contract has not started.

Government's Copy

MME Form 50
June 1963

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6317	Silver	14-23-090-2184	Esmeralda	Nevada

It is agreed FEB 25 1964 (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Baker and Davis, a California partnership comprised of Arthur Baker III and Robert Stanley Davis,

whose mailing address is 162 Sneden Street, Bishop, California 93514, 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 May 15, 1964 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 12 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 $36,528.00. The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $18,264.00 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 6 ¼ 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 rights in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

See Annex I

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

See Annex I

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CATEGORY (2)--PERSONAL SERVICES.

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

Subcategory (b)--Labor.

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

CATEGORY (4)--OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) irrespective of any certicifation 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 contrued 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, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, 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, Office of Minerals Exploration, 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, Office of Minerals Exploration," 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 Office of Minerals Exploration 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 provisions.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

BAKER AND DAVIS
(Operator)

By [illegible]

Title PARTNER

By [illegible]

Long
Acp'd. Sol. Off
Murphy
Sergent
Talbert
Selfridge
Johnson

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

_____ secretary of the corporation named as Operator herein; that

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

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

and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____

[CORPORATE SEAL]

Supplement 2 (c) 2
Baker & Davis
162 Eden St.
Bishop, Calif.

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 – 2184
Contract Date FEB 25 1964

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the County of Esmeralda, State of Nevada,

described as follows: 2/ the Olaf unpatented mining claim in the Red Mountain (Silver Peak) Mining District, notice of location of which is recorded in Book 1-P, page 126, Recordsof Esmeralda County, Nevada

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

Baker and Davis 3/

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

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

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

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

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

None

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

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

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

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

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

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

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

Dated this 7th day of January, 1964.

Harvey Humphrey	(Seal)	Silver Peak, Nev.	(Street) (City & State)
Virginia Humphrey	(Seal)	Silver Peak, Nev	(Street) (City & State)
James W. Gavin	(Seal)	Silver Peak Nev.	(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)

Supplement 2 (c) 1, Baker & Davis
162 [illegible]eden St., Bishop, Calif.

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

[illegible]FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090 – 2184
Contract Date FEB 25 1964

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the County of Esmeralda, State of Nevada, described ~~as follows~~: 2/ in an Agreement of Sale dated the 11th day of April, 1963, ~~and~~ recorded in Book 4-B, page 309, official records of said county.

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

Baker and Davis 3/

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

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

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

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

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

None

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

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

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

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

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

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

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

Dated this 19th day of August, 1963.

CALLAHAN MINING CORPORATION

E. Arthur Salo (Seal)
Vice President

100 Park Avenue (Street)
New York 17, New York (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

I, Adrienne I. Manian (Name), certify that I am the Assistant Secretary (Title—Secretary, etc.) of the corporation named herein; that E. Arthur Salo (Name), who signed this agreement was then Vice 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.

Adrienne I. Manian
(Corporate Seal)

EXPLORATION CONTRACT
BAKER AND DAVIS
OME-6317

ANNEX I

The land referred to in Article 2 of the contract consists of fourteen (14) unpatented lode mining claims, including all rights pertaining thereto, in approximately unsurveyed sec. 32, T. 2 S., R. 38 E., and sec. 5, T. 3 S., R. 38 E., M.D.B.&M., Red Mountain (Silver Peak) mining district, Esmeralda County, Nevada.

The claims are recorded in the office of the County Clerk and Recorder of Esmeralda County, Goldfield, Nevada, as follows:

Claims	Book	Page
Morelos	1-P	319
Hidalgo 1/	"	320
Burney No. 1	"	308
Burney No. 2	"	309
Patience No. 1	"	308
Patience No. 2	"	308
Chico No. 1	"	326
Chico No. 2	"	326
Carumba No. 1	"	325
Carumba No. 2	"	325
Caballo No. 1	"	324
Caballo No. 2	"	324
Caballo No. 3	"	325
Olaf	"	126

1/ Excluded from this contract is 300 feet of land on each side of a tunnel crossing the Hidalgo claim into land owned by Mid-Continent Uranium Corporation.

In an Agreement of Sale, dated April 11, 1963, Callahan Mining Corporation sold the first thirteen claims listed above to Arthur Baker III reserving a royalty of 10 percent of the net profits realized from mining operations on the claims in the event a quitclaim of the claims was later granted.

Under the terms of a Quitclaim Deed, dated April 23, 1963, Callahan Mining Corporation transferred the thirteen claims to Arthur Baker III.

Under the terms of a Partnership Agreement, dated July 10, 1963, between Arthur Baker III and Robert Stanley Davis, the above thirteen claims were transferred to the partnership of Baker and Davis.

The Operator has rights to the Olaf unpatented mining claim under the terms of an Option Agreement between James Gavin, Harvey Humphry and Virginia Humphry, husband and wife, as Grantors and Baker and Davis as Grantees.

Two Lien and Subordination Agreements executed by the above named landowners are attached hereto and made part hereof.

The outer boundaries of the group of claims are shown in green on Figure ~~2~~, ~~Claim Map~~, attached hereto and made part hereof.

EXPLORATION CONTRACT
BAKER AND DAVIS
OME-6317

EXHIBIT A

The purpose of this contract is to explore by core drilling from the surface for deposits of silver ore in the Burney, Patience, Chico, and Kathy veins which crop out on the Los Compadres silver property in andesitic country rock.

General Provisions

The core from diamond drilling shall be stored in boxes identified as to hole number with markers in the core sections to indicate the depth represented. Significantly mineralized core shall be split and one split assayed for gold and silver. The other split shall be stored in proper sequence with the unmineralized core. No sample shall represent a hole length of greater than five feet.

Facilities shall be provided for recovering diamond drill sludge and such sludges shall be retained when drilling in significantly mineralized ground. Whenever the core recovery is found to be less than 60 percent, the corresponding retained sludge and such core segments as may have been recovered shall be assayed separately for gold and silver and the results combined according to standard practice to form a representative sample. Splits of the sludge shall be stored in suitable containers properly identified as to source and location.

The stored core and sludge shall be made available for Government inspection and possible use. With prior Government approval the Operator may dispose of the stored core and sludge.

True copies of all sample assay certificates shall be submitted with the Operator's monthly reports, which shall also include maps or sketches showing the work completed during the reporting period. The maps shall show the general rock formations and structures traversed by the drill holes.

below overburden

All holes/shall be drilled standard NX core size (core diam. 2-1/8") as deep as possible and then continued standard BX core size (core diam. 1-5/8"), or ultimately standard AX core size (core diam. 1-1/8"), as may be necessary.

The Government will not contribute to the cost of an incomplete hole, nor to a hole within 200 feet of the exterior boundaries of the claim groups described in Annex I of this contract.

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

The location, length, and attitude of each hole shall be subject to Government approval.

The work shall be divided into two stages. The Operator shall complete all of Stage I and as much of Stage II as is approved by the Government.

Description of the Work

Stage I

Stage I shall consist of drilling Holes A, B, and C. The holes shall be drilled in accordance with the following specifications:

Drill Site No.	Hole No.	Depth (feet)	Bearing (Approximate)	Inclination from horizontal (Approximate)
1	A	800	S. 28° E.	-30°
2	B	800	S. 55° E.	-60°
3	C	500	S. 25° E.	-20°

The depths of the holes listed above are estimated and may vary; however, the holes shall be drilled deep enough to traverse the following objectives:

Hole A - the Burney, Patience, and Kathy veins

Hole B - the Burney vein

Hole C - the possible intersection of the Patience and Kathy veins in or below the contact of the leached zones

Stage II

If the holes drilled under Stage I indicate the possibility of increased silver mineralization at depth, then with Government approval, subsequently confirmed in writing, Hole D and/or Hole E may be drilled in accordance with the following specifications:

Drill Site No.	Hole No.	Depth (feet)	Bearing (Approximate)	Inclination from horizontal (Approximate)
4	D	850	S. 75° E.	-55°
3	E	600	S. 25° E.	-40°

The depths of Holes D and E are estimates and may vary; however, the holes shall be drilled deep enough to traverse the following objectives:

Hole D - the Burney vein below the leached zone

Hole E - the Kathy vein about 200 feet below the point traversed by Hole C

In the event Hole D is approved then an access road shall be bulldozed to drill site No. 4 and the site leveled.

The bulldozer used to prepare the access road and drill site shall be not less than a D-6 Caterpillar or equivalent unit of any other make,

The approximate locations of the drill sites, veins, and the drill holes in Stage I and Stage II are shown in red on the map entitled, "Figure 3 - Proposed Diamond Drill Program" attached hereto and made part hereof.

Estimated Costs of the Work

Actual Costs

Category (1) Independent Contracts

16 hours bulldozing access road and leveling No. 4 drill site @ $18.00/hr.	$ 288.00
Transporting dozer to and from project area	50.00

3,550 feet of overburden and core drilling	$29,850.00	
Overburden drilling including the setting of casing @ $6.00/ft.		
Core drilling costs per foot of drilling 1/		

	NX size	BX size	AX size
0 to 400 feet deep	$7.90	$7.50	$7.10
400 to 750 " "	8.65	8.25	7.85
750 to 1000 " "	9.65	9.25	8.85

200 hours cementing, waiting for cement to set, and redrilling @ $12.00/hr.	2,400.00	
40 hours moving between holes, setting up and laying pipe line @ $10.00/hr.	400.00	
Cementing material for drilling	150.00 *	
350 cardboard core boxes @ $0.65	227.50	
Mobilization and demobilization of drill equipment and crews	250.00	$33,615.50
Category (7) Miscellaneous		
100 samples assayed for gold and silver @ $2.50/sample		250.00
Total Actual Costs		$33,865.50

---

* Indicates a maximum.

1/ Includes the cost of any necessary reaming and casing.

Fixed Unit Costs

Incidental allowance for each foot of drilling completed - 3,550 feet @ $0.75/ft. 2/	$ 2,662.50
Total Fixed Unit Costs	$ 2,662.50

SUMMARY

Total Actual Costs	$33,865.50
Total Fixed Unit Costs	2,662.50
Total Estimated Cost of the Work	$36,528.00
Government Participation @ 50%	$18,264.00

2/ Includes all costs whatsoever except assaying, which would otherwise be allowable costs under Categories (2) through (7).

EXHIBIT B

NONDISCRIMINATION IN EMPLOYMENT

(Section 301, Executive Order 10925, March 6, 1961, as amended)

'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 non-discrimination 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.

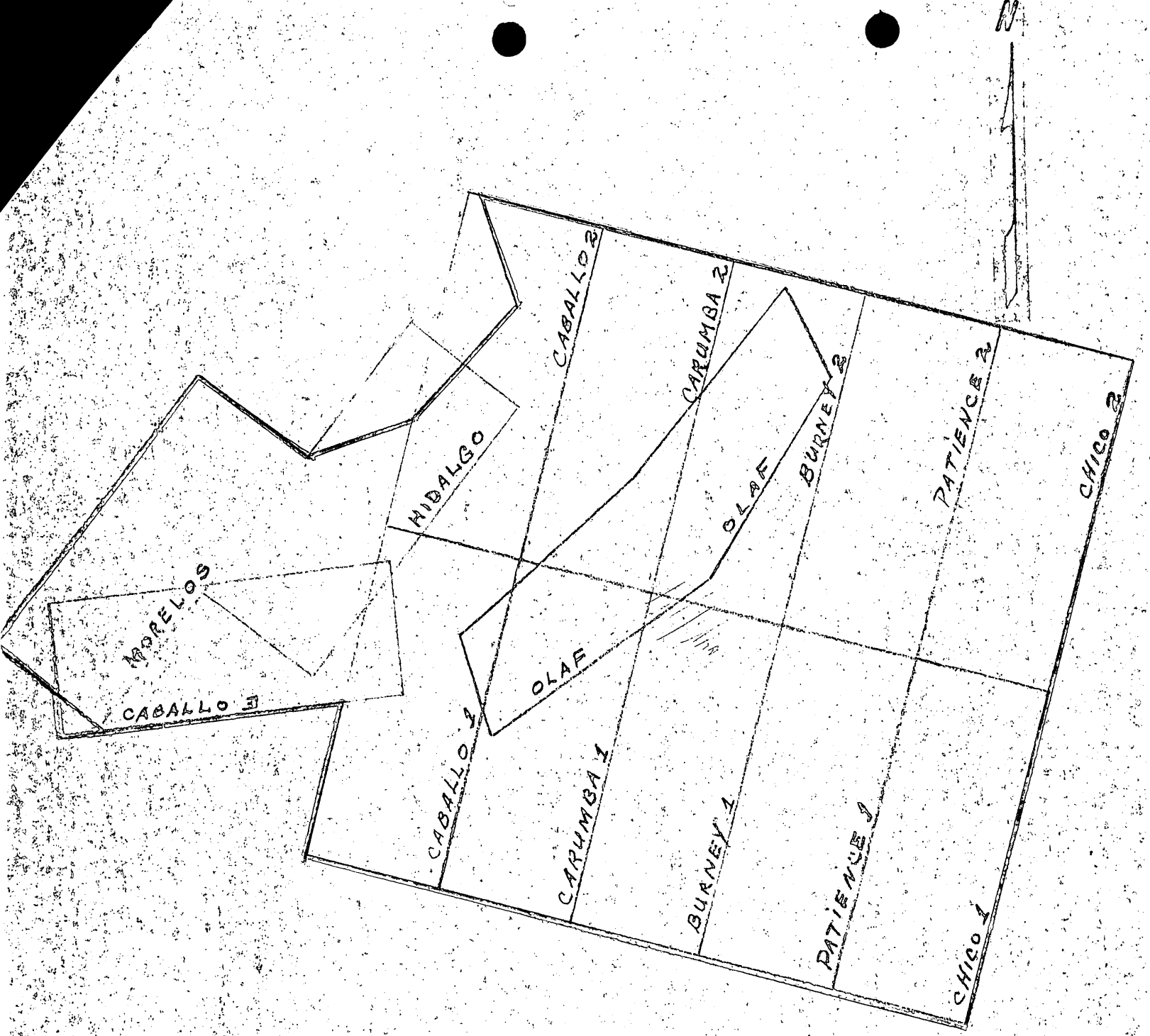
'(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the said labor union or workers' representative of the contractor's commitments under this section, 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. 10925 of March 6, 1961, as amended, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

'(5) The contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, as amended, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee 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 the said 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. 10925 of March 6, 1961, as amended, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, 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 President's Committee on Equal Employment Opportunity issued pursuant to section 303 of Executive Order No. 10925 of March 6, 1961, as amended, 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.'"



OME-6317 (Silver, Gold)
Baker & Davis
Los Compadres Property
Esmeralda County, Nevada

Figure 2, Claim Map

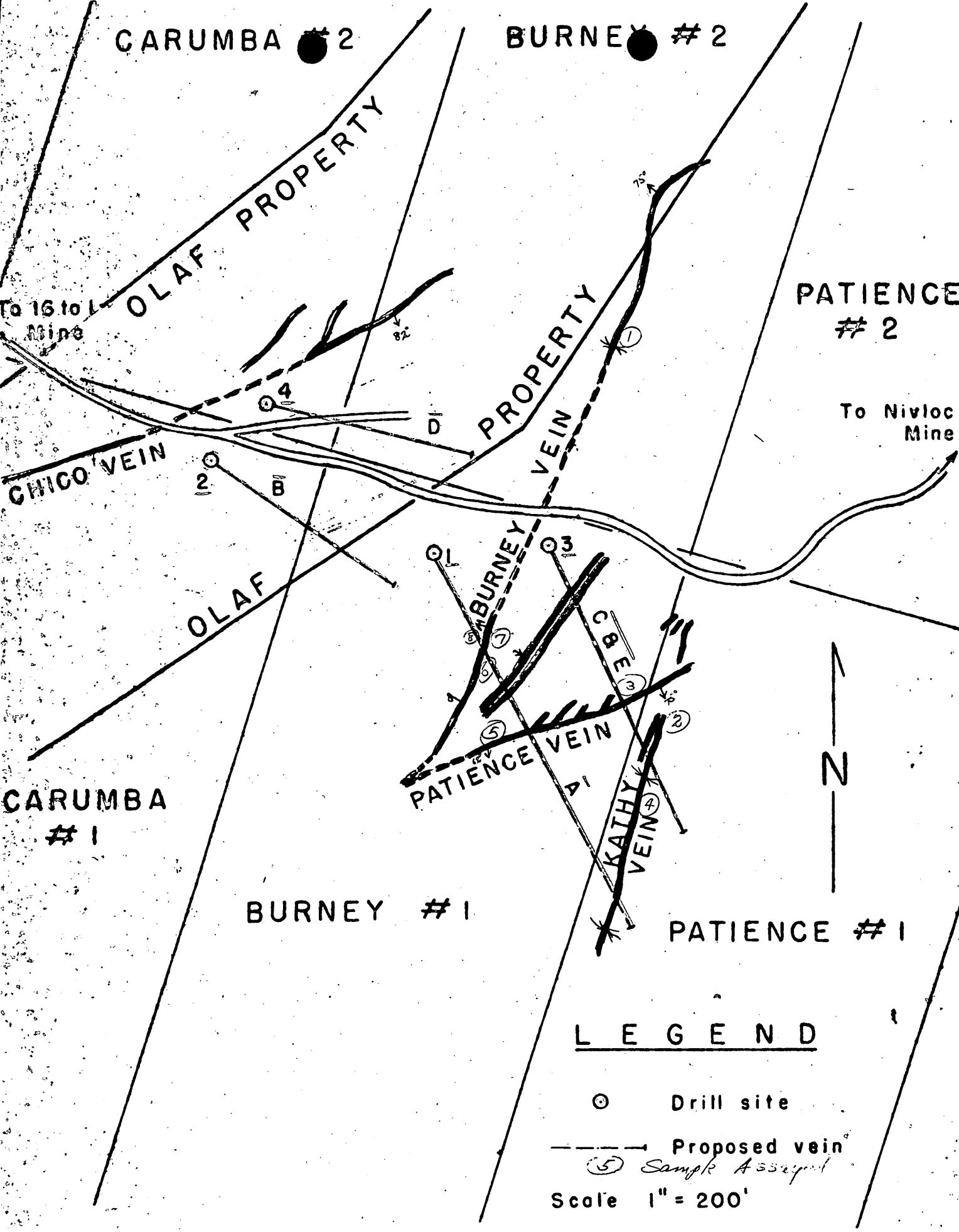


FIGURE 3. - Proposed Diamond Drill Program

Government's Copy

RESCISSION OF OME EXPLORATION CONTRACT

It is agreed this 26th day of August, 1964, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, and Baker and Davis, parties to that certain Exploration Contract No. 2184, (Docket No. OME-6317), dated February 25, 1964, as amended, that said contract is hereby rescinded, revoked, and cancelled as of the date thereof, without any obligations whatever one party to the other, the same as if the contract had never been entered into.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By George Turnick
Acting Director, Office of Minerals Exploration

Murphey
Fallbutt
Johnson

BAKER AND DAVIS

By Arte Blue

Title Partner

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 11 1964

DATE	INITIALS	CODE
		120
		120

162 Sneden St.
Bishop, California 93514
September 9, 1964

Mr. George Fumich
Acting Director
U. S. Department of the Interior
Office of Minerals Exploration
Washington 25, D.C.

RE: OME 6317 (Silver-Gold)
Baker and Davis
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2184

Dear Mr. Fumich:

Enclosed herewith are your four signed copies of the mutual recission agreement for the above-captioned contract.

We are very sorry to have involved the OME in a good deal of what appears to have been fruitless effort. Perhaps later something more productive will develop.

Yours truly

BAKER AND DAVIS

Arthur Baker III

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/26	Murphy	120M
8/26	Talbot	800
	Carlson	130
8/26	Johnson	110
		100
8/26	cal	220
		120M

AUG 26 1964

Mr. Arthur Baker, III
162 Dunadan Street
Bishop, California 93514

Re: CME-6317 (Silver-Gold)
Baker and Davis
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2184

Dear Mr. Baker:

Mr. Villa has forwarded your letter of August 12, 1964, requesting an additional recess period of one year.

We regret to advise you that your request cannot be granted as the Government's funds committed under the contract would also be inactive and, therefore, not available for other possible contracts. In view of this, we are enclosing the original and four copies of a mutual rescission agreement signed by the Acting Director, CME, for the Government. Will you kindly execute all copies of this instrument, retain your copy, and return the original and three copies to this office.

If at some future date you are prepared to explore the property, we suggest that you file a new application. Reference can be made to the subject docket and pertinent information contained therein need not be repeated. However, we would require new letters to banks and their replies in connection with financial eligibility.

Sincerely yours,

George Fumich, Jr.

Acting Director

Enclosures

FMMurphy/gla
8-26-64
cc to: Director's Reading File
Docket
Review Committee
Region II w/cy Rescission Agreement

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
450 Golden Gate Avenue, Box 36012
San Francisco, California, 94102

Memorandum August 19, 1964

To : Chief, Division of Exploration Operations, OME, Washington, D.C.

From : Acting Field Officer, OME, Region II

Subject: OME-6317 (Gold, Silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2184

Enclosed is a copy of a letter from the subject operator requesting that his contract be suspended for a year. Please advise OME decision for the above contract.

Paul V. Fillo
Paul V. Fillo

Enclosure

cc:
Chief, Division of Exploration Operations, OME, Washington, D.C.

OFFICIAL FILE COPY
DATE INITIALS CODE
8/24 800
120
120

162 Sneden St.
Bishop, California 93514
August 12, 1964

AUG 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

Mr. Paul V. Fillo
Acting Field Officer
OME, Region II
United States Department of the Interior
Box 36012
San Francisco, California 94102

RE: OME-6317 (silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada
Contract No. 2184

Dear Mr. Fillo:

This is to report to you, as we approach the specified beginning date for work on the Los Compadres property under the OME contract, that my partner and myself still have not been able to raise the necessary money to perform our part of the contract, and to request a further extension.

As I told you in my letter of May 4th, we found ourselves unable to put up the matching funds ourselves, and the financing that we then counted on did not materialize. Since the first postponement, we have approached all the mining companies that we felt might be interested in such a project, and while a number of them expressed interest, none were willing to undertake the project at this time. Three companies told us informally that they would definitely be interested in it if they were first able to acquire other properties in the district, particularly the adjacent 16-1 Mine, which is already partly developed. One company, and several individuals, said that regardless of the ownership of the 16-1, they would be interested in financing our drilling project when and if 16-1 has been developed enough to demonstrate a good mine.

As distasteful to us as these wait-a-bit tactics of prospective financers are, we must admit that they are not unreasonable. And regardless of what we feel about the tactics, it is clear that we are going to have to wait until the 16-1 Mine is better developed before we will be able to interest outside capital in undertaking work at Los Compadres. In view of the slowness with which development of a mine invariably progresses, it will surely be at least several months before 16-1 is expanded enough to cause much further interest in the district.

We request, therefore, that the OME contract be extended for an additional period of one year. We are confident that in this time the 16-1 will be developed to the point where interest in nearby undeveloped properties such as ours will be stimulated.

We are even sorrier to have to request this postponement than we were the first one.

Yours truly
BAKER AND DAVIS

Arthur Baker III

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

450 Golden Gate Avenue, Box 36012
San Francisco, California, 94102

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 10 1964

DATE	INITIALS	CODE
8/10	[illegible]	~~800~~
		~~120 M~~
		~~120~~
8/10	[illegible]	120M

Memorandum

August 4, 1964

To : Chief, Division of Exploration Operations, OME, Washington, D. C.

From : Acting Field Officer, OME, Region II

Subject: OME-6317 (Gold, Silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada
Contract No. 2184

A meeting was held with the subject operator with regards as to when they will be able to start their contract. Under Amendment No. 1 of the contract, work is to start on or before August 15.

Due to lack of finances, it is doubtful if the operator will be able to get going by August 15. He was advised to write a letter prior to August 15, advising us what he intends to do.

Undoubtedly, this project will "belly-up," George.

Paul V. Fillo

Paul V. Fillo

cc:
Chief, Division of Exploration Operations, OME, Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

450 Golden Gate Avenue, Box 36012
San Francisco, California, 94102

Memorandum June 11, 1964

To : Chief, Division of Field Operations, OME, Washington, D. C.

From : Acting Field Officer, OME, Region II

Subject: OME-6317 (Silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada
Contract No. 2184

Enclosed are the original and two copies of Amendment No. 1 of the subject contract properly executed by the operator. The remaining copies of the Amendment No. 1 have been distributed in the usual manner.

Also enclosed are a copy of a letter from the subject operator and a statement authorizing Arthur Baker III and Robert Stanley Davis, as individuals, to execute legal instruments pertaining to the subject contract.

Paul V. Fillo

Paul V. Fillo

Enclosures

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 15 1964

DATE	INITIALS	CODE
		500

JUN 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

162 Sneden St.
Bishop, California 93514
June 8, 1964

Mr. Paul V. Fillo
Acting Field Officer
OME, Region II
United Stated Department of the Interior
450 Golden Gate Avenue
Box 36012
San Francisco, California 94102

RE: OME-6317 (silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County
Contract No. 2184

Dear Mr. Fillo:

I am enclosing herewith your copies of Amendment No. 1 to the above-captioned contract, signed by myself for the partnership of Baker & Davis, and four copies of a statement authorizing myself and Robert Stanley Davis as individuals to execute legal instruments pertaining to the contract, as requested in your letter of May 26th.

The amendment is highly satisfactory to us. We greatly appreciate your willingness to help us out of our present awkward situation with this extension of the contract.

Yours truly

BAKER AND DAVIS

Arthur Baker III

Enclosures

We, ARTHUR BAKER III and ROBERT STANLEY DAVIS, co-partners, transacting business under the firm name of BAKER AND DAVIS, do hereby authorize either Arthur Baker III or Robert Stanley Davis, as individuals, to execute legal instruments for and on behalf of the partnership, including but not limited to legal instruments pertaining to Exploration Contract No. 2184 between the partnership and the United States of America, acting through the Department of the Interior Office of Minerals Exploration.

Dated this 1st day of June, 1964

Arthur Baker III

Robert Stanley Davis

Robert Stanley Davis

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
450 Golden Gate Avenue, Box 36012
San Francisco, California, 94102

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 28 1964

DATE	INITIALS	CODE
	May 26, 1964	
5/28		800
		500
6/1		300

Mr. Arthur Baker III
162 Sneden Street
Bishop, California

Re: OME-6317 (Silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada
Contract No. 2184

Dear Mr. Baker:

With reference to your contract, I am enclosing the original and three copies of Amendment No. 1. If the proposed amendment meets with your approval, please sign and return the following copies to this office:

Government's copy
Fiscal's copy
Audit's copy
Field Office's copy

The Operator's copy should be retained by you. In the event the amendment is not satisfactory to you, please return all copies to this office unsigned and your reasons for not approving or with your proposed changes for consideration.

It is requested a statement be submitted authorizing you and Robert Stanley Davis as individuals to execute legal instruments pertaining to the contract.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosures

cc:
Chief, Division of Field Operations, OME, Washington, D. C. ✓

Government's Copy

EXPLORATION CONTRACT
BAKER AND DAVIS
OME-6317

AMENDMENT NO. 1

It is agreed this _____ day of _____, 1964, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government", and Baker and Davis, hereinafter called the "Operator," that Exploration Contract No. 2184, is amended, effective May 15, 1964, as follows:

1. Under Article 1 of the contract the date for the commencement of the work is extended from May 15, 1964, to on or before August 15, 1964.

2. The period of time for completion of the work is extended from twelve (12) months to fifteen (15) months from the date of the contract.

This amendment shall not be construed to increase the amount of any item designated as maximum, the fixed unit cost of any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Acting Field Officer, Region II,
Office of Minerals Exploration

BAKER AND DAVIS

By _____

Title _____

File - See retyped Amd. #1

Long
App'd. Sol. Off.
Murphy
Lizenmeyer
Talbert
Selfridge
Johnson

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/19	Murphy	500
	Dasenbrock	500
5/19	Talbut	800
	GCS	130
"	Johnson	110
	Frank	100
5/20	Cole	220
		500

MAY 20 1964

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: OME-6317 (Silver)
Baker and Davis
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2184

Enclosed are the original and four copies of Amendment No. 1, prepared for your signature for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Will you kindly request the Operator to submit a statement authorizing Arthur Baker III and Robert Stanley Davis as individuals to execute legal instruments pertaining to the subject contract.

George C. Selfridge (glc)

Enclosures

FMMurphy/mm
cc: Director's Reading File
Review Committee
Docket

8623

DRAFT 5/14/64
WRGriswold/mm

~~810~~
720
500

EXPLORATION CONTRACT
BAKER AND DAVIS
OME-6317

AMENDMENT NO. 1

It is agreed this _____ day of _____, 1964, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Baker and Davis, hereinafter called the "Operator," that Exploration Contract No. 2184, is amended, effective ~~February 25~~, 1964, as follows:

1. Under Article 1 of the contract the date for the commencement of the work is extended from May 15, 1964, to on or before August 15, 1964.

2. The period of time for completion of the work is extended from twelve (12) months to fifteen (15) months from the date of the contract.

This amendment shall not be construed to increase the amount of any item designated as maximum, the fixed unit cost of any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Acting Field Officer, Region II, Office of Minerals Exploration

BAKER AND DAVIS
By _____

Title _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
450 Golden Gate Avenue, Box 36012
San Francisco, California, 94102

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 13 1964

DATE	INITIALS	CODE
		800
		120
		500

Memorandum

To : Chief, Division of Field Operations, OME, Washington, D.C.

From : Acting Field Officer, OME, Region II

Subject: OME-6317 (Silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada
Contract No. 2184

Enclosed is a copy of a letter from the subject operators requesting their contract start on June 15, 1964, instead of May 15, 1964, as scheduled.

This office approves the operators' request.

Paul V. Fillo

Paul V. Fillo

Enclosure

cc:

Chief, Division of Field Operations, OME, Washington, D. C.

MAY 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

162 Sneden St.
Bishop, California 93514
May 4, 1964

Mr. Paul V. Fillo
Acting Field Officer
OME, Region II
U. S. Department of the Interior
555 Battery Street
San Francisco, California 94111

RE: OME-6317 (silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Fillo:

This is to request permission to postpone the starting date for drilling on the Los Compadres property, under the OME project, from May 15th, as we originally requested, to June 15th.

The purpose of the postponement is to allow us time to make firm arrangements for sufficient financial backing to carry the project through to completion. At the time of our application for an OME loan, the partnership had sufficient money of its own to carry the project through at least the first stage, and anticipated little difficulty in finding backing for the rest of it. Since that time, however, family difficulties of both partners have required the use of most of this money for personal expenses, so that the partnership now would be hard pressed to drill the first hole with its own resources. During the same period, the anticipated additional financing failed to materialize.

We feel it would be unwise to start the drilling with our limited funds and no firm additional backing, as this might result in a half-completed project. We are now working on a new tack for the backing, and hope to be able to have arrangements completed in about a month; the June 15th date should give us adequate time.

We are sorry to have to request this postponement, as no doubt the OME is as anxious to have its projects completed as we are.

Yours truly

BAKER AND DAVIS

Arthur Baker III

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
450 Golden Gate Avenue, Box 36012
San Francisco, California, 94102

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 13 1964

May 8, 1964

Mr. Arthur Baker III
162 Sneden Street
Bishop, California

Re: OME-6317 (Silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada
Contract No. 2184

Dear Mr. Baker:

This is confirming our discussion in Silverpeak with reference to your letter of March 11, 1964, and the replies are as follows:

2. Yes.

3. Yes, you may choose any capable independent contractor for the drilling.

4. The drilling contractor may submit the drilling, reaming, and casing as separate items. However, the average combined unit-cost for these items, as calculated in a final audit, cannot exceed the unit-cost per foot of drilling stipulated in the contract.

5. In the event the Government issues a certification of possible production, the provision of Article 7 (b) of the contract becomes effective.

Your letter of May 4, 1964, requesting changes in the starting date of the contract has been forwarded to Washington with the approval of this office.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer
OME, Region II

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco, California, 94111

April 7, 1964

Mr. Arthur Baker III
162 Sneden Street
Bishop, California

Re: OME-6317 (Silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Baker:

I am enclosing a copy of the news release relative to your contract. We are also enclosing a supply of Forms 60 and 61 for reporting each month.

On or about April 20th, I shall be in the Silverpeak area; and possibly at that time, you will want to discuss with me your drilling program which will start in the near future.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosures

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

OFFICIAL FILE COPY
O. M. E
RECEIVED
DATE
4/13
800
500

500

UNITED STATES
DEPARTMENT of the INTERIOR

★ news release

OFFICE OF MINERALS EXPLORATION Dakan - 343-5348

For Release to PM's, APRIL 1, 1964

BAKER AND DAVIS OF BISHOP, CALIFORNIA, TO EXPLORE FOR SILVER IN ESMERALDA COUNTY, NEVADA

The Office of Minerals Exploration has contracted to assist the partnership of Arthur Baker, III, and Robert Stanley Davis, of Bishop, California, to explore for silver in Esmeralda County, Nevada, the Department of the Interior announced today. Total cost of the work is estimated at $36,528, of which the Government participation is $18,264.

The contract authorizes exploration by core drilling from the surface for deposits of silver ore in the Burney, Patience, and Kathy veins on the Los Compadres silver property.

Under the exploration assistance program, the OME participates in the cost of exploration for 35 mineral commodities. Funds provided by the Government are repaid by a royalty on production.

Additional information and application forms for OME assistance in California, Hawaii and Nevada may be obtained from the OME - Region II - 113 Custom House, 555 Battery Street, San Francisco, California 94111.

Other areas are covered by the following offices:

OME - Region I - South 157 Howard Street, Spokane, Washington 99204;

OME - Region III - Building 20, Denver Federal Center, Denver, Colorado 80225;

OME - Region IV - Room 11, Post Office Building, Knoxville, Tennessee 37902;

The Office of Minerals Exploration, Department of the Interior, Washington, D. C. 20240.

x x x

P.N. 44295-64

5-348

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 24 1964

DATE	INITIALS	CODE
		200
		500

AXXXXXXXK145

AXXXXXXXK146

XDXXXXXXK147

FWB-050 WWAF FSFF 11 I-BOM

SAN FRANCISCO ALIF 3-23-64 1312U

MR. GEORGE FUMICH, JR., DIR

OFFICE OF MINERALS EXPLORATIO DEPT OF THE INTERIOR WASHINGTON DC

RE : OME-6317

RECEIVED SIGNED CONTRACT FROM BAKER & DAVIS, ESMERALDA, NEVADA, CONTRACT NO. 2184

PAUL V. FILLO

2184

MMAV 1312U

OME 6317

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco, California, 94111

Memorandum March 23, 1964

To : Chief, Division of Field Operations, OME, Washington, D. C.

From : Acting Field Officer, OME, Region II

Subject: OME-6317 (Silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada
Contract No. 2184

Enclosed are the Government's, Fiscal Section's and Audit's signed copies of the subject contract executed by the operator.

Paul V. Fillo

Paul V. Fillo

Enclosures

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 27 1964

DATE	INITIALS	CODE
3/27	cal	220
	Gruwold	500

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/24	Murphy	500
	[illegible]	500
3/24	Talbert	800
	[illegible]	430
3/24	Johnson	110
"	[illegible]	100
3/24	Cole	320
		500

MAR 2 4 1964

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: OME-6317 (Silver)
Baker and Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Your memorandum of March 17 and the Applicant's letter of March 11, 1964, relating to the costs under Category (1) Independent Contracts in the proposed contract ~~is~~ are acknowledged.

The only maximums are the individual unit costs, mobilization of the drill* the total for cementing material, and the total estimated cost of the category. Therefore, the answers to the Applicant's questions by numbers are as follows:

2. Yes.

3. Yes. The Applicants may choose any capable independent contractor for the drilling.

4. The drilling contractor may submit the drilling and the reaming and casing as separate items. However, the average combined unit cost for these items as calculated in a final audit cannot exceed the unit cost per foot of drilling stipulated in the contract.

5. In the event the Government issues a certification of possible production, the provisions of Article 7(b) of the contract become effective.

George C. Selfridge (glw)

FMMurphy/mm (3/24/64)
cc: Director's Reading File
Review Committee
Docket

*and bulldozer

P.S. We have no objection to a starting date of May 15, 1964.

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco, California, 94111

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 23 1964
DATE | INITIALS
Murphy 500

Memorandum

To : Chief, Division of Field Operations, OME, Washington, D. C.

From : Acting Field Officer, OME, Region II

Subject: OME-6317 (Silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada

March 17, 1964

Enclosed is a copy of a letter from the subject applicant requesting a clarification on certain parts of his contract.

I am acquainted with mining operations in cases where drifting or crosscutting can be changed through amendments, but I am not acquainted if transferring in diamond drilling is permitted. I hesitate to advise him as to whether or not it could be done.

I should appreciate your advising me as to what is allowable to his inquiries.

Augusta Nealon
For: Paul V. Fillo

Enclosure
cc:
Chief, Division of Field Operations, OME, Washington, D. C.

162 Sneden St.
Bishop, California 93514
March 11, 1964

MAR 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

Mr. Paul V. Fillo
Acting Field Officer
OME, Region II
U. S. Department of the Interior
555 Battery Street
San Francisco, California 94111

re: OME-6317 (Silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Fillo:

My partner and I have reviewed the contract you sent me, and we agree that it looks to be a very fair and workable contract.

We have a few questions that we would like answered before we go ahead and sign it, however -- none of the questions is crucial, but they do represent a fair sum of money, in total.

1. We would like to set the starting date as on or before May 15th, 1964. Until about that time, there will be freezing periods, which the drillers are anxious to avoid.

2. Will it be possible to shift money from one subcategory to another -- for instance, if our drilling costs run low but cementing costs run high, will be be able to increase the cementing allowance and reduce the drilling allowance an equal amount? As we read the contract, this sounds possible, but we would like to be sure, as such a situation is quite likely to arise.

3. The drilling and related costs allowed in the contract are evidently based on the Boyles Bros. bid, but there is no drilling contractor stipulated. Will it be satisfactory with the government if we have the drilling done by Sprague & Henwood of Salt Lake City? A couple of months ago they asked to be allowed to bid on the project, and their bid for drilling averages about $1.70 per foot below the Boyles bid, though their other charges are somewhat higher. If we can transfer funds from drilling to these other subcategories, they should still do the job for several thousand dollars less than Boyles. We understand that, since this is not a fixed-cost item, we would bill the government only for the actual drilling cost per foot, not the maximum mentioned in the contract.

4. In Exhibt A, the core drilling costs per foot are stipulated to include the cost of reaming and casing. In my experience, drillers ordinarily bill for so many feet of drilling at thus-and-such a price, and so many feet of reaming and casing at another price. Will this manner of billing be acceptable to the government, so long as the total allowance of $29,850 is not exceeded, or should we try to calculate some figure for "drilling cost per foot" that will include expected reaming expense?

5. If a certification is issued by the government, will we be obliged to hold the claims (by continuing annual assessment work) for the ten year period for repayment of the loan? Our thought here is that the certification would have been issued on the basis of only five holes, and further drilling or underground work might prove that those holes were flukes, and that there is not enough ore to be worth mining; in such a case we would want to let the claims lapse.

Yours truly

BAKER AND DAVIS

Arthur Baker III

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco, California, 94111

OFFICIAL FILE COPY
C. M. E
RECEIVED MAR 9 1964

DATE	INITIALS

Air Mail

March 2, 1964

Grswold 500

Mr. Arthur Baker III
162 Sneden Street
Bishop, California

Re: OME-6317 (Silver)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Baker:

We are enclosing the original and four copies of a proposed contract for exploration on the Los Compadres Silver property. The contract consists of MME Form 50 (7 pages), Annex I (2 pages), 2 Lien and Subordination Agreements, Exhibit B (1 page), and 2 maps (Figures 2 and 3). All copies have been signed by the Acting Director for the Government.

If the proposed contract meets with your approval, please sign and return the following copies to this office:

Government's copy
Fiscal Section's copy
Audit's copy
Field Office's copy

The Operator's copy should be retained by you.

It is important to advise this office the starting date of this work, and this will be inserted on the contract.

Please note that the interest rate of 6 1/4 per cent accrues from the dates on which the 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 meet with your approval, the original and all copies should be returned to this office together with your proposed changes for consideration.

The diamond drilling is under actual cost basis and not under fixed-unit cost. Enclosed is an exploratory OME brochure and for your information, please read questions and answers numbered 27, 29, and 31.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosures

cc:

Chief, Division of Field Operations, OME, Washington, D. C.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/24	Murphy	500
	Harrel	500
2/24	Talbert	800
	GCS	130
2/24	Johnson	110
	Fund	100
2/25	Cal	520
		500

FEB 2 5 1964

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: OMK-6317 (Silver)
Baker and Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Enclosed are the original and four copies of a proposed contract for the subject property. The contract consists of MME Form 50 (7 pages), Annex I (2 pages), 2 Lien and Subordination Agreements, Exhibit A (5 pages), Exhibit B (1 page), and 2 maps (Figures 2 and 3). An extra copy of the contract is also enclosed for field use. All copies have been signed by the Acting Director for the Government. You should insert the date for commencement of the work.

If the proposed contract is satisfactory to you and the Applicants, all five copies should be signed by the Applicants. Thereafter, please distribute the copies in the usual manner.

Please advise the Applicants that the 6½ percent interest accrues from the dates on which the 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 Applicants and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

George C. Selfridge (glr)

Enclosures

MMerrithew/mm (2/24/64)
cc: Director's Reading File
Review Committee
Docket

23263

Re: OMC-6317

Provision should be made in Exh. A. "Description of Work" for necessary non-core overburden drilling.

Paid 65 cents for core-boxes an extremely low "maximum"? Good morning! not an bad

Talbut
2/14/64

PS: Annex I ~~states~~ base & meridian as "MD B&M", whereas field report specifies "SBBM" Dr 4b 9/0

another letter from records dente Johnson says OK

DRAFT 2/13/64
FMMurphy/mm

See maps Fig. 2 and 3. in field exam report

~~$10~~
~~120~~
500

MME Form 50
June 1963

Page 2 & 3 rewritten form

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6317	Silver	14-23-090-	Esmeralda	Nevada

It is agreed _____ (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Baker and Davis, a California partnership comprising Arthur Baker III and Robert Stanley Davis,

whose mailing address is **162 Sneden Street, Bishop, California** 93514, hereinafter called the "Operator," as follows:

ARTICLE 1. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before _____ (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within **12** 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 $36,528. The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $18,264 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

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

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

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

See Annex I

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

See Annex I

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CATEGORY (2)--PERSONAL SERVICES.

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

Subcategory (b)--Labor.

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

CATEGORY (4)--OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) irrespective of any certicifation 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 contrued 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, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, 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, Office of Minerals Exploration, 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, Office of Minerals Exploration," 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 Office of Minerals Exploration 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 provisions.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

_____
(Operator)

By_____

By_____

Title_____

_____

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

_____ secretary of the corporation named as Operator herein; that

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

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

and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____

[CORPORATE SEAL]

DRAFT 2/13/64
FMMurphy/mm

EXPLORATION CONTRACT
BAKER AND DAVIS
OME-6317

ANNEX I

The land referred to in Article 2 of the contract consists of fourteen (14) unpatented lode mining claims, including all rights pertaining thereto, in approximately unsurveyed sec. 32, T. 2 S., R. 38 E., and sec. 5, T. 3 S., R. 38 E., ~~M.D.B.M.~~ M.D.B.&M., Red Mountain (Silver Peak) mining district, Esmeralda County, Nevada.

The claims are recorded in the office of the County Clerk and Recorder of Esmeralda County, Goldfield, Nevada, as follows:

Claims	Book	Page
Morelos	1-P	319
Hidalgo 1/	"	320
Burney No. 1	"	308
" No. 2	"	309
Patience No. 1	"	308
" No. 2	"	308
Chico No. 1	"	326
" No. 2	"	326
Carumba No. 1	"	325
" No. 2	"	325
Caballo No. 1	"	324
" No. 2	"	324
" No. 3	"	325
Olaf	"	126

1/ Excluded from this contract is 300 feet of land on each side of a tunnel crossing the Hidalgo claim into land owned by Mid-Continent Uranium Corporation.

In an Agreement of Sale, dated April 11, 1963, Callahan Mining Comporation sold the first thirteen claims listed above to Arthur Baker III reserving a royalty of 10 percent of the net profits realized from mining operations on the claims in the event a quitclaim of the claims was later granted.

Under the terms of a Quitclaim Deed, dated April 23, 1963, Callahan Mining Corporation transferred the XXXXXXX thirteen claims to Arthur Baker III subject to the above-mentioned royalty on production.

Under the terms of a Partnership Agreement, dated July 10, 1963, between Arthur Baker III and Robert Stanley Davis, the above thirteen claims were transferred to the partnership of Baker and Davis.

The Operator has rights to the Olaf unpatented mining claim under the terms of an Option Agreement between James Gavin, Harvey Humphry and Virginia Humphry, husband and wife, as Grantors and Baker and Davis as Grantees.

Two Lien and Subordination Agreements executed by the above-named landowners are attached hereto and made part hereof.

The outer boundaries of the group of claims are shown in green on Figure 2, Claim Map, attached hereto and made part hereof.

EXPLORATION CONTRACT
BAKER AND DAVIS
OME-6317

EXHIBIT A

The purpose of this contract is to explore by core drilling from the surface for deposits of silver ore in the Burney, Patience, and Kathy veins which crop out on the Los Compadres silver property.

General Provisions

The core from diamond drilling shall be stored in boxes identified as to hole number with markers in the core sections to indicate the depth represented. Significantly mineralized core shall be split and one split assayed for gold and silver. The other split shall be stored in proper sequence with the unmineralized core. No sample shall represent a hole length of greater than five feet.

Facilities shall be provided for recovering diamond drill sludge and such sludges shall be retained when drilling in significantly mineralized ground. Whenever the core recovery is found to be less than 60 percent, the corresponding retained sludge and such core segments as may have been recovered shall be assayed separately for gold and silver and the results combined according to standard practice to form a representative sample. Splits of the sludge shall be stored in suitable containers properly identified as to source and location.

The stored core and sludge shall be made available for Government inspection and possible use. With prior Government approval the Operator may dispose of the stored core and sludge.

True copies of all sample assay certificates shall be submitted with the Operator's monthly reports, which shall also include maps or sketches showing the work completed during the reporting period.

see Rewrite below costs page 3

The maps shall show the general rock formations and structures traversed by the drill holes.

The Government will not contribute to the cost of an incomplete hole, nor to a hole within 200 feet of the exterior boundaries of the claim groups described in Annex I of this contract.

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

The location, length, and attitude of each hole shall be subject to Government approval.

The work shall be divided into two stages. The Operator shall complete all of Stage I and part of Stage II as is approved by the Government.

Description of the Work

All holes shall be drilled standard NX core size (core diam. 2-1/8") as deep as possible and then continued standard BX core size (core diam. 1-5/8") or standard AX core size (core diam. 1-1/8"), as may be necessary.

An access road shall be bulldozed to drill site No. 4 and the site leveled. The other drill sites do not require bulldozer work. The bulldozer used to prepare an access road to and level No. 4 drill site in Phase 2, shall be not less than a D-6 Caterpillar or equivalent unit of any other make.

The drilling shall be divided into two ~~phases~~ stages. In ~~Phase 1~~ Stage I, Holes A, B, and C shall be ~~completed~~ drilled. If these holes indicate the possibility of increased silver mineralization at depth, then with Government approval, subsequently confirmed in writing, Hole D and/or E of ~~Phase 2~~ Stage II may be drilled.

Pertinent data relating to the drilling are as follows:

see rewrite

~~Phase 1~~ stage I

Drill Site No.	Hole No.	Depth (feet)	Bearing (Approximate)	Inclination from horizontal (Approximate)
1	A	800	S. 28° E.	-30°
2	B	800	S. 55° E.	-60°
3	C	500	S. 25° E.	-20°

~~Phase 2~~ stage II

Drill Site No.	Hole No.	Depth (feet)	Bearing (Approximate)	Inclination from horizontal (Approximate)
4	D	850	S. 75° E. ~~XXXX~~	55°
3	E	600	S. 25° E.	-40°

The depths of the holes listed above are estimates and may vary; however, the holes shall be drilled deep enough to traverse the following objectives:

Hole A - the Burney, Patience, and Kathy veins
Hole B - the Burney vein
Hole C - the possible intersection of the Patience and Kathy veins in or ~~near~~ below the contact of the leached zones

Hole D - the Burney vein below the leached zone

Hole E - the Kathy vein about ~~20~~ 200 feet below the point traversed by Hole C.

The approximate locations of the drill sites, veins, and drill holes are shown in red on the map entitled, "Figure 3 - Proposed Diamond Drill Program" attached hereto and made part hereof.

Estimated Costs of the Work

Actual Costs

Category (1) Independent Contracts

16 hours bulldozing access road and leveling No. 4 drill site @ $18.00/hr.	$ 288.00	
Transporting dozer to and from project area	50.00	
3,550 feet of overburden and core drilling	29,850.00	
Overburden drilling including the setting of casing @ $6.00/ft.		
Core drilling costs per foot of drilling 1/		

	NX size	BX size	AX size
0 to 400 feet deep	$7.90	$7.50	$7.10
400 to 750 " "	8.65	8.25	7.85
750 to 1000 " "	9.65	9.25	8.85

40 cents below BX

200 hours cementing, waiting for cement to set, and redrilling @ $12.00/hr.	2,400.00	
40 hours moving between holes, setting up and laying pipe line @ $10.00/hr.	400.00	
Cementing material for drilling	150.00*	
350 cardboard core boxes @ $0.65	227.50	
Mobilization and demobilization of drill equipment and crews	250.00	$33,615.50

Category (7) Miscellaneous

100# samples assayed for gold and silver @ $2.50/sample	250.00
Total Actual Costs	$33,865.50

Fixed Unit Costs

Incidental allowance for each foot of drilling completed - 3,550 feet @ $0.75/ft. 2/	$ 2,662.50
Total Fixed Unit Costs	$2,662.50

SUMMARY

Total Actual Costs	$33,865.50
Total Fixed Unit Costs	2,662.50
Total Estimated Cost of the Work	$36,528.00
Government Participation @ 50%	$18,264.00

* Indicates a maximum.

1/ Includes the cost of any necessary reaming and casing.

2/ Includes all costs whatsoever except assaying, which would otherwise be allowable costs under Categories (2) through (7).

The maps shall show the general rock formations and structures traversed by the drill holes.

All holes shall be drilled standard NX core size (core diam. 2-1/8") as deep as possible and then continued standard BX core size (core diam. 1-5/8"), or ultimately standard AX core size (core diam. 1-1/8"), as may be necessary.

The Government will not contribute to the cost of an incomplete hole, nor to a hole within 200 feet of the exterior boundaries of the claim groups described in Annex I of this contract.

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

The location, length, and attitude of each hole shall be subject to Government approval.

The work shall be divided into two stages. The Operator shall complete all of Stage I and as much of Stage II as is approved by the Government.

Description of the Work

Stage I

Stage I shall consist of drilling Holes A, B, and C. The holes shall be drilled in accordance with the following specifications.

Drill Site No.	Hole No.	Depth (feet)	Bearing (Approximate)	Inclination from horizontal (Approximate)
1	A	800	S. 28° E.	- 30°
2	B	800	S. 55° E.	- 60°
3	C	500	S. 25° E.	- 20°

The depths of the holes listed above are estimated and may vary; however, the holes shall be drilled deep enough to traverse the following objectives.

Hole A - the Burney, Patience, and Kathy veins

Hole B - the Burney vein

Hole C - the possible intersection of the Patience and Kathy veins in or below the contact of the leached zones

Stage II

If the holes drilled under Stage I indicate the possibility of increased silver mineralization at depth, then with Government approval, subsequently confirmed in writing, Hole D and/or Hole E may be drilled in accordance with the following specifications.

Drill Site No.	Hole No.	Depth (feet)	Bearing (Approximate)	Inclination from horizontal (Approximate)
4	D	850	S. 75° E.	- 55°
3	E	600	S. 25° E.	- 40°

The depths of Holes D and E are estimates and may vary; however, the holes shall be drilled deep enough to traverse the following objectives.

Hole D - the Burney vein below the leached zone

Hole E - the Kathy vein about 200 feet below the point traversed by Hole C

In the event Hole D is approved then an access road shall be bulldozed to drill site No. 4 and the site leveled.

The bulldozer used to prepare the access road and drill site shall be not less than a D-6 Caterpillar or equivalent unit of any other make.

The approximate locations of the drill sites, veins, and the drill holes in Stage I and Stage II are shown in red on the map entitled, "Figure 3 - Proposed Diamond Drill Program" attached hereto and made part hereof.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco, California, 94111

Memorandum

January 20, 1964

To : Chief, Division of Field Operations, OME, Washington, D. C.

From : Acting Field Officer, OME, Region II

Subject: OME-6317 (Silver, Gold)
Baker and Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Enclosed are the original and four copies of Lien and Subordination Agreements signed by the owners, covering the Olaf claim under the above subject.

Augusta Nelson
For: Paul V. Fillo

Enclosures

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

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O. M. E.
RECEIVED JAN 24 1964
DATE | INITIALS | CODE
Murphy 500

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco, California, 94111

Memorandum

February 5, 1964

To : Chief, Division of Field Operations, OME, Washington, D. C.

From : Acting Field Officer, OME, Region II

Subject: OME-6317 (Silver, Gold)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Enclosed are the original and two copies of the Report of Examination on the above subject, which was examined by the Acting Field Officer, on October 11, 1963.

The report recommends approval for a moderate drilling program to explore three veins (Burney, Patience, and Kathy) in depth and width and their enrichments.

The program will cost attotal of $31,983.50, and the Government's assistance at 50 per cent will cost $15,991.75.

Paul V. Fillo

Paul V. Fillo

Enclosures

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

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UNITED STATES
DEPARTMENT OF THE INTERIOR
STEWART L. UDALL, SECRETARY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION BY ACTING FIELD OFFICER
REGION II

APPLICATION REPORT

OME-6317 (Silver, Gold)
Los Compadres Silver Property
Esmeralda County, Nevada

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O. M. E
RECEIVED FEB 10 1964

DATE	INITIALS	CODE

By

Paul V. Fillo
Acting Field Officer
OME, Region II

February 5, 1964

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I L L U S T R A T I O N S

Figure 1. ---------- Location Map

Figure 2. ---------- Claim Map

Figure 3. ---------- Diamond Drill Exploratory Program

Post report

INTRODUCTION

Arthur Baker III and Robert Stanley Davis, 162 Sneden Street, Bishop, California, applied to the Office of Minerals Exploration for Government assistance to explore the Los Compadres veins in the Red Mountain Mining district, Esmeralda County, Nevada. The applicants' proposal consists of seven diamond-drill holes, totaling 5,200 feet of drilling and 300 feet of road building to the drill sites. The proposed program was estimated to cost $56,670.

The application was referred to the Field Division of Field Operations, and an examination was made by Paul V. Fillo, acting field officer, OME, Region II, on October 11, 1963, accompanied by Arthur Baker III. As requested by the applicants, the application was held in abeyance in order to obtain a performance bond on Olaf claim.

SUMMARY

The Los Compadres property is located in the middle of Red Mountain district where faulting is more intense than the surrounding properties, i.e., Nivloc mine, Mohawk, and Sixteen to One. The three veins on the Los Compadres property are fissure fillings of quartz, calcite, and siderite with minor amounts of galena, sphalerite, pyrite, barite, and argentite. It is assumed with the information available, the leached zone extends to depth of as much as 350 feet of the veins.

The outcrops of the veins average 3 to 4 feet in width; and it is the applicants' thinking that the veins below the leached zone widen 4 or 5 times than the surface veins, as was proved in the Nivloc and Mohawk properties.

Samples of the outcrop silver veins assay an average about 1.5 oz/ton, which is typical of the leached zones in the district.

The applicants propose to explore three veins below the leached zone by diamond-core drilling in hopes the veins widen and that the silver value will increase for a favorable mining operation. The veins can be explored effectively by diamond-core drilling.

RECOMMENDATION

The program of exploring the veins (Burney, Patience, and Kathy) below the leached zone appears justified in determining the grade-of-ore enrichment, size, and depth of the ore body.

I recommend that the Government enters into an OME contract with Baker and Davis (partners) to provide 50 per cent of the cost of the diamond-core drilling program consisting of 3,550 feet.

The total cost is estimated to be about $31,983.50 of which the Government's share at 50 per cent would be $15,991.75. Five months' time will be required to complete the contract. To facilitate administration of the contract, the work should be based on footage fixed-unit costs. The veins can be explored effectively by diamond-core drilling.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The Los Compadres property is located 9.8 miles west of Silver Peak, Nevada, on State Highway 47. The altitude varies from 6,800 to 7,200 feet

The property may be reached from Silver Peak by traveling west 8 miles on State Highway 47 to the abandoned Nivloc mine; and thence 1.8 miles farther west on a dirt road to the property.

The property is located in an unsurveyed section in projecting from a nearby township; the property is approximately sec. 32, T. 2 S., R. 38 E., and sec. 5, T. 3 S., R. 38 E., SBBM, Esmeralda County, Nevada. Experienced mine labor and supplies are available in Tonapah and Bishop, 60 and 130 miles respectively. The prevailing daily wage for miners is $22.50 per day. Winter operation in the area is sometimes impeded, and on account of snow or rain, access may be difficult; but, year-round operation is considered feasible. Water for the diamond-drilling program is available from a nearby spring on Hidalgo claim. The main road from Silver Peak passes through the property that lies in the bottom of a fairly steep canyon.

How come San Bernardino Meridian?

PROPERTY[1]

History and Production

The history of Los Compadres property is not known, but in recent years, Callahan Mining Corporation owned the property. Their work on the property consisted of diamond-drilling and testing of the quartz vein outcrop in depth. Due to the shallow drilling in the leached ore zone, the results were negative. There has been no production on the property, and at present the property is inactive.

Ownership

The property consists of 13 unpatented lode claims which are

1/ Applicants' report

recorded in the office of the County Clerk and Recorder, Goldfield, Nevada, as follows:

Unpatented Lode Claim	Book	Page
Morelos	1-P	319
Hidalgo (Partly excluded)	1-P	320
Burney No. 1	1-P	308
Burney No. 2	1-P	309
Patience No. 1	1-P	308
Patience No. 2	1-P	308
Chico No. 1	1-P	326
Chico No. 2	1-P	326
Carumba No. 1	1-P	325
Carumba No. 2	1-P	325
Caballo No. 1	1-P	324
Caballo No. 2	1-P	324
13 Caballo No. 3	1-P	~~324~~ 320

The ownership of the above claims was transferred to Arthur Baker III by use of Quit Claim Deed, recorded in Book 3-G, page 586, of the Records of Esmeralda County, Nevada, and by an Agreement recorded in Book 4-B, page 309, of the Records of Esmeralda County, Nevada. Mid-Continent Uranium Corp. has surface rights to the Hidalgo, Morelos, and Caballo No. 3, claims, to the south 400 feet to the Caballo No. 2 and Carumba No. 2 claims, and to the north 300 feet of the Caballo No. 1 and Carumba No. 1 claims, and an easement to drive a tunnel across part of the Hidalgo claim. Baker and Davis retain the right to use the surface for exploratory work. Excluded from the application is part of the Hidalgo claim (300 feet on each side of a tunnel); Mid Continent Uranium has a mineral lease from the applicants. The Olaf unpatented claims, owned by James Gavin and Harvey of Silver Peak, Nevada, lie in the middle of the Los Compadres group and is older than the claims of the Los Compadres group.

Financial Eligibility

Accompanying the application, the applicants have submitted evidence

verifying they were unsuccessful in securing from banking institutions a loan for exploration purposes. The applicants propose to finance part of their share of the exploration cost from cash on hand, in the bank, or the balance from a committee, an on-call from limited partners.

Mine Development

The mine workings consist of two short (10 ft. to 20 ft.) prospect adits on the Burney vein located on the north and south sides of the canyon. No production records are known to exist to show what was mined. The applicants have no machinery nor equipment on the property; neither do they own any equipment.

GEOLOGY[2]

The Silver Peak Mountains are composed of tertiary sediments and volcanic rocks, lying on folded and intruded metamorphic rocks, predominantly limestones and dolomites. The basement rocks outcrop around the edges of the mountain range.

There are no basement rock exposures on the Los Compadres property. The Tertiary rocks are divided into three units: (1) The Esmeralda formation lying directly on the basement rocks, a rhyolitic unit above the Esmeralda, and an uppermost andesitic unit. The Esmeralda formation is composed of a series of conglomerates, sandstones, and shales. (2) The Rhyolitic unit of the volcanics is restricted to an area on the southeast side of Silver Peak Mountain. Red Mountain district lies within this area. In the Los Compadres area and eastward the formation is represented by rhyolite tuffs. (3) The andesite unit, comprising the youngest extrusive

---

2/ Applicants' report

rocks, outcrops most of the mountain range except the Los Compadres area where andesites, breccias, and basalts occur; their basic character indicates that they are related to the andesite unit. The Los Compadres property lies at the western side of the outcrop of a partly eroded volcanic pile.

The andesite and the andesite breccia are clearly intrusive into the associated rhyolites and tuffs into the basalt.

There are two main sets of faults in the district, both striking northeast (N 20° to 30° E. and dip 45° to 70° NW.). Other northeast sets strike N 60° E and dip steeply SE. Both sets of faults are normal with estimated displacement as much as 300 feet. The N. 65° E. faults seem to predominate in the Red Mountain district. The oldest faults in the district are the northwest striking ones, which are offset by northeast faults of both groups in several places; however, there are also places where northwest faults apparently offset northeast faults.

It appears the two sets of northeast faults are of the same age--because they do not cut and offset each other, but rather join and part at acute angles. All the faults cut and offset the red latite porphyry and the final movement was post-volcanism. The veins in the district are fissure filling with little or no replacement of well rocks. The filling material is fine, dense white quartz and coarse-grained carbonates--calcite, siderite, and probably mangano-siderite.

Galena and sphalerite occur sporadically, silvery-gray sulfide, probably argentite is found in ore-grade parts of the veins. From assay data nearly all of the silver minerals are associated with quartz. Over the district, as a whole, the veins occur in all of the major rock units from basement complex to the

youngest tertiary rock, the red latite porphyry. Since the veins are essentially vertical--this means that veins have a known vertical range of at least 2,000 feet, and evidence of these assumptions are the Nivloc and Mohawk mines.

Sampling

Samples taken from the outcrops of three major veins on Burney #1 and 2, and Patience #1 and 2 (Fig. 3) with assay results are shown as follows:

Sample No.	Description	Ounces Au	Ounces Ag
16299 (1)	4 1/2 ft. chip sample, north end of Burney vein (north side of Canyon)	0.005	1.2
16300 (2)	1 1/2 ft. chip sample, north exposure of Kathy vein	0.005	0.2
15351 (3)	3 1/2 ft. character of sample of Patience vein	0.010	0.7
15352 (4)	4 ft. character sample 100 ft. south of north exposure of Kathy vein	0.005	0.7
15353 (5)	Character sample of near south end of Patience vein	0.010	1.7
15354 (6)	4 ft. character sample (near applicant's samples No. 7)	0.040	0.8
15355 (7)	3.5 ft. chip sample on Burney vein in 20 ft. adit (south side of Canyon)	0.055	1.5
15356 (8)	10 ft. character sample, near Burney adit (SE corner)	0.035	4.7

Ore Reserves

No measured reserves of gold and silver ore are present on the claims proposed for exploration by Baker and Davis.

EXPLORATION

The applicants proposed an exploratory project to consist of 5,200 feet of diamond-core drilling at an estimated total cost of $56,670. The proposed division of this work is as follows:

Stage I

1,600 feet drilling (2 - 800-foot holes)	$12,940.00
Mobilization	250.00
Core boxes at $0.10 per foot	160.00
Reaming, cementing, etc., $1.00	1,600.00
Total cost for Stage I	$14,950.00

Stage II

3,600 feet drilling (5 holes)	$29,150.00
Core boxes at $0.10 per foot	360.00
Reaming, cementing at $1.00	3,600.00
Total cost for Stage II	$33,110.00
Total estimated drilling cost	$48,060.00
Bulldozer work - construction of road and site 20 hours at $18.00/hr.	360.00
Assaying 50 samples at $5.00/ sample	250.00
Supervision of project salary $700/mo.	5,600.00
Expenses $300/mo. (8-month project)	2,400.00
Total estimated cost	$56,670.00

The applicants' estimated cost for diamond-core drilling is high and the expense under the category of supervision is out of line. A moderate diamond-core drilling program in two stages seems warranted and the work should be concentrated on the Burney, Kathy, and Patience veins below elevation of 6,600 feet to establish the existence of ore in the veins, as shown in Figure 3. It is recommended diamond drill holes A, B, and C be drilled; if favorable results occur, diamond drill holes D and E be completed. In the two stage-drilling program, the following bearings

inclination and depth of the diamond drill holes are suggested:

Stage I

Hole A. 800 feet S. 28° E. V - 30° Intersect Burney, Patience, and Kathy veins.

Hole B. 800 feet S. 55° E. V - 60° Test Burney vein.

Hole C. 500 feet S. 25° E. V - 20° To test the intersection of Patience and Kathy veins in, or near, contact leached zone.

Stage II

Hole D. 850 feet S. 75° E. V - 55° Test the Burney vein just below the leach zone.

applicants Hole F → Hole E. 600 feet S. 25° E. V - 40° To test the Kathy vein 200 feet below Hole C.

Cost Estimate

An estimated costs of the diamond core-drilling project are suggested:

Construction road and drill site to site No. 4 16 hours of bulldozer work at $15/hour--------	$ 240.00
Transportation of bulldozer	100.00
Diamond-core drilling, sizes and rates: BX 0 - 400 ft. at $6.75/ft BX 400 - 750 ft. at 7.50/ft. BX 750 -1000 ft. at 8.30/ft. AX 400 -1000 ft. at 7.25/ft.	Boyles NX-300' Remainder BX Not the same as bid
2,000 ft. at $6.75	13,500.00
1,350 ft. at $7.90	10,665.00
200 ft. at $8.30	1,660.00
Reaming and casing BX hole to BX casing 300 ft. at $2.95	885.00
Cementing and redrilling 120 hours at $10.80	1,296.00
Overburden drilling 100 ft. at $6.00/ft.	600.00
Mobilization and demobilization of drill and equipment	250.00
Miscellaneous Assaying 50 samples for gold and silver at $2.50	125.00
Fixed Unit Costs Incidental allowance - $0.75/ft. X 3,550	2,662.50
Total cost of 3,550 feet of diamond core drilling	$31,983.50
Total cost per foot	$ 9.00

? core boxes $ 120 80¢

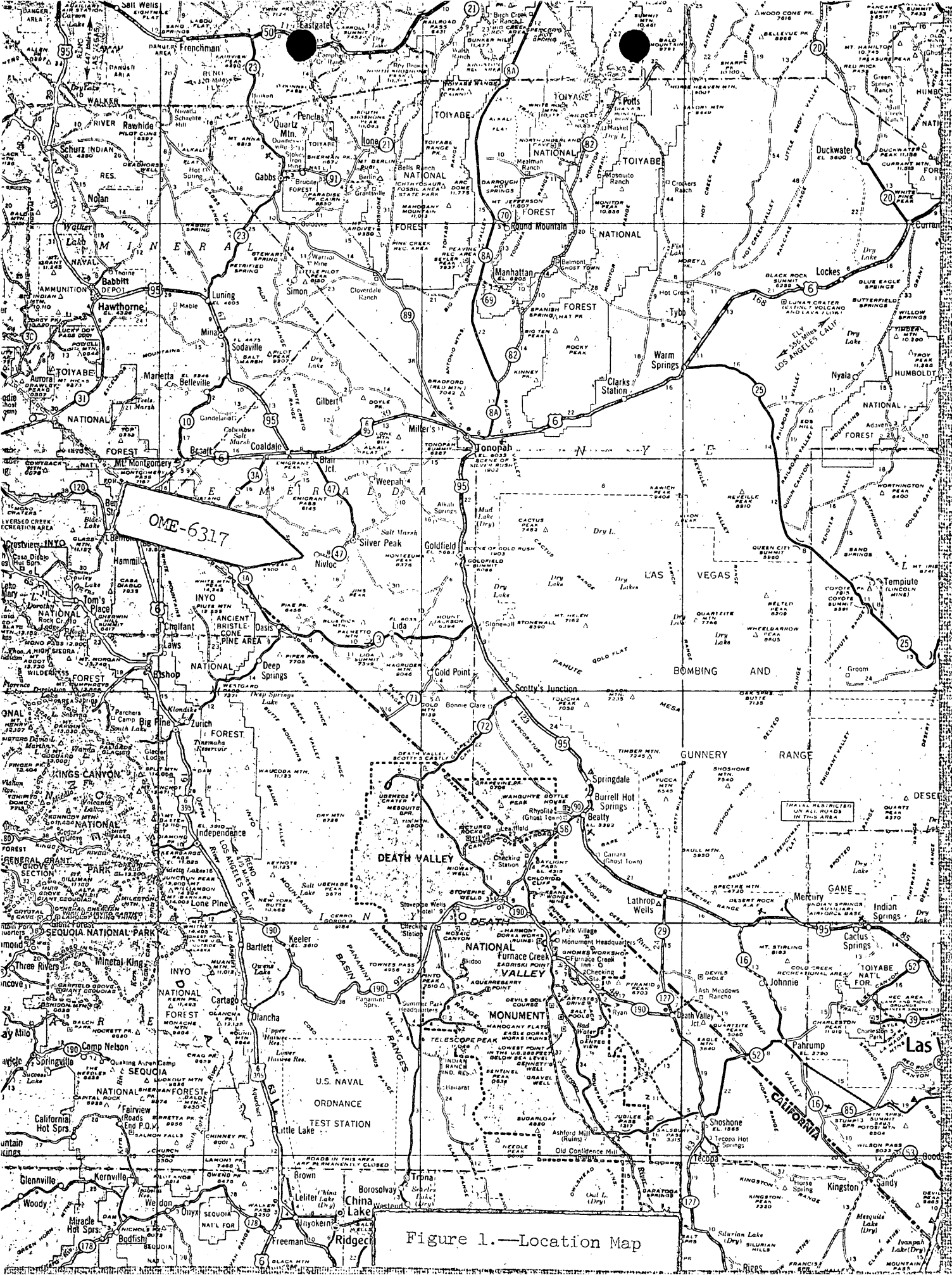
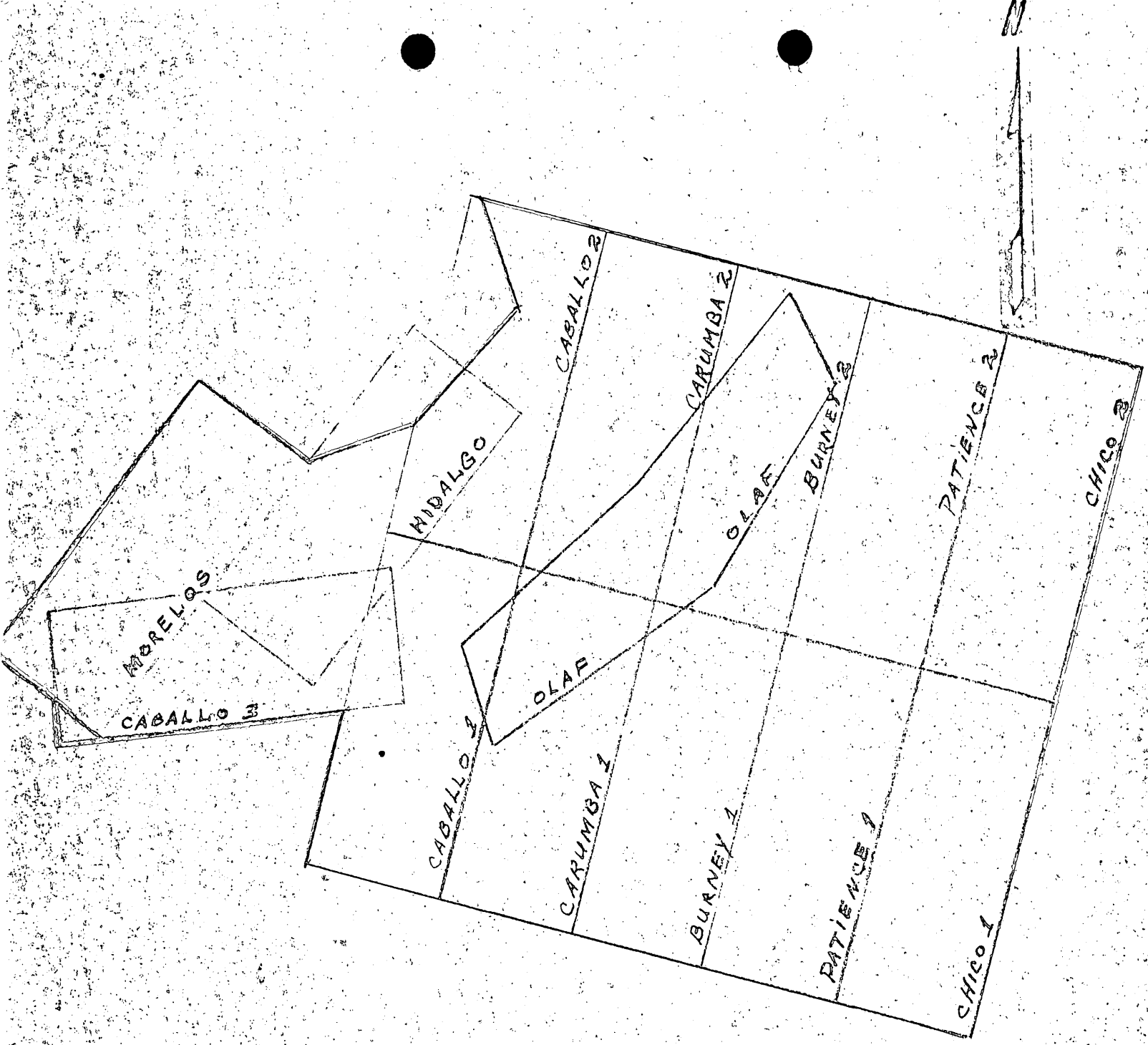


Figure 1.—Location Map



OME-6317 (Silver, Gold)
Baker & Davis
Los Compadres Property
Esmeralda County, Nevada

Figure 2, Claim Map

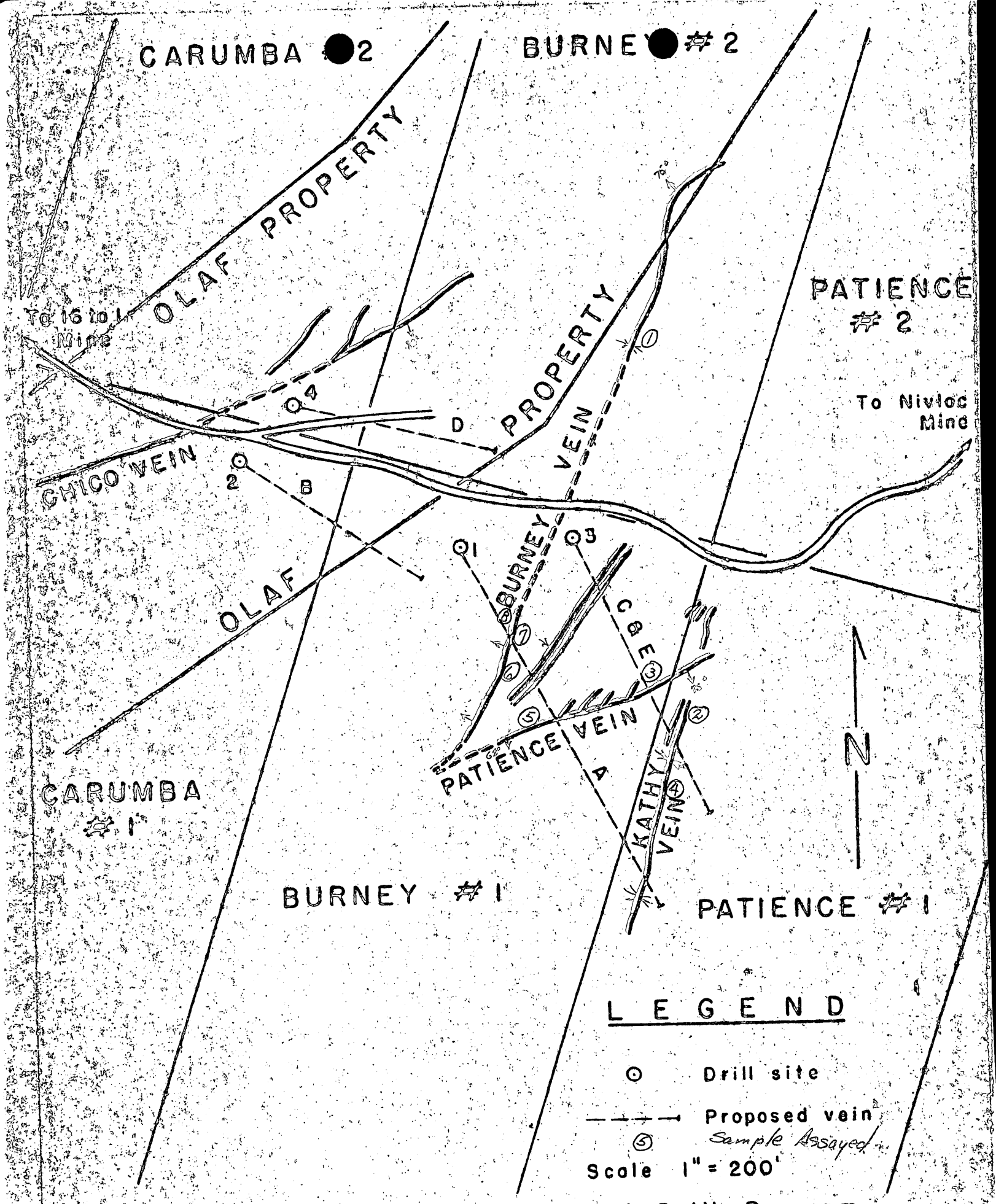


FIGURE 3. - Proposed Diamond Drill Program

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco, California, 94111

OFFICIAL FILE COPY
RECEIVED JAN 6 1964

January 2, 1964

V.C. Murphy 500

Mr. Arthur Baker, III
162 Sneden Street
Bishop, California, 93514

Re: OME-6317 (Silver, Gold)
Baker and Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Baker:

This is to acknowledge your letter of December 20, 1963, and the four copies of the Option Agreement. The Agreements have been forwarded to our Washington office for further processing.

Although you have received an Option Agreement on the Olaf claim, you will have to obtain signed lien and subordination Agreement from the landlord.

received 1/29/64

Enclosed are five copies of Lien and Subordination Agreements to be completed in order to further process your application.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosures
cc:
Chief, Division of Field Operations, OME, Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco, California, 94111

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 6 1964
DATE

Memorandum

January 2, 1964

Murphy 500

To : Chief, Division of Field Operations, OME, Washington, D. C.

From : Acting Field Officer, OME, Region II

Subject: OME-6317 (Silver, Gold)
Baker and Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Enclosed are two copies of an Option Agreement from the subject applicant and also a copy of the applicant's letter.

Although he has an option agreement on the Olaf claim, the applicant was advised that we will still need the owner's signature on Forms MME 52 to further process his application. Yes!

Please advise if this is correct. Thank you.

Paul V. Fillo

Paul V. Fillo

Enclosures
cc:
Chief, Division of Field Operations, OME, Washington, D. C.

DEC 1963
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

162 Sneden St.
Bishop, California 93514
December 20, 1963

Mr. Paul V. Fillo
Acting Field Officer
OME, Region II
555 Battery Street
San Francisco 11, California 94111

RE: OME 6317 (Silver, gold)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Fillo:

The two-month recess in actions on our OME loan application, requested in my letter of October 16th, are now up, and we would like to resume the process.

Shortly after your October visit, the owners of the Olaf claim offered to sell us the claim on acceptable terms, and not long ago we finally got the paperwork finished up. Enclosed are four copies of the agreement, to be made a part of our application as Supplement 2 (a) 6. The easement referred to in Paragraph 2 of the agreement is the one constituting Supplement 2 (a) 3 of our original OME application, so I did not include it in your copies; I will have copies made for you if you need them. This agreement should straighten out the difficulty that resulted from our non-ownership of the Olaf claim -- in collaring holes on non-owned ground.

still don't own it. Fill.

We do not propose to change the drilling pattern proposed in the original application as a result of the acquisition of the Olaf claim.

Please let me know what further steps we should take.

Yours truly

BAKER & DAVIS

Arthur Baker III

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco, California, 94111

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 4 1963

November 1, 1963

11/of Murphy 3500

Memorandum

To : Chief, Division of Field Operations, OME, Washington, D. C.

From : Acting Field Officer, OME, Region II

Subject: OME-6317 (Silver, Gold)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada

To complete further processing the above application, we are enclosing the following:

Copy of the subject applicant's letter dated October 16, 1963; five copies of a Lien and Subordination Agreement from Callahan Mining Corporation; and a copy each of the applicant's letters to two banks requesting a loan.

left hand side of docket

The applicant is requesting his application be held in abeyance for 60 days in the hopes that they will be able to obtain Performance Bond in lieu of a Lien and Subordination Agreement for the Olaf claim.

In reference to the last paragraph of his letter, this assay report will not be forwarded to him as per your instructions of several weeks ago (October 9, 1963, OME-6298).

Augusta Nealon
For: Paul V. Fillo

Enclosures

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

162 Sneden St.
Bishop, California
October 16, 1963

OCT 1963

Mr. Paul V. Fillo
Acting Field Officer
OME, Region II
555 Battery Street
San Francisco 11, California 94111

RE: OME 6317 (Silver, Gold)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Fillo:

Thank you for the very interesting and instructive day we spent together in your examination of the Los Compadres property last Friday.

Since it now looks as though we will not be able to acquire the Olaf claim, on which several of our proposed drill holes are collared, I would like to request a two-month recess in the actions on our OME loan application. This will give us time to explore the possibilities for obtaining a Performance Bond in lieu of a Lien and Subordination Agreement for the Olaf claim, as well as to look into the adviseability of changing our proposed drilling program to avoid any work on the Olaf claim.

Enclosed are the items mentioned in Mr. Fumich's letter of July 25th as being necessary to complete our application:

(a) Four copies of our letter to Bank of America applying for a loan for the proposed exploration, titled Supplement 1 (a) 3 ✓

(b) Four copies of our letter to the Moab National Bank for the same purpose, titled Supplement 1 (a) 4 ✓

(5) Five copies of a Lien and Subordination Agreement from Callahan Mining Corporation, titled Supplement 2 (c) 1 ✓

I would greatly appreciate it if you could send me the assay results of the samples you cut on the property, when they have been run.

Yours truly

Baker & Davis

Arthur Baker III

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California, 94111

October 17, 1963

OFFICIAL FILE COPY
O. M. E.
RECEIVED
DATE

Memorandum

To : Chief, Division of Field Operations, OME, Washington, D. C.

From : Acting Field Officer, OME, Region II

Subject: OME-6317 (Silver,Gold)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Field Examination

The subject property was examined October 11, 1963, accompanied by the applicant, Arthur Baker III.

Surface samples were taken of the three quartz-carbonate fissure filling veins (Burney, Patience, and Kathy). The samples were delivered to USBM, Reno office, for chemical analyses.

The applicant is aware of the Lien and Subordination forms that are required from Callahan Mining Corporation, Olaf property owners, and also the letters from the banks.

In our meeting he mentioned the signed forms 52 from Callahan Mining Corporation will be received; but, it appears, he will not be able to get a signed lien and subordination agreement from the Olaf property owners.

Mr. Baker was advised about the Performance Bond and the Affidavit of Individual Surety forms that may be used in lieu of form 52. He wishes to keep his application active until new arrangements can be made, possibly revising the drilling program. Mr. Baker was advised to submit a letter as early as possible in order to let us know his plans.

The property appeared marginal; nevertheless, two or three diamond-drill holes could be interesting because of the location, i.e., between the Sixteen-to-One and Nivloc mines.

The applicant stated he will use Boyles Bros. Drilling Co. to do the drilling. A letter is expected from the applicant within a couple of weeks advising

us of his plans.

While in Silver Peak area, talked to Norman Ebbley, President of Mid-Continent Uranium Corp. who said they had just completed approximately 1,000 feet of crosscutting. Their objective is to intersect the Sixteen-to-One structure and drift in both directions N.E. and S.W. along the structure. During their crosscut work they cut several water slips, causing some delay in the crosscut advance.

Paul V. Fillo

Paul V. Fillo

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California, 94111

August 30, 1963

EXTRA COPY
O. M. E
RECEIVED 1963
DATE

Mr. Arthur Baker III
162 Sneden Street
Bishop, California

Re: OME-6317 (Gold, Silver)
Baker and Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Baker:

This is to acknowledge your letter of August 26, 1963. I am sorry we were unable to arrange our time to meet for the examination of the Los Compadres property.

It will be sometime in October before I will be in the Tonopah area again. I will let you know a couple of weeks ahead of time the date of the examination.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer
OME, Region II

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California, 94111

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O. M. E
RECEIVED OCT 2 1963
DATE

September 27, 1963

Grisewed 120
500

Mr. Arthur Baker III
162 Sneden Street
Bishop, California

Re: Field Examination
OME-6317 (Silver, Gold)
Baker & Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Baker:

A field examination of the Los Compadres property is tentatively scheduled for October 11, 1963, weather permitting.

I could meet you in Silver Peak, Nevada, at 9 a.m. on October 11th.

Please advise if this date is acceptable.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer
OME, Region II

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

[illegible] Form [illegible]

[illegible]ember 27, 1964

Memorandum

To : Chief, Division of [illegible] Washington, D. C.

From : [illegible] Officer, [illegible]

Subject : [illegible]

[illegible] October 12, [illegible]

[illegible]

[illegible] District OME 6253
[illegible] OME 6219
[illegible] OME 6163
[illegible] Lost [illegible] Property OME 6317

[illegible]

cc:
Chief, Division of [illegible] Operations [illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California 94111

FILE COPY
OFFICE
RECEIVED NOV 14 1963
DATE
CODE
Answered 500

August 12, 1963

AIRMAIL

Mr. Arthur Baker, III
162 Sneden Street
Bishop, California

Re: OME-6317 (Silver-Gold)
Baker and Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Baker:

Your application for assistance in exploring the subject property has been referred to this office for further consideration.

A field examination of the Los Compadres property is tentatively scheduled for August 22, 1963, weather permitting.

I could meet you in Silver Peak, Nevada, between 8:30 - 9:00 a.m. on August 22nd.

Please advise if this date is acceptable.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer
OME - Region II

cc:

Chief, Division of Field Operations, OME, Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California,

August 12, 1963

Memorandum

To: Chief, Division of Field Operations, OME, Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: Proposed Field Trip

I am planning to conduct the following field work from August 19 through August 24, 1963.

Interim Inspection OME-6193 (Gold, Uranium)

Interim Inspection OME-6219 (Silver)

Interim Inspection OME-6253 (Gold, Silver)

Field Examination ME-6317 (Silver) Baker + Davis - Griswold

Final Field Examination OME-6092 (Copper) - ?

Paul V. Fillo

cc:

Chief, Division of Field Operations, OME, Washington, D. C.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/24	[illegible]	500
7/24	Talbot	800
	[illegible]	130
7/25	Johnson	110
1	[illegible]	100
7/25	[illegible]	220
		500

JUL 25 1963

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: OMM-6317 (Silver-Gold)
Baker and Davis
Los Compadres Silver Property
Esmeralda County, Nevada

The subject application is referred to Region II for review, a field examination if deemed advisable, and recommendations.

We are referring the application to you at this time, in spite of the deficiencies cited in our letter to the Applicants, only because you will shortly be in this general area. Please note the various points we have stressed in our letter to them.

George C. Selfridge (gla)

WRGriswold/gla
7-24-63
cc to: Director's Reading File
Review Committee
Docket

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/24	[illegible]	500
7/24	[illegible]	800
	[illegible]	130
7/25	[illegible]	110
	[illegible]	100
7/25	[illegible]	220
		500

JUL 2 5 1963

Mr. Arthur Baker, III
162 Sneden Street
Bishop, California 93514

Re: CMX-6317 (Silver-Gold)
Baker and Davis
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Baker:

A review of your application, dated July 15, shows it to be lacking in certain respects, as follows:

1. Four of your proposed seven holes are located on the Olaf property which you do not control. Under no conditions could we participate in such work. It is not our policy to participate in the costs of any work which is closer than one hundred feet to the outside boundaries of the property under the contract.

2. Your Burney vein, while cropping out on your property, dips rapidly into the Olaf ground. It is quite true that you could always claim apex rights, but such claims are often subject to endless litigation and trouble. As above, we would not participate in work closer than one hundred feet to your exterior boundaries. It would appear that it would be greatly to your advantage to secure possession of the Olaf ground, if possible.

Your application is being referred to Mr. Paul V. Fillo, Acting Field Officer, Office of Minerals Exploration, Region II, 113 Custom House, 555 Battery Street, San Francisco 11, California, who will contact you. You should be prepared to submit a revised proposal to him to which he could give consideration.

In the event that a contract could be approved for exploration work on this property, we would require:

(a) A Lien and Subordination Agreement executed by the Callahan Mining Corporation as it retains an overriding interest in the project. Six blank forms are enclosed. We need five executed forms (extra for their files).

23263

(b) Copies of your letters to the banks requesting a loan. These were not provided as requested on the application form.

Sincerely yours,

George Tunick Jr.
Director

Enclosures

WRGriswold/FEJohnson/ama/gla
7-24-63
cc to: Director's Reading File
Region II
Docket

July 23, 1963

Baker and Davis
162 Sneden St.
Bishop 93514, California

Subject: OME-6317

Gentlemen:

Your application for exploration assistance, dated July 15, 1963 submitted to our office at San Francisco, California has been assigned Docket Number OME - 6317.

Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Allen S. Dakan, Chief
Division of Administrative
Management

Copy to:

Region II