MME Form 9
Rev. Mar. 59

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

OFFICIAL DOCKET FILE Contract No. 14-23-1200 Docket No. MME-

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

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

Right Side

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

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

- [ ] Field Team Semiannual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [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._____: Maps (Use pocket folder or envelope)

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty Material

United States
Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF THE CHIEF AUDITOR

GEOLOGIC DIVISION

OFFICE OF MINERALS EXPLORATION

WASHINGTON, D.C.

Report of Cost Review - Contract 2200
Docket No. OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

Report Issued: March 1966

United States
Department of the Interior

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Report of Cost Review - Contract 2200
Docket No. OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

Report Issued: March 1966

Auditor-in-Charge: Clarence E. Fisher

Report Approved: William T. McClelland, Chief Auditor

Audit Performed During Period: February 23 to 24, 1966

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

OFFICE OF THE DIRECTOR

March 17, 1966

Memorandum

To: Director

From: Chief Auditor

Subject: Internal Audit of Contract 2200
Docket No. OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

We have made a cost review of Contract 2200, examining the contract and accounting records and files of the Office of Minerals Exploration and the Branch of Budget and Finance. Also, we examined the Contract Operator's reimbursement vouchers for the months of June to October 1965 and the payments made for the Government's 75 percent contribution to the contract operations. Our examination of the October 1965 voucher was a preaudit before payment on it had been made. We noted one minor item of claimed costs on previous vouchers which was disallowed but should be allowed. Also, the Field Officer, Region III, has proposed a disallowance of claimed costs on the October 1965 voucher relating to an item that is properly allowable under the contract terms.

This contract contemplated the performance of certain exploration drilling from the surface and the necessary dozing of drill sites by independent contractors. When the drilling contractor was ready to start, it was found that a contractor to do the dozing was not available. In order to proceed with the work, a tractor belonging to an employee of the Operator was pressed into service and the dozing was accomplished. The Government has not participated in any of the dozing costs as of this date. Also, the contract failed to make provision for the cost of mud additives, conditioners, and cement necessary in the drilling program. The Operator has not claimed these latter costs, nor the dozing costs, in his vouchers. Instead, it was agreed between the Operator and OME that an amendment to the contract would be executed and that a supplemental voucher would be submitted for Government participation in the costs determined by the amendment to be acceptable.

It appears that the cooperation between the Operator and the Government's representatives in this case has been excellent and that settlements made or proposed in this case have been or will be adequately supported and in conformity with the contract provisions.

William T. McClelland

William T. McClelland

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REPORT OF COST REVIEW - CONTRACT 2200
DOCKET NO. OME-6373 (SILVER)
ESCALANTE SILVER MINES COMPANY, INC.
ESCALANTE MINE
IRON COUNTY, UTAH

INTRODUCTION

By memorandum dated February 8, 1966, the Chief, Office of Minerals Exploration, U.S. Geological Survey, requested an interim audit review to determine the exact monetary status of the subject contract and what amendments and supporting material might be needed in order that all of the work performed under the contract is eligible for Government participation. The necessary examination of the records and preparation of the report was authorized by the Chief Auditor on February 21, 1966, under Audit Assignment No. 47 and was performed on February 23 and 24, 1966.

This contract was entered into on March 22, 1965. It provided that the Operator should begin the work on or before June 1, 1965, and should complete the work within 8 months from the date of the contract.

The purpose of the project was to explore by wireline core drilling from the surface for deposits of silver ore in a fissure vein traversing water-lain volcanic sediments consisting of interbedded tuffaceous sandstone and tuffaceous conglomerate on 3 patented and 6 unpatented lode mining claims located in Iron County, Utah, owned by the Operator. The proposed work consisted of approximately 5,400 feet of overburden and core drilling from a maximum of 13 drill sites.

The drilling contract was awarded by the Operator to Boyles Bros. Drilling Company, Salt Lake City, Utah, who moved drilling equipment to the property on May 31, 1965, and started drilling operations on June 6, 1965.

A total of 5,268 feet of drilling in 13 drillholes was completed and the drill was removed from the property on October 17, 1965.

The Government has participated in certain costs incurred during the period June through September 1965, and the Operator has submitted a voucher for Government participation in similar costs incurred during October 1965. Certain other costs incurred by the Operator have not been strictly in accordance with contract provisions. Consideration is being given by OME to amending the contract to permit Government participation in such costs applicable to work actually accomplished.

SCOPE OF THE AUDIT

Our examination of OME Contract 2200 with Escalante Silver Mines Company, Inc., included: (a) a review of the monthly voucher and supporting documents, (b) comparison of the claimed costs with the contract and pertinent schedules, (c) confirmation of work performed by reference to reports and correspondence, and (d) a determination of the reasonableness and propriety of the costs.

The principal objective of our examination was to ascertain whether or not the Contract Operator had complied with the provisions of the contract, and to determine the effectiveness of contract administration and supervision by OME as well as the degree of compliance with the laws, policy determinations, and administrative regulations and procedures governing the Geological Survey and its predecessor mineral exploration agencies. The report presents our findings and conclusions, together with our recommendations and other suggested action where applicable.

AUDIT FINDINGS

General

The major portion of the work performed in connection with this exploration project was accomplished by Boyles Bros. Drilling Company, who were reimbursed on the basis of number of units of work performed. Other acceptable costs were based on salaries and wages paid to supervisory and technical employees, actual time of laborers, statements of assays performed by Union Assay Office, Inc., Salt Lake City, Utah, and agreed unit rates specified in the contract.

The Field Officer, OME Region III, Denver, Colorado, was the Government's field representative in connection with this exploration project. He certified the monthly reimbursement vouchers submitted by the Operator as being complete and accurate to the best of his knowledge and belief. These approved vouchers have included only such charges as are deemed to be in accordance with the contract terms and have omitted certain other costs incurred for the benefit of the exploration work that are not deemed to be acceptable under provisions in the contract as now written. An amendment to the contract is being considered, the effect of which would be to make some portion of these costs acceptable for Government participation.

The Operator has submitted vouchers for the period June through September 1965 claiming costs subject to Government participation on a 75-percent basis aggregating $34,450.65. Of this amount, $5.19 for payroll taxes was disallowed so that the accepted costs for Government participation amounted to $34,445.46. The Operator has been reimbursed in the amount of $25,834.10, representing 75 percent of the accepted costs.

Our examination disclosed that all of the costs in which the Government has participated to date have been adequately supported by satisfactory documentation and are well within any maximum allowances provided by the contract.

It is noted that a Boyles Bros. Drilling Company invoice, dated June 30, 1965, included a charge for reaming 26 feet of Hole No. 3 at $3.20 per foot. The Operator requested Government participation on his June 1965 voucher for 26 feet of reaming at $3.00 per foot. The Field Officer disallowed the item because it was not clear whether NX size at $3.00 per foot or BX size at $2.75 per foot was involved. The amount of $78 was again claimed on the July 1965 voucher and was shown to be NX size reaming. The amount was again disallowed. We discussed the matter with the Chief, Office of Minerals Exploration and it was his view that this item is properly allowable as BX reaming at $2.75 per foot or in the amount of $71.50.

Claimed Cost Not Settled

Our review of the voucher submitted by the Operator for costs incurred during October 1965 indicates that all of the costs are adequately supported by satisfactory documentation and are within maximum allowances provided by the contract.

The Field Officer has proposed a disallowance of claimed costs amounting to $306 for 25½ hours of cementing at $12 per hour. This proposed disallowance is based on the fact that the total claimed costs include 125½ hours of cementing labor performed by Boyles Bros. Drilling Company, whereas the estimate of costs included in Exhibit A of the contract indicates 100 hours as an estimate of the amount of such work as may be necessary in the exploration.

The total cost of $37,532, incurred under Category (1) Independent Contracts, is a maximum which may not be exceeded for Government participation. Likewise the unit rate of $12 per hour is a maximum for Government participation. Neither of the maximums has been exceeded and the Field Officer should withdraw his proposed disallowances.

It is noted that this voucher had not been signed by a representative of the Operator.

We recommend that proper signatures of the Operator's representative be secured on MME Forms 60 and 61 and the voucher be processed with Government participation in the costs claimed for October 1965 amounting to $4,930.92, plus $71.50 for 26 feet of reaming previously disallowed.

Proposed Amendment

The contract provided for 130 hours of bulldozing roads and drill sites at a maximum of $15 per hour under Category (1) Independent Contracts, Exhibit A of the contract further provided that the bulldozer should be not less than a D-7 Caterpillar dozer or an equivalent unit of any other make.

The Operator was unable to secure a contractor with a D-7 Caterpillar dozer to do the work. Instead, a D-6 tractor was rented for $150 per month from Mr. Ivin E. Hunt. The available records indicate that Mr. Hunt was employed by the Operator at $2.50 per hour during the exploration period and that the Government has participated in Mr. Hunt's wages. The available records do not indicate how much of his time was spent on bulldozing

and how much was spent on other duties. The docket file does not indicate what, if any, costs were incurred for operation or repairs of the tractor.

The exploration contract provided for as much as 500 bags of drilling mud to be furnished by the drilling contractor at a maximum rate of $1.40 per bag. The exploration contract did not make provision for mud additives, conditioners, and cement necessary in the drilling program. The invoices from the Boyle Bros. Drilling Company indicate that such items were charged to the Operator and that the Government has not participated in any portion of such additional costs. Apparently the failure to include such items in the allowable costs was due to oversight or mutual mistake by the Government and the Operator.

We find that an amendment of the contract to make the bulldozing costs and the cost of additives, conditioners and cement eligible for Government participation would not result in overexpenditure of funds allocated to the contract. The propriety of such an amendment to the contract is a matter for administrative or legal determination by OME.

We noted that the Operator has not yet furnished the final report contemplated by Article 5(c) of the exploration contract. OME may wish to withhold an amount from the October 1965 settlement with the Operator until such time as a satisfactory final report is received.

Government's Copy

EXPLORATION CONTRACT
ESCALANTE SILVER MINES COMPANY, INC.
OME-6373

AMENDMENT NO. 1

It is agreed this 4th day of April, 1966, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Escalante Silver Mines Company, Inc., hereinafter called the "Operator," that Exploration Contract 2200 (OME-6373), dated March 22, 1965, is amended as follows:

1. Effective March 22, 1965, the date of the contract:

(a) In Exhibit A,

(i) Under the heading Description of the Work,

(1) The first paragraph is revised to read as follows:

The work shall consist of bulldozing access roads to and the leveling of a maximum of thirteen (13) drill sites on seven (7) lines using not less than a D-6 Caterpillar dozer or an equivalent unit of any other make.

(ii) Under the heading Estimated Costs of the Work,

(1) Under the heading Actual Costs, Category (1) Independent Contracts,

(a) The first item relating to bulldozing is deleted.

(b) The last item relating to drilling mud is revised to read as follows:

Drilling mud @ $1.40/bag and necessary conditioners, additives, and cement 1,750.00

(c) The total of the Category is reduced from $37,532.00 to $36,632.00.

(2) A new category, Category (4)--Operating Equipment, Subcategory (a)--Rental is added as follows:

Rental of bulldozer, 5 months @ $150.00/month	$750.00	
Mobilization and demobilization of bulldozer	150.00	$900.00

2. Effective September 3, 1965,

(a) In Exhibit A,

(i) Under the heading Description of the Work,

(1) The second paragraph is revised to read as follows:

Two holes shall be drilled along each line except the third, fourth, and fifth lines where 1 hole, 3 holes, and 1 hole respectively shall be drilled. The first line shall be approximately 500 feet southerly and parallel to the north end line of Enterprise No. 1 claim and the other lines shall be parallel to the first line at intervals of approximately 250 feet southerly except lines 3 and 5 which shall be approximately midway between lines 2 and 4 and lines 4 and 5, respectively. Not in excess of 5,400 feet of drilling shall be performed under this contract.

(2) The third paragraph is revised to read as follows:

The holes shall be drilled to traverse the target vein structure at intervals of approximately 250 feet along the strike of the vein except as noted under (1) and shall bottom not closer than approximately 200 feet along the dip of the vein to the other hole or holes drilled on the same line.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as a maximum, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Chief, Office of Minerals Exploration
U. S. Geological Survey

Longy
Selfridge
Johnson
Kulgaard
Lewis
Kupp

ESCALANTE SILVER MINES COMPANY, INC.

By [illegible]

Title Operator

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-6373	Silver	14-23-090- 2200	Iron	Utah

It is agreed MAR 2 2 1965 (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Escalante Silver Mines Company, Inc., a Utah corporation,

whose mailing address is 520 East Fourth South, Salt Lake City, Utah 84102, 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 June 1, 1965 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 8 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 $49,780.00. The Government will contribute ~~XX~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $ 37,335.00 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 ~~XXX~~ fifteen 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.

Escalante Silver Mines Company, Inc.
(Operator)

By X R. R. Knobler

Title **Vice President**

THE UNITED STATES OF AMERICA

By George Turnock

Acting Director, Office of Minerals Exploration

Long
App'd. Sol. Off.
Murphy
Tilbridge
Johnson

I, Greg O. Sylo, certify that I am the
(Name)

secretary of the corporation named as Operator herein; that

Richard R. Knobler, who signed this contract on behalf of the Operator, was then
(Name)

Vice President 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]

EXPLORATION CONTRACT
ESCALANTE SILVER MINES COMPANY, INC.
OME-6373

ANNEX I

The land referred to in Article 2 of the contract consists of three (3) patented and six (6) unpatented lode mining claims, including all rights pertaining thereto, in secs. 2 and 11, T. 36 S., R. 17 W., Iron County, Utah.

The patented claims are as follows:

Claim	Patent U. S. Survey No.
Black Beauty	6213
Silver Top	6213
Hyland	6213

The unpatented claims are recorded in the office of the Iron County Recorder at Parowan, Utah, as follows:

Claim	Book	Page
Enterprise No. 1	Q	43
Black Beauty No. 2	Q	42
Hyland No. 2	Q	40
Hyland No. 5	Q	41
Extension	Q	26
Silver Top No. 2	Q	41

The Operator is the owner of the above-listed patented and unpatented claims.

The outer boundary of the above-listed claims is shown in green on Fig. 1, entitled "Enterprise Silver Mines, Inc., Claim Map . . .," attached hereto and made part hereof.

EXPLORATION CONTRACT
ESCALANTE SILVER MINES COMPANY, INC.
OME-6373

EXHIBIT A

The purpose of this project is to explore by wireline core drilling from the surface for deposits of silver ore in a fissure vein traversing water-lain volcanic sediments consisting of interbedded tuffaceous sandstone and tuffaceous conglomerate.

General Provisions

All holes shall be drilled on an approximate bearing of S. 65° E. at an inclination of approximately -70 degrees. Below the overburden all holes shall be drilled NX wireline core size (core diameter 1-23/32 inches) as deeply as practical and then may be reduced to BX wireline core size (core diameter 1-5/16 inches). The Government will not contribute to the cost of a hole which does not traverse the target vein structure nor to a hole completed less than BX wireline core size.

Mineralized core shall be split and one split assayed for silver. The other split shall be stored in proper sequence with the unsampled core. No sample shall represent a hole length of greater than five feet.

Facilities shall be provided for recovering diamond drill sludge and such sludge 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 and the results combined according to standard practice to form a representative sample.

The core from diamond drilling shall be stored in boxes identified as to hole number with markers in the core sections to indicate the depths represented. Splits of the sludge and core segment samples shall be stored in suitable containers properly identified as to source and location.

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

True copies of all sample assay certificates shall be submitted with the Operator's monthly report, which shall also include maps or sketches showing the work completed during the reporting period. The maps shall show the access roads to the drilling areas, the formations and structures traversed by the drill holes, and the locations and values of the samples assayed.

The Operator shall provide such supervision, labor, and technical services as may be required to complete the work in a satisfactory manner. The Government will contribute only to that portion of monthly salaries or daily wages representing the time spent on the project work by the various employees.

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

Description of the Work

The work shall consist of bulldozing access roads to and the leveling of a maximum of 13 drill sites on 7 lines using not less than a D-7 Caterpillar dozer or an equivalent unit of any other make.

OK

Two holes shall be drilled along each line except the sixth where only one hole shall be drilled. The first line shall be approximately 500 feet southerly and parallel to the north end line of Enterprise No. 1 claim and the other lines shall be parallel to the first line at intervals of approximately 250 feet southerly. Not in excess of 5,400 feet of drilling shall be performed under this contract.

The holes shall be drilled to traverse the target vein structure at intervals of approximately 250 feet along the strike of the vein and shall bottom not closer than approximately 250 feet along the dip of the vein to the other hole drilled on the same line.

The approximate locations of the drill sites, the bearings of the holes, and the estimated required depths of the holes to traverse the vein structure are shown on Fig. 1, referred to in Annex I of this contract.

Estimated Costs of the Work

Actual Costs

Category (1) Independent Contracts

130 hours bulldozing roads and drill sites @ $15.00/hr.	$1,950.00	
Drilling		
Mobilization and demobilization of personnel and drilling equipment	500.00	
5,400 feet of overburden and core drilling	29,630.00	
Overburden non-core drilling including the setting of casing @ $5.00/ft.		
Core drilling:		
0 to 500-foot depths		
NX wireline @ $5.45/ft.		
BX wireline @ $5.15/ft.		
500 to 1000-foot depths		
NX wireline @ $5.95/ft.		
BX wireline @ $5.65/ft.		
600 feet reaming for casing	1,800.00	
NX casing @ $3.00/ft.		
BX casing @ $2.75/ft.		
100 hours of plugging, conditioning, and/or cementing drill holes @ $12.00/hr.	1,200.00	
600 feet casing lost in holes 3/	1,752.00	
NX casing @ $2.92/ft.		
BX casing @ $2.16/ft.		
500 bags drilling mud @ $1.40/bag	700.00	36,632.00 $37,532.00

Category (2) Personal Services

Subcategory (a) Supervision and Technical Services

1 Supervisor-geologist-engineer 6 months @ $800.00/month	$4,800.00	
1 outside consultant 10 days @ $65.00/day	650.00	
Subcategory (b) Labor		
1 Laborer, 1,296 hours @ $2.50/hr.	3,240.00	$ 8,690.00
Category (7) Miscellaneous		
None except:		
Payroll taxes $8,690.00 @ 10%	$ 869.00	
Consultant's per diem 10 days @ $15.00/day	150.00	
belongs Cat 3 → 305 cardboard core boxes @ $1.00 each	305.00	
400 assays for silver @ $2.75/assay1/	1,100.00	$ 2,424.00
Total Estimated Actual Costs		$48,646.00
Fixed Unit Costs[2/]		
Incidental allowance for each foot of drilling completed		
5,400 feet @ $0.21/ft.	$1,134.00	
Total Estimated Fixed Unit Costs		$ 1,134.00
Total Estimated Costs of the Work		$49,780.00
Government Participation @ 75%		$37,335.00

1/ Includes freight and postage for samples.

2/ Includes all costs such as power, field transportation, drafting and hole surveying supplies, prints, etc. which would otherwise be allowable under Categories (3), (4), and (7) of the contract.

3/ The Government will not contribute to the cost of casing left in place at the request of the Operator.

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.

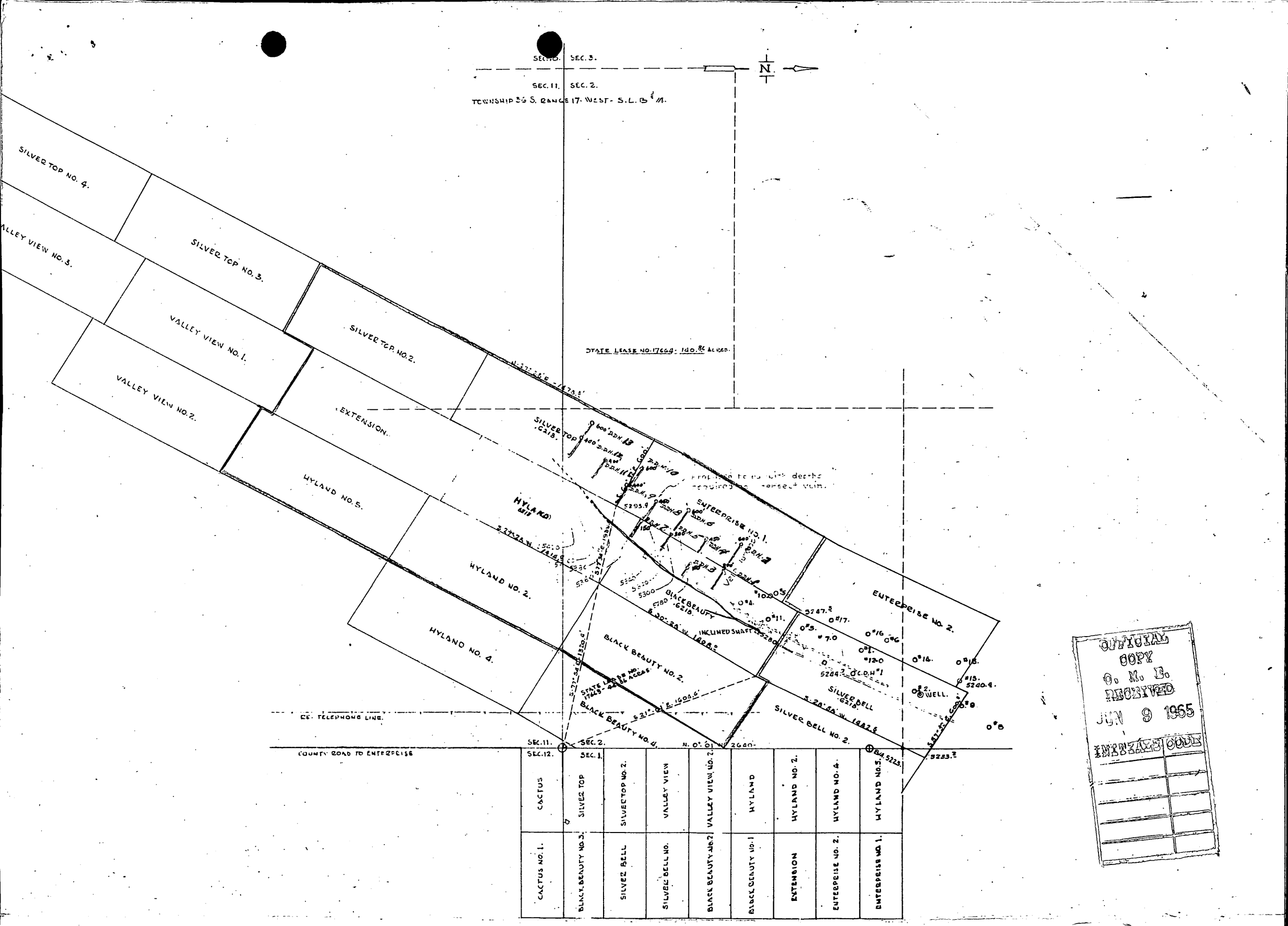
'(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the said labor union or workers' representative of the contractor's 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.'"



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INITIALS | DATE

FIG-1

SAMUEL S. ARENTZ. CONSULTING ENGINEER.
ENTERPRISE SILVER MINES, INC.

CLAIM MAP

DWN: JUNE-1-5-65 | Scale: 1" = 800' | NO. ES-P-1-B.

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

December 9, 1964

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

Re: OME - 6373 (Silver)
Escalante Silver Mines Co., Inc.
Iron County, Utah

AMENDED APPLICATION

Dear Mr. Fumich:

In response to your letter of November 30, 1964, on the above subject, I submit herewith an amendment to the application previously submitted which covers the items listed in your letter.

The ammended application is designed to explore the Escalante vein in the area south of our earlier exploration by diamond drilling from the surface instead of underground drifting on the 170 level of the shaft. We still believe that the program proposed in our original application will do a better job of defining probable ore shoots in the vein which will lead to early development and operation of the mine, but we agree that the amended program offers excellent possibilities for substantially increasing the indicated ore reserves at the property.

We will greatly appreciate your early consideration of the amended application.

With kindest regards.

Sincerely yours,

Escalante Silver Mines Company

Samuel S. Arentz, Vice President

SSA:mj

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

February 20, 1965

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

Re: OME - 6373 (Silver)
Escalante Silver Mines Co., Inc.
Iron County, Utah

Dear Mr. Fumich:

I am sorry for the delay in responding to your letters on the above subject. There was some doubt on the part of my associates as to the advisability of proceeding with a drilling program as a substitute for the drifting program set out in our original application.

The drilling program as now proposed will consist of drilling 15 diamond drill holes to a total aggrogate depth of 6,000'. The holes will be drilled from the surface on the hangingwall side of the vein and will be drilled normal to the strike of the vein on a S65°E bearing and a 70° dip. The holes will be drilled on lines of sections along the strike of the vein with 250' spacing between sections. We propose two and three holes per section on alternate sections. On the two hole sections the holes will be designed to intercept the footwall of the vein at hole depths of 300' and 600'. On the three hole sections the holes will be designed to intercept the footwall of the vein at hole depths of 150', 300' and 450'. This latter spacing does not comply with the stipulation set out in your letter of November 30 that no hole shall intercept the target vein structure closer than 250' from any other hole drilled under such a contract. Our reasons for proposing the closer intercepts are as follows:

1. Before proceeding with the large capital outlay required to unwater the ore body indicated by our earlier exploration drilling, and the additional ore bodies which we anticipate will be indicated by the proposed drilling, we must have reasonable assurance as to the continuity of the ore within the vein both on strike and dip. Within reasonable limits, this assurance increases as the distance between intercepts decreases.

2. Our previous drilling results indicate a zone of leached vein extending from the surface to slightly above or below the present water level and a possible zone of secondary enrichment extending from the bottom of the leached zone to approximately 500' below the surface. Verification of this indicated condition will have an important bearing on the economic value of the ore body indicated by earlier drilling and on any ore bodies which may be indicated by the proposed program. For this reason we have layed out holes on alternate sections to intercept the vein near the top of zone of secondary enrichment, in the middle of the zone and near the bottom of the zone at intervals of approximately 150' on the dip of the vein.

We have completed the drifting which was in progress at the time of Mr. Connors visit and the mine is presently on a standby basis. The drift level was just above the present water level and appears to be just below the leached portion of the vein as postulated on the basis of present information. The drift verified a relatively high grade zone of mineralization within the vein as indicated by the earlier drilling below the level of the drift and strongly supports the validity of the tonnage and grade estimates based on the earlier drilling.

We believe that if the proposed drilling is equally successful, sufficient tonnage and grade will be indicated to warrent proceeding with unwatering and developing the mine and with constructing a mill.

Very truly yours,

ESCALANTE SILVER MINES COMPANY, INC.

Samuel S. Arentz, Vice President

SSA:mj

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

OME - 6373 (Silver)
Escalante Silver Mines Company, Inc.
Iron County, Utah

The following is the information requested in a letter dated November 30, 1964, from George Fumich, Jr., Acting Director, covering an amendment to the above numbered application.

1. The colored portion of the attached map shows all the claims owned by Escalante Silver Mines Company, Inc. which are south and west of the inclined shaft on the property. The company is in the process of locating the uncolored claims.

Recording data on these claims is as follows:

Patented Lode Mining Claims (US-6213)
Black Beauty - Hyland - Silver Top 3
Unpatented Lode Mining Claims 9

Name	Book	Page	Name	Book	Page
Enterprise No. 1	Q	43	Extension	Q	26
Black Beauty No. 2	Q	42	Silver Top No. 2	Q	41
Hyland No. 2	Q	40	Valley View No. 1	Q	39
Hyland No. 4	Q	40	Valley View No. 2	Q	39
Hyland No. 5	Q	41			

2. The attached plan map shows the surface location of the proposed drill holes and the necessary access roads to the drill sites. The holes will all be drilled on approximate bearing of S65°E and dip of 70°. The holes are designed to intercept the footwall of the vein at hole depths of 150' to 600', as shown on the attached map. The actual hole depths will depend upon variations in the dip of the vein or of the hole, and may be greater or less than the designed depth.

3. The estimated costs of the proposed work, as outlined under item 7, MME Form 40, are as follows:

a. Independent Contracts

Diamond Drilling

See attached bids from Boyles Brothers Drilling Company and Joy Manufacturing Company.

Mobilization and demobilization	$ 500.00	
Diamond Drill Hole - NX Wireline		
0-500' 5600' @ $5.45	30,520.00	
500' - 1000' 400' @ $5.95	2,380.00	
Plugging, Conditioning or Cementing 100 @ $12.00	1,200.00	
Casing Lost - 600' @ $2.92	1,752.00	
Drilling Mud - 500 bags @ $1.40	700.00	
Core Boxes - 100 @ $1.00	100.00	
Sub-Total - Diamond Drilling		$37,152.00

Access roads and drill sites:

It is proposed to rent a local bulldozer complete with operator - 150 hrs. @ $.15.00 ? 2,250.00

Sub-Total (a) Independent Contracts $39,402.00

b. Personal Services

1 - Manager-Engineer - 1/2 time - 4 months @ $600.00	$ 2,400	
1 - Geologist-Engineer - Full time - 4 months @ $1,000	4,000	
1 - Consulting Geologist - As required	1,000	
2 - Laborers - $2.50 per hour - 48 hours per week	4,800	
Sub-Total (b)		12,200.00

c. Operating Materials and Supplies

Power for drilling water - change house - 4 months @ $50.00	$ 200	
Change House supplies - 4 months @ $25.00	100	
Drafting Supplies - Blue Prints - 4 months @ $40.00	160	
Hole Surveying supplies	240 high	
Sub-Total (c)		700.00

d. Operating Equipment

Pickup Truck for geologist - Rental plus operating supplies - 4 months @ $150.00		600.00

15 4/mile
16 miles/day

e. None

f. None

g. Miscellaneous

Assaying - 700 Samples @ $5.00	3,500	
Accounting - 4 months @ $250.00 ? 75	1,000	
Freight & Postage on Samples	300	

Telephone - 4 months @ $25.00	100	
Travel to Mine - 4 months @ $200.00	800	
Workmans compensation, insurance, payroll taxes on $12,200.00 @ 10%	1,220	
Sub-Total (g)		6,920.00
Total Estimated Cost		$ 59,820.00

4. Attached is a letter from Mr. Richard R. Knobler, Manager of Projects, Minerals and Chemicals Philipp Corporation, stating that that company will not advance more than the applicants share of the estimated cost of exploration.

Escalante Silver Mines Company, Inc.

Samuel S. Arentz, Vice President

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

November 27, 1964

Mr. Richard R. Knobler
Minerals and Chemicals Philipp Corp.
350 Park Avenue
New York, New York 10022

Dear Richard:

I believe that the proposed exploration of the south extension of the Escalante vein will establish the existence of a second ore shoot south of the shaft which will be comparable in grade and tonnage to the ore body indicated by our earlier exploration north of the shaft. My reasons are summarized as follows:

1. The surface outcrop of the fissure shows a strong vein continuing for approximately 1500 feet south of the present face of the 170 level south drift and mineralized float can be traced for nearly one mile south of the shaft.

2. Our south drift on the 170 level has generally averaged better grade than the north drift over our drilled out ore body. The present south face assays 14.40 ounces silver across a width of 6 1/2 feet with a persistent band of high grade assaying up to 44.0 ounces silver across 2 feet along the hangingwall of the fissures.

3. Diamond drill hole No. 4, the only drill hole south of the shaft, intercepted the vein approximately 70 feet below the 170' level. The best part of the intercept indicated 4 1/2 feet of vein assaying 32.5 ounces silver per ton. Since a line of drill hole intercepts down dip from the shaft failed to show ore grade mineralization, drill hole No. 4 could indicate the start of another ore shoot.

4. Several strong mineralized structures project into the Escalante vein in the area to be explored by the proposed project. The intersections of these structures with the Escalante vein could be the loci for ore shoots and provide favorable targets for exploration.

5. The surface rises rapidly over the south extension of the Escalante vein and the "backs" over the proposed 170 level south drift will increase from 170' at the shaft to approximately 300 feet at the south end of the exploration. This could provide for a sub-

stantial tonnage of ore above the water level.

The proposed south drift exploration was not included in the program covered by the agreements between Minerals and Chemicals Philipp Corporation and Escalante Silver Mines Company as we had hoped to proceed with full scale development and equipment of the mine. Under such a program the south exploration would ultimately be completed as part of regular mine operation, but the cost would come out of mine earnings.

The pumping tests completed under the agreements between Minerals and Chemicals Philipp Corporation and Escalante Silver Mines Company gave results which, as interpreted by our consulting hydrologist, Mr. William F. Guyton, indicated that the mine can be successfully unwatered. The estimated cost of such unwatering will be within economic limits, but will probably exceed the costs contemplated under our original agreement. Under the circumstances, I can understand a hesitancy to proceed with full scale development and equipment of the mine under present circumstances. An increase in the price of silver or an increase in the indicated ore reserves below the water level, or both, would reduce the risks of proceeding with a full scale program at this time and should allow an early favorable decision on placing the mine in production.

While I am confident that the price of silver will increase substantially within a few years, and possibly within the next year, it is a factor over which we have no control. I believe that the proposed exploration project will be successful in substantially increasing our indicated ore reserves to the extent that our risks incident to proceeding with the full scale program will be reduced by 40 to 50% and it is possible that sufficient ore will be developed above the water level to allow proceeding with mining and smelting prior to unwatering the ore body indicated by our earlier explorations.

Under the circumstances outlined above, will Minerals and Chemicals Philipp Corporation consider changing the original program contemplated by our agreement to provide the estimated $ 60,000 in capital required to complete the proposed exploration?

Very truly yours,

Samuel S. Arentz, Operator
Escalante Silver Mines

MINERALS & CHEMICALS PHILIPP CORPORATION

350 PARK AVENUE
NEW YORK 22, N. Y.

December 3, 1964

Mr. Samuel S. Arentz, Operator
Escalante Silver Mines Company
520 East 4th South
Salt Lake City, Utah 84102

Dear Sam:

The agreements between Minerals and Chemicals Philipp Corporation and Escalante Silver Mines Company (Chief Consolidated Mining Company and Armet Company) were based on our providing funds for developing and equipping the mine to exploit the ore body indicated by exploration which had been completed on the property. The agreement did not contemplate our advancing funds for additional exploration.

We agree with you as to the probability that the proposed south exploration will develop additional ore reserves and we agree that additional ore reserves will improve the outlook for an early decision to proceed with the full scale development and equipment of the mine.

Our agreements provide for our advancing funds for investigating the problems unwatering the ore body indicated by your exploratory drilling and for the development of the ore above water level before proceeding with a major program. Most of the funds allocated for this purpose have been expended on the work completed to date and we cannot provide additional funds for exploration.

We understand that you have submitted an application to OME for financial assistance on completing the proposed south exploration project. If the application is approved by OME, we understand that the government will loan up to 75% of the money required for the project, or an estimated $45,000. Under these circumstances, we will agree to advance up to 25% of the cost of the project, or an estimated $15,000.00, from funds previously allocated to other phases of the

...2

Escalante project and will agree to execute consent to lien agreements, if such be necessary, to protect the government's interest in royalties on any ore produced from the now contemplated additional south development until return of its advances with interest as provided in the OME contract.

Very truly yours,

Richard R. Knobler
Manager of Projects

/ama

JOY MANUFACTURING COMPANY
900 WOODLAND AVENUE
MICHIGAN CITY, INDIANA 46360

EXECUTIVE OFFICES
HENRY W. OLIVER BUILDING
PITTSBURGH, PA. 15222

December 9, 1964

AIR MAIL

Escalante Silver Mines Company
520 East 4th South St.
Salt Lake City, Utah

Attention: Mr. S. Arentz

Gentlemen:

Mr. Jack Powers, our Salt Lake representative, requested that we send you our proposal on a minimum of 6,000 feet of drilling for the exploration of silver, lead and copper deposits near Enterprise, Utah. We understand that water will be no further than 2,000 feet from any drill hole. The distance between holes will be approximately 800 feet, and you will provide access roads and prepare the drill sites.

We submit the following prices:

Angle Hole Drilling 70°

Mobilization and Demobilization Drilling Equipment	@$500.00	
	NX Wireline	BX Wireline
From surface to a depth of 500 feet	@$5.45 ft.	$5.15 ft.
From 500 to 1000 feet	@$5.95 ft.	$5.65 ft.
Non-core drilling in overburden	@$5.00 ft.	
Reaming for casing, if necessary	- NX @$3.00 ft.	
	- BX @$2.75 ft.	
Casing lost or ordered in place	- NX @$2.92 ft.	
	- BX @$2.16 ft.	
Plugging, conditioning and/or cementing of drill holes for lost circulation	@$12.00 hour	
Acid surveys	@$12.00 hour	
Drilling mud	@$1.40 per 50-lb. bag	
Standby for your convenience	@$10.00 hour	

Treated cardboard core boxes (holding 10 ft. core) @$1.00 each

1000/month We will furnish for this proposed drilling one modern Joy 22-HD core drill complete with operating equipment. We will conduct the operations on the basis of two 8-hour shifts per day and not less than six days per week.

We are in a position to start this work on short notice. We have crews and equipment available in the Salt Lake area.

Thank you for asking us to quote on your requirements. We hope that you will find our prices acceptable. We would like to be of further service to you on this project.

Yours truly,

JOY MANUFACTURING COMPANY

J. M. Murray, Manager
Contract Drill Division

JMM/et

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

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
ST. LOUIS

December 10, 1964

Reply to:

Samuel Arentz
530 East 4th South
Salt Lake City, Utah

Dear Mr. Arentz:

Mobilization $200.00.

	NX	BX or AX
0 - 250	$5.60	$5.60
250 - 500	5.80	5.80
500 - 750	6.10	6.10

A. Reaming all sizes $3.20 per ft.
B. Cementing $12.50 per hour, plus cement and cement substitutes.
C. Mud and additives, list cost job site.
D. Lost casing, 80% of list cost.
E. Delays, asked for or caused by owner, including surveys will be $12.50 per hour.
F. Diamond bits that exceed $1.00 per ft., would be charged for as verified by supplier cutout sheets.
G. Boyles will furnish up to 3000' of pipe for the distribution of water from your electric pump at mine.

These prices are as you requested from Mr. A.F. Goldsworthy by phone, for drilling your property near Enterprise, Escalante area south of Cedar City, Utah.

Thank you for considering us for this work.

Very truly yours,

J. F. Brennan

J.F. Brennan
Field Supt., Drilling Division

JFB:gh

SPRAGUE & HENWOOD, Inc.
Contract Division
REGIONAL OFFICE
2151 North Redwood Road (P.O. Box 2556)
Salt Lake City 10, Utah DAvis 8-4271
DIAMOND DRILLING • MINERAL EXPLORATION • SOIL SAMPLING • PRESSURE GROUTING
S&H SINCE 1883
EXECUTIVE OFFICES & PLANT
SCRANTON, PENNSYLVANIA

December 14, 1964

Samuel S. Arentz, Operator
Escalante Silver Mines Co.
520 E. 4th South
Salt Lake City, Utah

Dear Sir:

It will not be possible for our company to consider undertaking the core drilling project at Escalante Silver Mine, for which we submitted a proposal to you in May, 1963, due to current commitments.

As our scheduling now stands, additional drilling contracts cannot be considered prior to April or May, 1965, at which time we should have equipment and personnel becoming available for additional work.

Due to our inability to undertake this work in January, 1965, as you have indicated, we must decline to up-date our proposal at this time. Should your program be deferred to a later date, we would be most happy to submit a proposal at that time, provided we would have personnel and equipment available.

We certainly appreciate your inquiry and apologize for being placed in this situation.

Very truly yours,

SPRAGUE & HENWOOD, INC.

B. B. Williams
Ass't. Vice Pres.
Western Contract Division

BBW:vn

(Revised)
(April 1955)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REFERENCE SLIP

Route to:	Name	Room
1.	Mr G.C. Selfridge	
2.		
3.		
4.		
5.		

For:

- ✓ Action
- Approval
- Comment
- Conference
- Consideration
- Filing
- Initials
- Instructions
- Investigation
- Mailing
- Note and return
- Previous correspondence
- Recommendation
- Record of
- Referring to
- Reply for signature of
- Rewriting
- See or call me
- Signature
- Suggestions
- Surname
- Your information

Remarks:

Escalante Silver Mines Co
Iron County, Utah.

Attached is one copy of a silver application received by the Bureau of Mines.
One copy is being retained in my file.

From (Name) Hugh M. Connors Date 10-9-64

Division—Office—Address

Ext: Room:

☆ U. S. GOVERNMENT PRINTING OFFICE: 1957—O-416832

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

October 8, 1964

Mr. J. N. Van Sant, Chief
Mineral Resources, Area V
N. S. Bureau of Mines
Department of the Interior
Building 20 - Federal Center
Denver 25, Colorado

Dear Sir:

Enclosed herewith is an original and one copy of an application for financial assistance in minerals exploration at the Escalante Silver Mine situated in Iron County, Utah. Work is currently in progress at the property developing ore indicated by an exploratory drilling program completed with our own funds during the past six years.

We believe that the exploration proposed in our application will result in substantially increasing the ore reserves at the property and that if the proposed exploration is successful it will greatly expidite placing the property in production on a larger scale than would be justified by the present reserves.

We shall greatly appreciate an early decision on this application and we will be pleased to furnish any additional information we have which may be required in arriving at a decision.

Very truly yours,

Samuel S. Arentz

SSA:mj

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.)*

Escalante Silver Mines Company, Inc.
520 East Fourth South
Salt Lake City, Utah 84102

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER 6373

DATE RECEIVED 10-12-64

REGION III

DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED Utah

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
E. L. Frank	350 Park Ave. N. Y., N. Y.	President
H. Rothschild	" " " " "	Treasurer
I. D. Isko	" " " " "	Secretary
R. R. Knobler	" " " " "	Vice Pres.
S. S. Arentz	520 East 4th South, S. L. C. Ut.	Vice Pres.

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE
Silver

ESTIMATED COST OF PROJECT
$ 60,000.00

PROPERTY NAME	LOCATION COUNTY	STATE
Escalante Mine	Iron	Utah

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.

October 5, 1964
DATED

BY *(Signature)*

Vice President
TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

(a) Submit evidence of efforts made within 90 days preceding the filing of this application to obtain credit from your bank of account and at least one other banking institution or other private source of credit. Such evidence shall include 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 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

Escalante Silver Mines
520 East 4th South
Salt Lake City, Utah 84102
September 29, 1964

Application for Financial Assistance in Minerals Exploration

1. Financial Eligibility

(a) Attached are copies of letters sent to Walker Bank and Trust Company and Continental Bank and Trust Company, both of Salt Lake City, Utah, outlining the proposed exploration project and requesting a loan in the amount of $45,000 to cover 3/4 the estimated cost of the project. Also attached are copies of the letters received from the banks stating that they do not loan money for mineral exploration.

(b) Escalante Silver Mines Company, Inc. is a Utah Corporation with offices at 520 East 4th South, Salt Lake City, Utah. The capitol stock of Escalante Silver Mines Company is owned 50% by the Chief Consolidated Mining Company, an Arizona Corporation with offices at 608 Dooly Block, Salt Lake City, Utah, and 50% by Armet Company, a Nevada Corporation with offices at 520 East 4th South, Salt Lake City, Utah.

Minerals and Chemicals Phillipps Corporation, a Maryland Corporation with offices at 350 Park Avenue, New York 22, N. Y. has an option to acquire up to 50% of the capitol stock of Escalante Silver Mines Company and has agreed to advance certain funds for the development and exploration of the Escalante Mine against notes, debentures and stock of Escalante Silver Mines Company.

(c) The Escalante Silver Mines Company will furnish its share of the cost of the exploration work from the funds advanced by Minerals and Chemicals Phillipps Corporation.

2. Applicant's Rights in Land

(a) The Escalante Silver Mines Company owns the patented and unpatented lode mining claims and millsites comprising the Escalante property with no liens, mortgages, or encumbrances. It also holds mineral leases from the State of Utah on adjoining ground.

(b) The area we wish to explore is that portion of the Black Beauty patented lode mining claim, US6213, which is more than 450 feet south of the north end line of said claim and that portion of the Hyland patented lode mining claim, US6213, lying north of a line 450 feet south of the north end line of said claim.

The Escalante Silver Mines Company also owns the following patented and unpatented lode mining claims and holds mineral leases from the State of Utah on adjoining land situated in Section 2, T.36S.,R.17W., Salt Lake Meridian, Iron County, Utah, all of which are expressly excluded from being subject to government royalties or liens.

Patented Lode Mining Claims

Silver Top, Silver Bell, US6213, and those portions of Black Beauty and Hyland not included above.

Unpatented Lode Mining Claims

Cactus Amended	Valley No. 5	Black Beauty No. 2
Cactus No. 1	Hyland No. 2	Black Beauty No. 4
Cactus No. 4	Hyland No. 4	Valley View No. 1
Enterprise No. 1	Hyland No. 5	Valley View No. 2
Enterprise No. 2	Valley No. 1	Sage No. 1
Extension	Valley No. 2	Sage No. 2
Silver Top No. 2	Valley No. 3	Sage No. 3
Silver Bell No. 2	Valley No. 4	Sage No. 4

Mineral Leases from the State of Utah
Mineral Lease No. 17663
Mineral Lease No. 17664

The property has been known as the Holt Mine, the Enterprise Mine, and the Escalante Mine.

(c) Not applicable

3. Physical Description

(a) The Black Beauty - US6213, and adjoining patented lode mining claims, were located in the 1890's and were patented in 1910. The claims cover the outcrop of a steeply dipping (60 to 80°) quartz vein which strikes N20 to 30° E and is enclosed in water layed tuff which strikes east-west and dips 10° south. In areas adjacent to the vein, the tuff is highly silicified.

During the period 1900 to 1930, work on the property consisted of driving three shallow shafts and several prospect pits on the vein and of sinking a vertical shaft in the footwall of the vein. The shafts on the vein were 20 feet, 30 feet, and 130 feet in depth, and the vertical shaft (which is now filled) was reportedly 120 feet deep. There were also four diamond drill holes drilled to intercept the vein at depths of 40 to 180 feet. Drifts were advanced on the vein for 90 feet north and 90 feet south from the bottom of the 130 foot shaft. Several shipments were reportedly made to mills or smelters in Pioche, Nevada, but no data are available on the tonnage or assays.

In the early 1930's an operation was attempted on the property which included construction of a small (25tpd) flotation mill, and a limited amount of stoping above the drifts at the bottom of the 130 foot shaft. The operation appears to have been underfinanced and was further handicapped by the low price of silver at that time. There does not appear to have been more than 500 tons of ore mined and milled. No data are available on the results obtained.

In 1958, Samuel S. Arentz, a mining engineer of Salt Lake City, Utah, and Chief Consolidated Mining Company jointly obtained an option to purchase the property and proceeded to drill one churn drill hole and ten diamond drill holes to intercept the vein at depths ranging from 125 to 750 feet and spaced at intervals extending 2200 feet along the strike of the vein. The drilling was successful in indicating an ore body containing an estimated 500,000 tons of ore averaging 20 to 25 ounces of silver per ton with minor amounts of gold, lead, zinc, and copper. On the basis of these favorable results, we exercised our option to purchase the property for cash.

In 1959, we drilled an additional seven diamond drill holes on the property and extended the 130 foot deep prospect shaft to a depth of 180 feet. These holes were drilled to intercept the fissure between the earlier drill holes and at greater depths. The results of this drilling tended to confirm and extend the ore body indicated by the earlier drilling. In 1961, we drilled a 20 inch diameter vertical hole which intercepted the fissure between 550 and 620 feet and installed a large capacity (3500 gpm) deep well pump. We operated the pump for approximately

six weeks and made regular measurements to the water level in the exploration drill holes to obtain information on the volume of water to be pumped to unwater the major portions of the ore body indicated by the drill holes. Mr. Leonard Halpenny, a hydrologist of Tucson, Arizona, supervised the pump test and reported that the ore body could be unwatered to a depth of 550 feet by pumping 14,000 gpm for a period of 100 days.

In 1963, we engaged Mr. William Guyton, a hydrologist of Austin, Texas, to make a further appraisal of the water problem. On Mr. Guytons recommendation, we drilled an additional 12 rotary and diamond drill holes at the north end of the property and operated the pump for approximately four weeks. On the basis of the results obtained, Mr. Guyton reported that the ore body can be unwatered by pumping 12,000 gpm, but he added several postulated geologic conditions which could increase this volume to several times this figure.

In April, 1964, we started a development program designed to develop an estimated 50,000 to 100,000 tons of ore above water level for mining and to obtain answers to the questions raised in Mr. Guytons report as to geologic conditions which will affect the volume of water to be pumped. The program consisted of equipping the present 180 foot incline shaft on the vein with a headframe, hoist, compressor, and related facilities and equipment and of advancing 1500 feet of drift along the vein to the north of the shaft, the length of the ore shoot indicated by the exploration drill holes. The drift is being advanced at an elevation approximately ten feet above the present water level, or at a sill elevation approximately 170 feet down the shaft.

The attached maps and drill logs show all mining and exploration operations which we know have been or are being conducted upon the land.

(b) I have stated our interest in the operations described in (a).

(c) We have no data on past production, but it was limited to less than 1000 tons. Current productions will be confined to ore removed in the process of advancing the development heading north from the shaft and possible ore from the proposed exploration heading.

(d) Presently indicated ore reserves are based on drill hole intercepts of the vein in one churn drill hole and 17 diamond drill holes. Essentially 100% core recovery was obtained in the diamond drill holes and the core was split and sampled for assay at one foot intervals. The drill hole data were submitted to Mr. R. F. Hewlitt of the University of Arizona for analysis on the University's computer. The computer results are set out in the attached report and generally check with the results obtained by usual methods of computation. Depending upon the width mined and the cutoff grade used, the indicated reserves vary from 280,000 tons assaying 30.0 ounces of silver per ton to 1,000,000 tons assaying 12.5 ounces of silver per ton. In addition to the silver content the ore contains sufficient gold, lead, zinc, and copper to yield an estimated three to four dollars per ton. The drill logs and assays on which the ore reserve estimates are based are attached hereto.

(e) The general geologic features of the property have been summarized in paragraph 3 (a) above. The fissure outcrops for over 3,000 feet and drill hole intercepts have proven its continuation for at least an additional 1,000 feet under alluvium to the north of the outcrop. In drill hole intercepts the fissure varies in width from 6.0 feet to 30.0 feet and averages approximately 16.0 feet.

The fissure is oxidized to the depth of the deepest drill hole penetration. Gangue minerals include quartz, adularia, calcite, barits, fluorspar, and miner amounts of iron oxide. Ore minerals include argentite, galena, cerargyrite, cerussite, desdoizite, malachite, chrysocalla,

and oxidized zinc minerals.

A more detailed discussion of the geology is set out in the attached copy of a report by Mr. S. S. Alderman, Jr.

(f) The exploration in the area north of the shaft has been successful in indicating a substantial tonnage of relatively high grade silver ore. The vein outcrops on the surface for over 1,000 feet south of the shaft. Exploration in this area has been confined to 90 feet of drift on the vein from the 130 foot level of the shaft and 300 feet of drift on the 170 foot level. One diamond drift hole DDH #4 intercepted ore grade mineralization in the vein at a point approximately 300 feet south of the shaft. We believe that this drill hole and the results obtained in the south drift on the 170 foot level indicate a possible ore shoot in the fissure south of the shaft which may be comparable to the ore shoot developed north of the shaft. The log and assays of DDH #4 and an assay map of the south drift on the 170 foot level are attached hereto.

(g) Two copies of maps, drill logs, assays and engineering and geologic reports are attached hereto.

4. Accessibility of Property

(a) The superintendent in charge of the development program now in progress at the Escalante Mine is Mr. Philipp Hulse, who resides at the mine. Mr. S. S. Arentz of 520 East 4th South Street, Salt Lake City, is manager of the Escalante operations and will be pleased to meet the O M E representative who may examine the mine at the property.

The telephone number of Mr. Hulse at the mine is Barclay 2 which is a toll station rung by the telephone operator in Cedar City, Utah.

The telephone number of Mr. Arentz and the Escalante Silver Mines Company is 355-2827 in Salt Lake City, Utah.

The property is situated on the main county road along the west side of the Escalante Valley approximately eight road miles north of Enterprise, Utah. It is 2 1/2 road miles south of Utah State Highway 56 at an intersection approximately 40 road miles west of Cedar City, Utah.

(b) The property is situated approximatley 45 road miles west of Cedar City, Utah, the principal supply point in the area, and is approximately 16 road miles east of Modena, Utah, a shipping point on the main line of the Union Pacific Railroad between Salt Lake City and Los Angeles.

5. Exploration Work

(a) The proposed exploration work consists of advancing 1,200 feet of 5x7 drift along the fissure from the face of the south drift on the 170 foot level of the incline shaft as shown on the attached maps. If, after advancing an initial 600 feet of drift on the fissure, the government and the company mutually consider it desireable to explore the southerly continuation of the fissure by diamond drilling instead of drifting, it is proposed to substitute 3,000 feet of diamond drilling from the surface for the second 600 feet of drifting. The diamond drill holes would be drilled on a 60° to 70° slope toward the fissure from the hanging wall side and would be designed to intercept the fissure at depths ranging from 200 to 600 feet at intervals along the project strike of 200 to 300 feet.

(b) Not applicable

(c) If an O M E contract is executed, work on the project would start within 10 days thereafter, and would be finished in not to exceed eight months. The monthly rate of advance in the drift heading is anticipated to be 150 feet and on diamond drilling the anticipated advance is 1,000 feet per month.

6. Experience

Samuel S. Arentz, Manager, Escalante Silver Mines Company is a graduate mining and metallurgical engineer with over thirty years experience as a miner, engineer, foreman, superintendent and manager of mining and milling operations, including exploration development and production. For the past ten years he has been self employed as a consulting engineer and independent mine operator.

Philipp C. Hulse, Superintendent, Escalante Mine, is a graduate mining engineer with over ten years experience as a miner, mine mechanic, mine leaser, and engineer and supervisor of mining and tunnel contracting operations.

7. Estimate of Costs

It is proposed to carry the proposed exploration drifting south from the shaft simultaneously with our current program of development drifting north from the shaft and it will be difficult to allocate costs between the two projects. For this reason we propose that the contract covering the proposed exploration work be based on an agreed unit cost as though the work were being done by an independent contractor, such agreed unit cost to include all labor, supervision, engineering, sampling, assaying, operating supplies, power, and equipment rental. This would also include payroll taxes, industrial insurance, equipment repairs, and the cost of the care and maintenance of change house facilities, hoisting facilities and other equipment now on the property, or to be installed on the property, which would facilitate the completion of the exploration work.

The proposed diamond drilling, if any, would be performed by an independent contractor with Escalante Silver Mines Company providing the site preparation, drill roads, logging the holes, splitting and sampling the core, and providing any required engineering and supervision. It is proposed to set this work on an agreed unit price to cover the services performed by the independent contractor plus the services to be performed by Escalante Silver Mines Company and to include assaying of samples by an independent custom assay office.

(a) Attached are bids received from Sprague and Henwood, Inc.; Nichols Core Drilling Company, and Joy Manufacturing Company covering diamond drilling at the Escalante property. Both Nichols and Sprague and Henwood have done diamond drilling at the property in the past and are familiar with the conditions. All of the bids provide that Escalante Silver Mines Company provide roads, drill sites, and water, in addition to paying for cementing, casing, reaming, etc. in addition to the base price per foot. Our past experience indicates that the total cost will be approximately $10.00 per foot, including supervision, logging and assaying, and we propose that this figure of $10.00 per foot be allowed as an agreed price per foot for all diamond drilling completed as part of the project.

(b-g) Inclusive

We have solicited bids from independent contractors covering advancing 1200 feet of drift on the 170 foot level of the present shaft as contemplated by the proposed exploration project. Bids have been received from the Centennial Development Company and from Boyles Brothers

Drilling Company. Copies of the bids are attached. The Centennial bid is $62.50 and the Boyles bid is $72.50 per foot to which must be added the cost of engineering and supervision to be furnished by Escalante Silver Mines Company.

We propose an agreed unit price of $50.00 per foot of completed drift, such price to include all costs of advancing the drift, plus engineering, supervision and assaying. We propose this method of operation because it will be difficult to make an adequate allocation of costs between the exploration project and our own development operation being conducted on the same level through the same shaft.

We would be pleased to submit such additional data as may be required for arriving at a decision on this application.

Very truly yours,

Samuel S. Arentz
Vice President
Escalante Silver Mines Co., Inc.

1. (a)

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

October 7, 1964

Mr. Edward E. Arthur, Vice President
The Continental Bank and Trust Company
Salt Lake City 10, Utah

Dear Mr. Arthur:

The Escalante Mining Venture, a joint venture of Chief Consolidated Mining Company and Armet Company, purchased the Escalante Mine in October, 1958, after completing preliminary drill hole exploration of the property. The property is situated in Iron County, Utah, and consists of 4 patented and 25 unpatented mining claims. During the period since early 1958, the joint venture has expanded over three hundred thousand dollars on the explorations and development of the property, and has been successful in delineating an ore body containing an estimated 500,000 tons of ore averaging 20 to 25 ounces of silver per ton. Most of the indicated tonnage of ore is below the water level in the area and it will require a major pumping program to make it available for mining.

In 1963 the joint venture entered into an agreement with Minerals and Chemicals Philipp Corporation under which the venture transferred ownership of the property to Escalante Silver Mines Company, Inc., a Utah Corporation, and Minerals and Chemicals Philipp Corporation agreed to advance certain funds for equipping and developing the mine for production. We are currently preceeding with a program consisting of advancing two thousand feet of drift along the vein on the 170 level of an exploratory shaft on the property. The drift is being advanced just above the water level and is for the purpose of obtaining additional information on the continuity of the ore and the feasibility of unwatering the main ore body indicated by the drill holes. It is anticipated that the drift will develop an estimated 50,000 to 100,000 tons of ore above water level for mining. This initial project will cost an estimated $120,000 and is now approximately 50% completed with encouraging results.

In connection with the above work, we propose to advance 1200 feet of drift on the vein and/or complete 3,000 feet of diamond drilling through the vein in the area south of the area explored by our present program. The vein outcrops prominently on the surface for over 1200 feet south of the area we have developed and on the basis of the results obtained from the drill holes and drifts immediately north of this area we believe that there is an excellent chance of developing a relatively high grade silver ore body by the proposed explorations.

Should the explorations be successful, it will greatly enhance the prospects of our proceeding with a full scale unwatering and development program with reasonable assurance that the mine will be a profitable venture.

The proposed program will cost an estimated $60,000. We have funds available to pay one quarter the cost of the project, but will need to borrow $45,000 to complete the project.

Escalante Silver Mines Company owns the patented mining claims on which the proposed exploration work will be conducted, and has the necessary equipment with which to complete the proposed drifting. Diamond drilling, if any, will be contracted to a reliable drilling contractor. The project will be under the direction of experienced mining engineers and mine operators.

Will Continental Bank loan the required $45,000 to Escalante Silver Mines Company, and, if so, on what terms?

Thanking you for your consideration of the above request.

Sincerely yours,

Escalante Silver Mines

Samuel S. Arentz
Vice President

SSArmj

1-(a)

THE CONTINENTAL BANK AND TRUST COMPANY

SALT LAKE CITY 10, UTAH

October 7, 1964

Mr. Samuel S. Arentz
Mining Engineer
520 East Fourth South
Salt Lake City, Utah

Dear Mr. Arentz:

You have asked that we consider a $45,000.00 loan to Escalante Silver Mines Company for the purpose of completing an exploration program.

For some years we have taken the position at The Continental Bank that the granting of credit in the mining field required highly technical knowledge in a specific field. Decision at our policy level has been made to refrain from lending activities in this field and we have, accordingly, not developed personnel qualified to properly assess the credit factors involved. Accordingly, we do not feel in a position to grant the credit which you have requested.

Let me take this opportunity to express personal appreciation for your having thought of us in connection with your needs. We hope you might call on us again and that such needs as you may then have will be in an area in which we can offer service.

Kindest regards.

Very truly yours,

Edward E. Arthur

Edward E. Arthur
Vice President

EEA/jc

1. (a)

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

October 6, 1964

Mr. A. B. Kesler, Jr., Vice President
Walker Bank and Trust Company
Walker Bank Building
Salt Lake City, Utah

Dear Mr. Kesler:

The Escalante Mining Venture, a joint venture of Chief Consolidated Mining Company and Armet Company, purchased the Escalante Mine in October, 1958, after completing preliminary drill hole exploration of the property. The property is situated in Iron County, Utah, and consists of 4 patented and 25 unpatented mining claims. During the period since early 1958, the joint venture has expended over three hundred thousand dollars on the explorations and development of the property, and has been successful in delineating an ore body containing an estimated 500,000 tons of ore averaging 20 to 25 ounces of silver per ton. Most of the indicated tonnage of ore is below the water level in the area and it will require a major pumping program to make it available for mining.

In 1963 the joint venture entered into an agreement with Minerals and Chemicals Philipp Corporation under which the venture transferred ownership of the property to Escalante Silver Mines Company, Inc., a Utah Corporation, and Minerals and Chemicals Philipp Corporation agreed to advance certain funds for equipping and developing the mine for production. We are currently preceeding with a program consisting of advancing two thousand feet of drift along the vein on the 170 level of an exploratory shaft on the property. The drift is being advanced just above the water level and is for the purpose of obtaining additional information on the continuity of the ore and the feasibility of unwatering the main ore body indicated by the drill holes. It is anticipated that the drift will develop an estimated 50,000 to 100,000 tons of ore above water level for mining. This initial project will cost an estimated $120,000 and is now approximately 50% completed with encouraging results.

In connection with the above work, we propose to advance 1200 feet of drift on the vein and/or complete 3,000 feet of diamond drilling through the vein in the area south of the area explored by our present program. The vein outcrops prominently on the surface for over 1200 feet south of the area we have developed and on the basis of the results obtained from the drill holes and drifts immediately north of this area we believe that there is an excellent chance of developing a relatively high grade silver ore body by the proposed explorations.

Should the explorations be successful, it will greatly enhance the prospects of our proceeding with a full scale unwatering and development program with reasonable assurance that

the mine will be a profitable venture.

The proposed program will cost an estimated $60,000. We have funds available to pay one quarter the cost of the project, but will need to borrow $45,000 to complete the project.

Escalante Silver Mines Company owns the patented mining claims on which the proposed exploration work will be conducted, and has the necessary equipment with which to complete the proposed drifting. Diamond drilling, if any, will be contracted to a reliable drilling contractor. The project will be under the direction of experienced mining engineers and mine operators.

Will Walker Bank loan the required $45,000 to Escalante Silver Mines Company and, if so, on what terms?

Thanking you for your consideration of the above request.

Sincerely yours,

Escalante Silver Mines

By Samuel S. Arentz
Vice President

SSA:mj

1-(a)

HEAD OFFICE

WALKER BANK & TRUST COMPANY

ESTABLISHED 1859 MEMBER FEDERAL RESERVE SYSTEM

SALT LAKE CITY, UTAH

October 7, 1964

Mr. Samuel S. Arentz
Vice President
Escalante Silver Mines Co.
520 East 4th South Street
Salt Lake City, Utah

Dear Mr. Arentz:

We have received your letter of October 6, 1964, outlining your exploration and development program and requesting our favorable consideration of a $45,000 loan to complete your project.

As a matter of policy, we have never made loans to mining companies for the purposes of exploration and development, and regret that we are unable to make the loan to you as you requested. Our basic reasons are the rather uncertain nature of the work to be performed, the problem of a definite repayment program and the long-term nature of the loan requested.

We do, however, appreciate your bringing your request to our attention.

Yours very truly,

A. B. Kesler, Jr.
Vice President

ABK:eo

SIDNEY S. ALDERMAN, JR.
814 NEWHOUSE BUILDING
SALT LAKE CITY 11, UTAH
TELEPHONE ELGIN 9-0976

GEOLOGY OF THE ENTERPRISE SILVER MINE
ESCALANTE MINING VENTURE

Introduction

Seven days were spent in a field examination of the Enterprise or Holt silver mine, for the Escalante Mining Venture. The surface geology was mapped on a scale of 1" = 100', and underground workings were mapped on a scale of 1" = 20'. The diamond drill core at the property was examined and logged. The vein intersections in the drill core were not available for study at the time this examination was made, and further work remains to be done on mineralogy, paragenesis, and vein structure.

General Description of the Geology:

The property is six miles north of Enterprise, in western Iron County, near the Washington County line. The general geology of the area has been described in U. S. G. S. Professional Paper 111 by B. S. Butler, pages 563-568. This portion of Iron County is characterized by extrusive igneous rocks, including latite, rhyolite, and rhyolite tuff, and related water-lain volcanic sediments.

The claims are in low hills at the southwestern edge of a broad alluvial valley. Maximum relief on the property is about 150 feet. The country rock consists of gently dipping water-lain volcanics. A northeast striking, northwest dipping fissure vein outcrops prominently on a low ridge which extends into the flat alluvial valley. The silicified rock on the footwall of the vein forms a low outcropping ridge along the

exposed portion of the vein.

The outcrop of the vein can be traced on the surface for 2,000 feet. Discontinuous outcrops of this vein, or parallel veins are exposed for an additional 1,500 feet on the low hill to the southwest. To the northeast, the vein disappears under alluvium, and its extent in this direction is unknown.

Host Rocks:

The host rock is a water-lain volcanic sediment consisting of interbedded tuffaceous sandstone and tuffaceous conglomerate. The beds range from 2 inches to 6 feet thick. The sandstone beds display cross-bedding, channel filling, and other sedimentary structure indicating a water-lain origin. As far as can be determined by the hand lens, the sandstone is composed entirely of fragments of volcanic rock. The conglomerate beds contain rounded pebbles and cobbles of pumice, rhyolite, andesite, and minor basalt, up to 6 inches in diameter, in a matrix of tuffaceous sandstone.

On the weathered outcrop, the color of the rock is rusty brown. In fresh drill core, the color ranges from light reddish-brown to light grey. Where the rock is unsilicified, both the sandstone and the conglomerate are highly porous, and probably quite permiable, although they are firmly cemented.

Structure:

The sediments have a uniform east-west strike and a 12° -13° south dip on the surface outcrop. The only major fault encountered to date is the fissure which contains the mineralized vein. This structure strikes N25°-30°E, dips 58°-70° northwest, and has a width on the surface outcrop of 8 to 10 feet. The amount and direction of movement on this fissure is unknown, although it is probably a normal fault.

There is no evidence on the surface outcrop, or in the drill core of any faulting which might seriously displace the main fissure, either on strike, or at depth.

The fissure is remarkably consistent in strike and dip for an exposed strike length of 1,500 feet, north of the main shaft. Two hundred feet south of the main shaft, the fissure flattens in dip and splits. A continuation of the main segment is exposed about 600 feet south of the split. The minor segment apparently pinches out.

All of the drill holes have encountered a width of fissure consistent with or greater than the widths exposed on the surface, with the exception of Hole No. 5. In this hole, a zone of crushed wall rock and clay gouge was encountered at the fissure projection, and probably represents a local "pinch" or tight zone, which may be related to the split, dip change, and pinch exposed 200 feet south of the main shaft. If this is the case, a 60°-70° north plunge of vein structure is indicated.

The vein matter has a strongly banded structure, indicating that the vein grew by secretion, rather than by simple fissure filling. Repeated movement along the main fissure permitted multiple surges of mineralizing solutions to enter. This type of vein growth normally results in more consistent widths and values than simple one-surge vein filling.

Mineralization:

All of the ore encountered to date is completely or partially oxidized, and the composition of the primary mineralization is unknown. Minor amounts of sulphide minerals have been observed, consisting of galena, sphalerite, pyrite, and arsenite. Secondary minerals are also scarce, and consist of malachite, chrysocolla, and a crystalline yellow mineral, possible local vanadate.

The gangue is strongly banded, finely crystalline to crypto-crystalline quartz, varying amounts of calcite and manganese calcite, and small amounts of fluorite. [illegible] pyrite are also present. As noted in the introduction, the writer has not had a chance to make a detailed study of the vein intersections in the drill core, and therefore, has made no determination of paragenesis, or detailed mineralogy.

Economic Considerations

The present workable [illegible] vein [illegible] 150 feet below the surface, and approximately 50 feet below the [illegible] shaft. A very definite [illegible] vein [illegible] 300 feet below the surface, in the deepest hole. [illegible] wide fluctuation in [illegible] cannot be predicted [illegible]

Water Problems

[illegible] water [illegible] 100 [illegible] has been very difficult [illegible]

[illegible] well [illegible]

[illegible] water [illegible]

Conclusions

[illegible] the vein [illegible]

[illegible] silver values which [illegible] to be fairly continuous and

ESCALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Hole No. 1

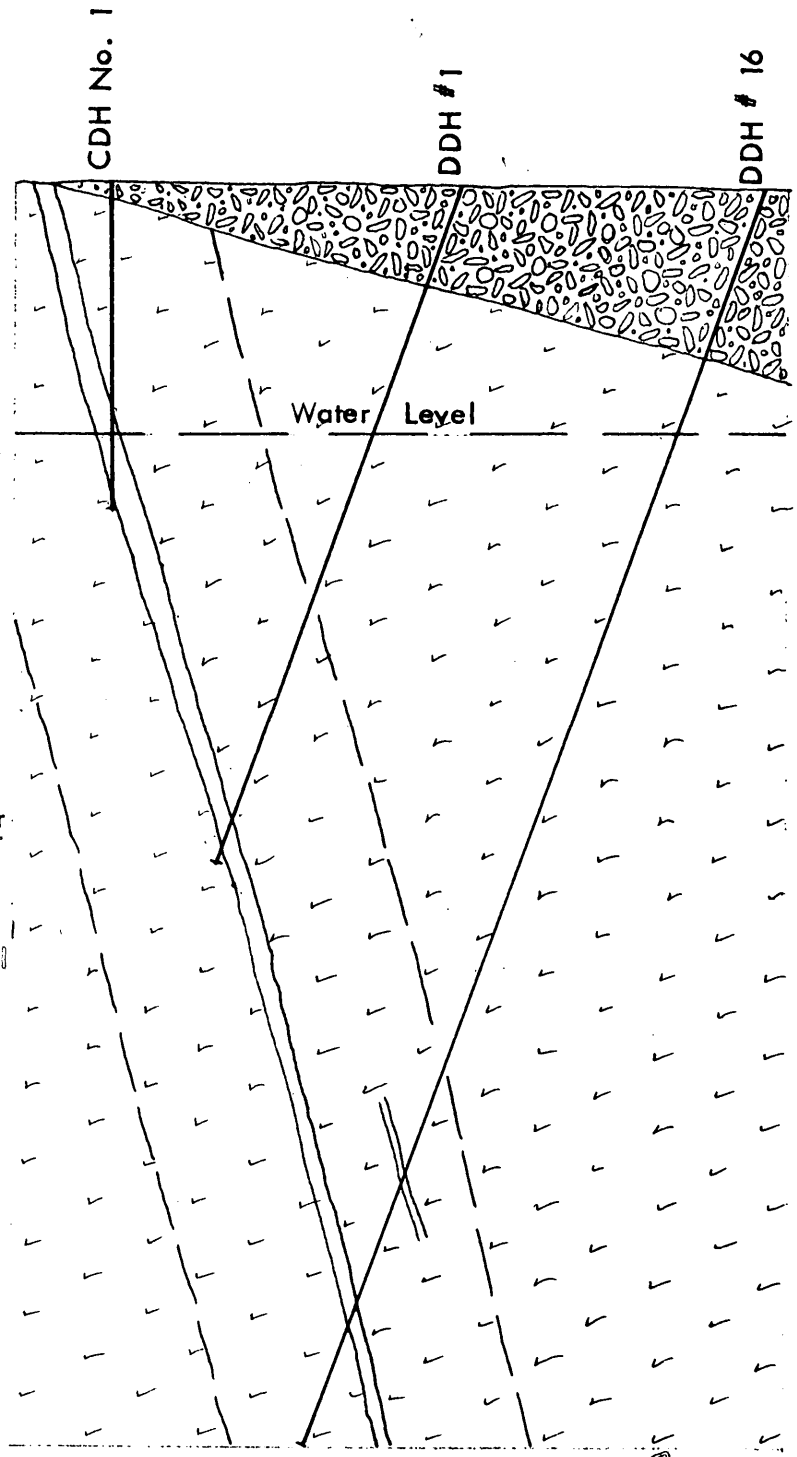
Drawn by:

Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 1

Co-ordinates: 17,295 N
14,219 E

Collar Elevation: 5,241
Course and Dip: S65° E -70°
Driller: Boyles Brothers
Depth of Hole: 371'
Depth to water:



The hole was drilled to intercept the fissure down dip from CDH No. 1. The hole was collared approximately 225' in the hanging wall of the fissure and intercepted the fissure from 343' to 361' with nearly 100% core recovery.

Samples of the core at 1' intervals assayed as follows:

Depth		Assay	Depth		Assay
From	To	Oz. Silver	From	To	Oz. Silver
343	344	5.1	357	358	98.9
344	345	6.2	358	359	91.6
345	346	8.7	359	360	46.1
346	347	3.7	360	361	7.5
347	348	11.0	361	362	5.9
348	349	5.7	362	363	4.7
349	350	14.2	363	364	4.6
350	351	43.1	364	365	5.1
351	352	36.0	365	366	4.6
352	353	42.2	366	367	4.7
353	354	31.4	367	368	4.8
354	355	44.7	368	369	5.0
355	356	81.4	369	370	4.7
356	357	86.1	370	371	4.5

Fissure intercept from 343' to 361' indicating 11.5' of fissure, assaying 36.9 ozs. silver per ton.
Ore zone from 349 to 360' indicating 7.0' of fissure assaying 56.0 oz. of silver per ton.
The silicified footwall from 361 to 371' averaged 4.9 ounces of silver per ton.

ESCALANTE MINING VENTURE

Escalante Silver Mine
Log of Diamond Drill Hole No. 2

Drawn by:
Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 2

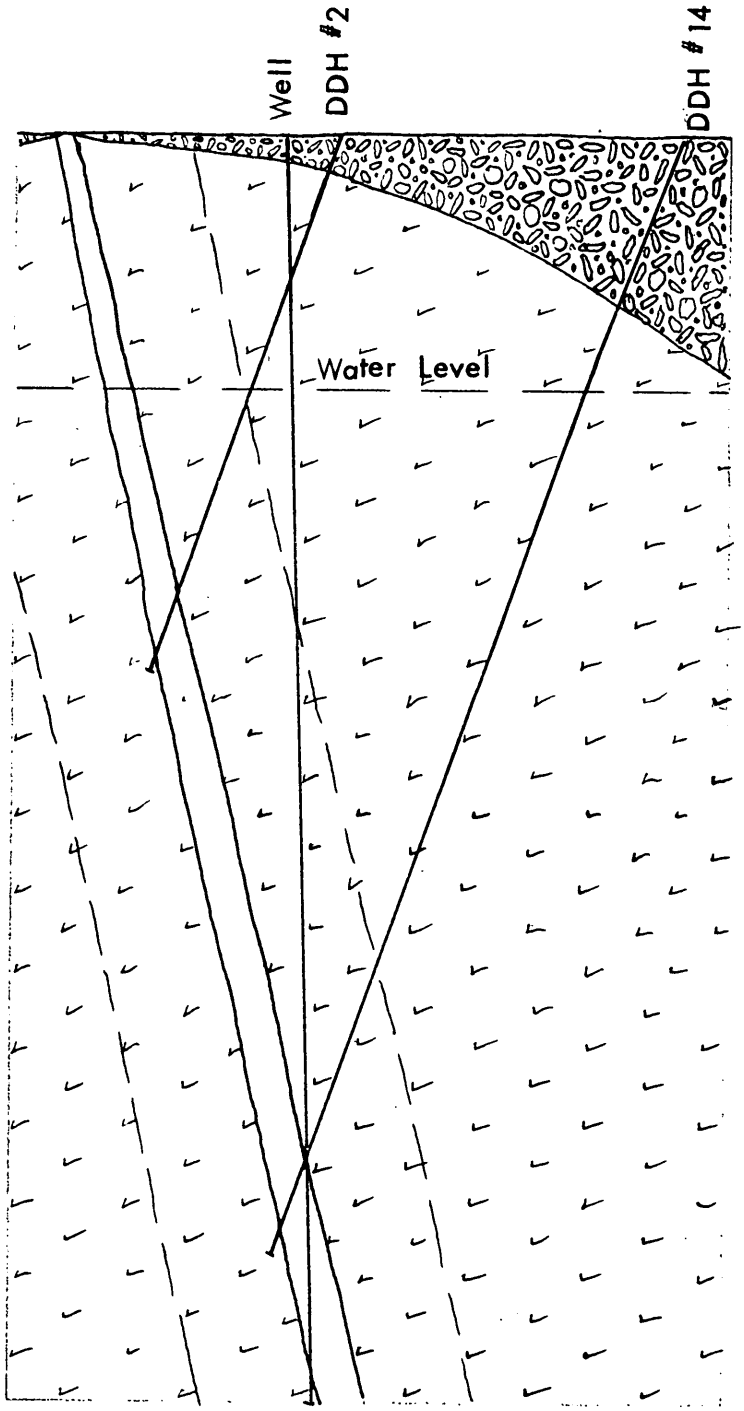
Co-ordinates: 17,695 N
14,490 E

Collar Elevation: 5,241
Course and Dip: S65°E -70°
Depth of Hole: 290'
Depth of Water:
Driller: Boyles Brothers

The hole was drilled to intercept the fissure approximately 500' north of CDH No. 1. The hole was collared approximately 150' in the hangingwall of the fissure and drilled through 27.5' of overburden to solid rock. The hole intercepted the fissure from 244 to 281' and was bottomed at 290'.

Samples of core at 1' intervals assayed as follows:

Depth From	Depth To	Assay Oz. Silver
239	240	11.0
240	241	2.5
241	242	6.4
242	243	1.8
243	244	7.4
244	245	126.8
245	246	85.7
246	247	28.9
247	248	31.9
248	249	71.8
249	250	12.8
250	251	10.7
251	252	9.6
252	253	8.9
253	254	12.7 10
254	255	4.8
255	256	4.7
256	257	2.2
257	258	5.5
258	259	17.3
259	260	22.6
260	261	8.3
261	262	4.4



From	To	Oz. Silver	From	To	Oz. Silver
262	263	6.7	275	276	7.6
263	264	6.7	276	277	12.7
			277	278	11.4
264	265	3.1	278	279	8.6
265	266	1.8	279	280	7.2
266	267	0.9	280	281	7.3
267	268	0.6	281	282	6.1
268	269	1.4	282	283	4.8
269	270	0.4	283	284	3.3
270	271	1.5	284	285	0.5
271	272	5.5	285	286	0.3
272	273	6.3	286	287	0.3
273	274	5.0	287	288	0.2
274	275	7.1	288	289	0.4

Composite -
243-282
Gold - trace
Copper - 0.09%

Fissure intercept from 244 to 281' indicates 23.7 feet of fissure normal to dip assaying 15.4 ounces silver per ton. Ore zone from 244 to 254' indicates 6.4' of fissure assaying 40.0 oz. silver per ton.

ESCALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Hole No. 3

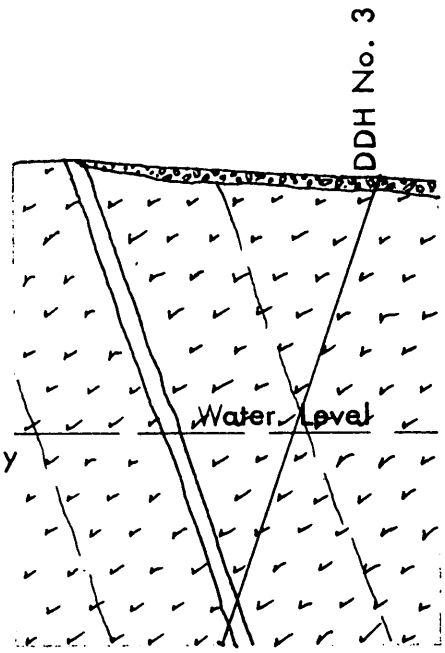
Drawn by:

Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 3

Co-ordinates: 16,822 N
14,068 E

Collar Elevation: 5,255'
Course and Dip: S65°E -70°
Depth of Hole: 250'
Depth to Water:
Driller: Boyles Brothers



Hole was drilled to intercept fissure approximately 500' south of CDH No. 1 and DDH No. 1. Hole was collared approximately 155' in hanging wall of fissure and drilled through overburden into solid rock at 3'. Hole intercepted fissure from 225 to 241' and bottomed at 250'.

Samples of core at 1' intervals assayed as follows:

Depth From	Depth To	Assay Oz. Silver	Depth From	Depth To	Assay Oz. Silver
222	223	2.1	232	233	24.5
223	224	1.2	233	234	14.4
224	225	1.4	234	235	1.4
225	226	2.9	235	236	1.1
226	227	35.7	236	237	4.4
227	228	13.1	237	238	5.0
228	229	27.8	238	239	10.1
229	230	52.5	239	240	6.5
230	231	25.2	240	241	4.6
231	232	7.2	241	242	5.0

Fissure intercept from 225 to 241' indicates fissure width of 10.2 feet assaying 14.7 ounces silver per ton. Ore zone from 226 to 234 indicates 5.1 feet assaying 25.0 ounces silver per ton.

ESCALANTE MINING VENTURE

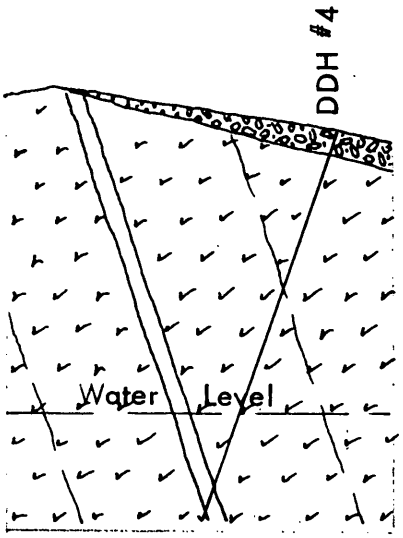
Escalante Silver Mine

Log of Diamond Drill Hole No. 4

Drawn by:

Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 4



Co-ordinates: 16,350 N
13,840 E

Collar Elevation: 5,267
Course and Dip: S65°E -70°
Depth of Hole: 209'
Depth to Water:
Driller: Boyles Brothers

The hole was drilled to intercept approximately 1000' south of Diamond Drill Hole No. 1. Hole was collared approximately 135' in hangingwall of fissure and intercepted the fissure from 188' to 206' indicating 11.5' of fissure. The ore zone is from 190 to 198' for an indicated width of 5.1. Some gouge was encountered on footwall side of fissure with poor core recovery.

Samples of core assayed as follows:

Depth From	Depth To	Assay Oz. Silver	Depth From	Depth To	Assay Oz. Silver
188	189	2.8	196	198	6.4
189	190	2.1	198	200	3.4
190	191	87.4	200	202	3.0
191	192	30.8	202	204	6.3
192	194	42.4	204	205	4.7
194	196	8.1	205	206	3.3

The fissure intercept from 188 to 206' indicates a fissure width of 11.5 feet with an average assay of 15.0 ounces silver per ton. The ore zone from 190 to 198 feet indicates 5.1' of fissure assaying 29.0 ounces silver per ton. ?

ESCALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Hole No. 5

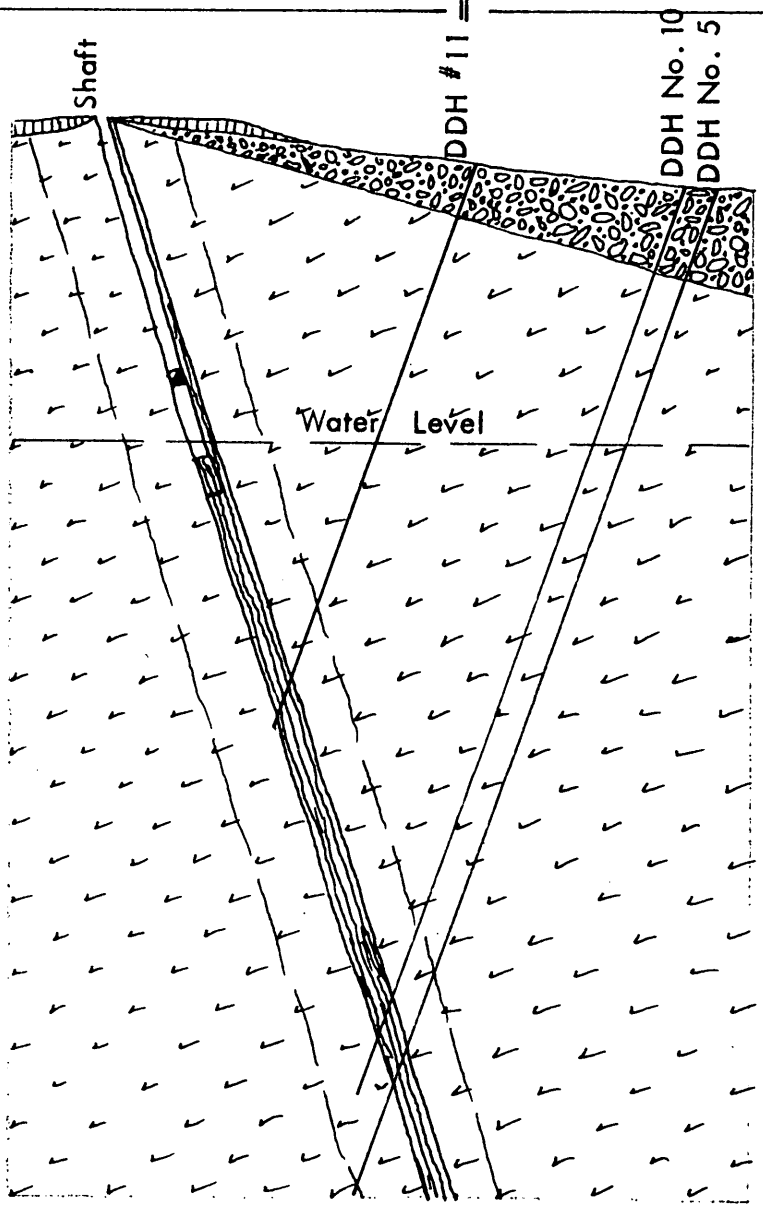
Drawn by: SS Chuntz

Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 5

Co-ordinates: 16,635 N
13,795 E

Collar Elevation: 5,251
Course and Dip: S65°E - 70°
Depth of Hole: 550'
Depth to Water:
Driller: Boyles Brothers



The hole was drilled to intercept the fissure approximately midway between Diamond Drill Hole No's. 3 and 4 and down dip from the old inclined shaft. Very poor core recovery was obtained from that section of the hole representing the fissure intersection and it appears that at this point the fissure is filled with mud or gouge with fragments of vein material. The fissure intersection was apparently made from 475 to 493, but alteration of the wall rocks producing clay minerals makes it difficult to accurately determine the fissure intercept. Diamond Drill Hole No. 10 was drilled adjacent to this hole up the dip of the fissure approximately 22 feet and was successful in obtaining core of vein material, but still showed the alteration and gouge material along the footwall section of the fissure.

Samples of core and mud assayed as follows:

Depth From	Depth To	Assay Oz. Silver
475	476	0.22
476	477	0.40
477	478	0.62
478	479	0.52
479	480	0.46
480	481	0.28
481	486.5	0.30
486.5	492	0.66
492	493	1.28

Depth From	Depth To	Assay Oz. Silver
493	501	0.52
501	505	0.30
505	509	0.36
509	510	0.14
510	511	0.22

NG

E ALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Hole No. 6

Drawn by:

Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 6

Co-ordinates: 17,562 N
14,139 E

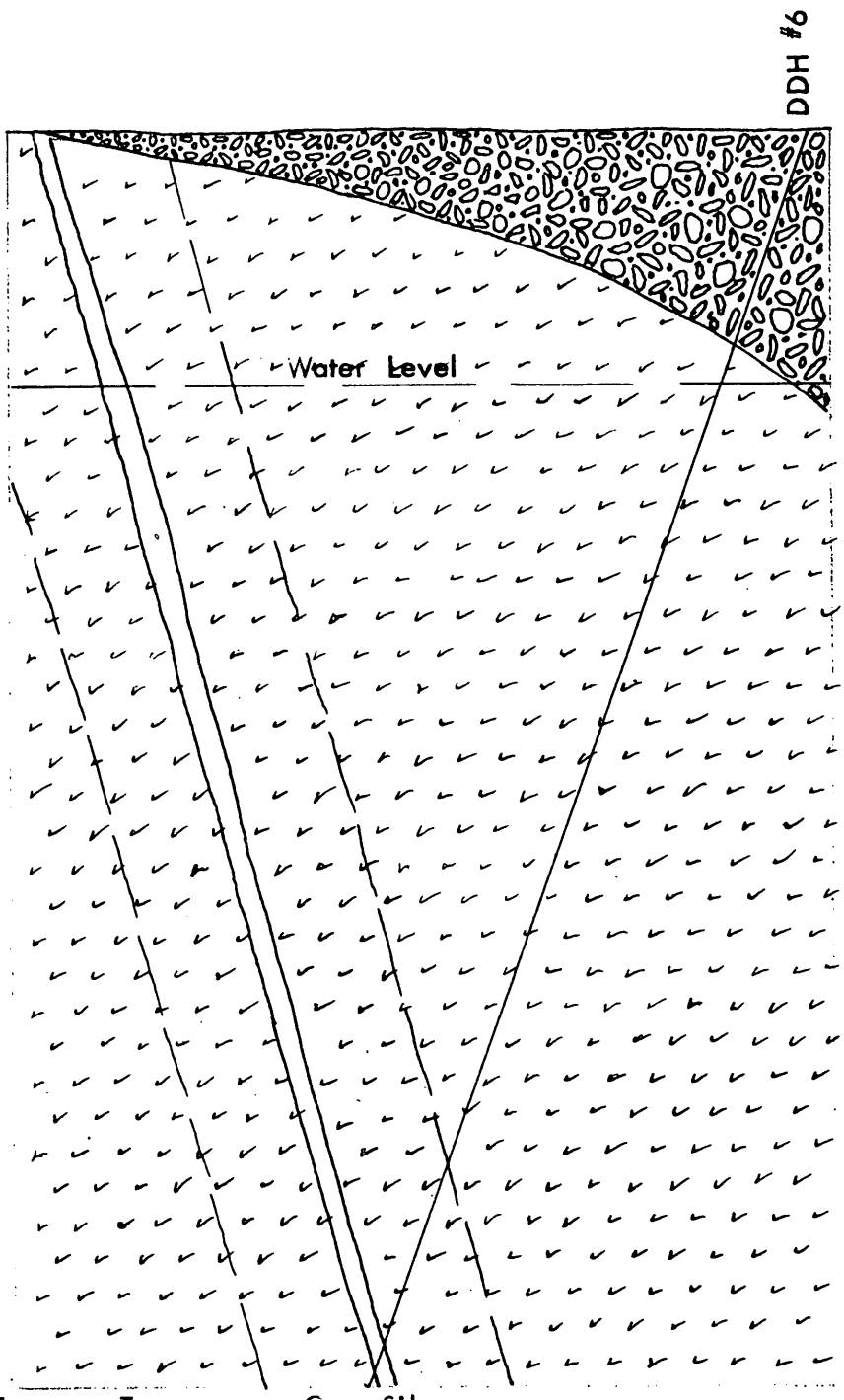
Collar Elevation: 5,243
Course and Dip: S65°E - 70°
Depth of Hole: 695'
Depth to Water:
Driller: Boyles Brothers

The hole was drilled to intercept the fissure midway between Diamond Drill Holes No. 1 and No. 2 and further down dip than any of the previous holes. The hole intercepted the fissure from 670 to 688' and bottomed at 695'. Excellent core recovery was made through the fissure.

Fissure intercept from 671 to 688' indicates 10.9 feet width normal to dip of fissure, assaying 9.6 ounces of silver. Ore zone from 675 to 684' indicates 5.4' of fissure assaying 15.3 oz. silver per ton. marginal at best

Samples of core assayed as follows:

Depth From	Depth To	Assay Oz. Silver
671	672	3.0
672	673	2.7
673	674	1.6
674	675	1.3
675	676	17.4
676	677	10.3
677	678	7.7
678	679	7.3
679	680	16.0
680	681	27.8
681	682	32.5
682	683	8.2
683	684	10.5
684	685	7.0
685	686	3.9
686	687	2.8
687	688	3.1



From	To	Ozs. Silver
688	689	0.15
689	690	0.10
690	691	0.16
691	692	0.35
692	693	0.85
693	694	0.15
694	695	0.30

ALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Hole No. 7

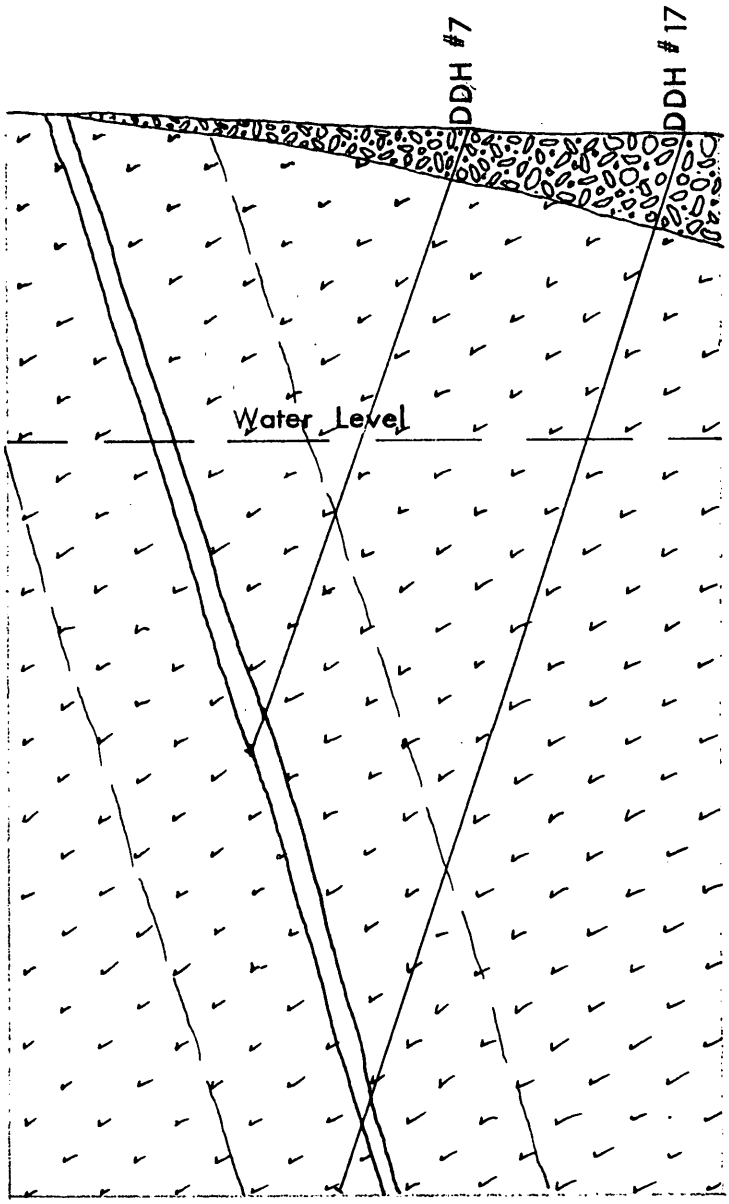
Drawn by:

Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 7

Co-ordinates: 17,057 N
14,118 E

Collar Elevation: 5,243'
Course and Dip: S65°E-70°
Depth of Hole: 337'
Depth to Water:
Driller - Boyles Brothers



The hole was drilled to intercept the fissure midway between Diamond Drill Hole No's. 1 and 3. The hole intercepted the fissure from 310 to 337' and bottomed at 336'.

Samples of core assayed as follows:

Depth From	Depth To	Assay Oz. Silver
309	310	3.0
310	311	5.5
311	312	18.5
312	314	91.1
314	315	18.0
315	316	22.5
316	317	9.1
317	318	7.4
318	319	9.0
319	320	4.2
320	321	8.1
321	322	7.5
322	323	23.1
323	324	21.4
324	325	10.7
325	326	6.4
326	327	6.5
327	328	2.2
328	329	5.2
329	330	4.3

N.G.

=11.2oz

From	To	Oz. Silver
330	331	4.8
331	332	2.5
332	333	1.1
333	334	2.3
334	335	1.3
335	336	6.3
336	337	13.0

Fissure intercept from 310 to 337' indicates 17.3' width of fissure normal to the dip assaying 14.9 ounces silver per ton.
Ore zone from 311 to 325' indicates 9.0 feet of fissure assaying 24.4 oz. silver per ton.

ESCALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Holes No. 8 and No. 8A

Drawn by: SS Crosby

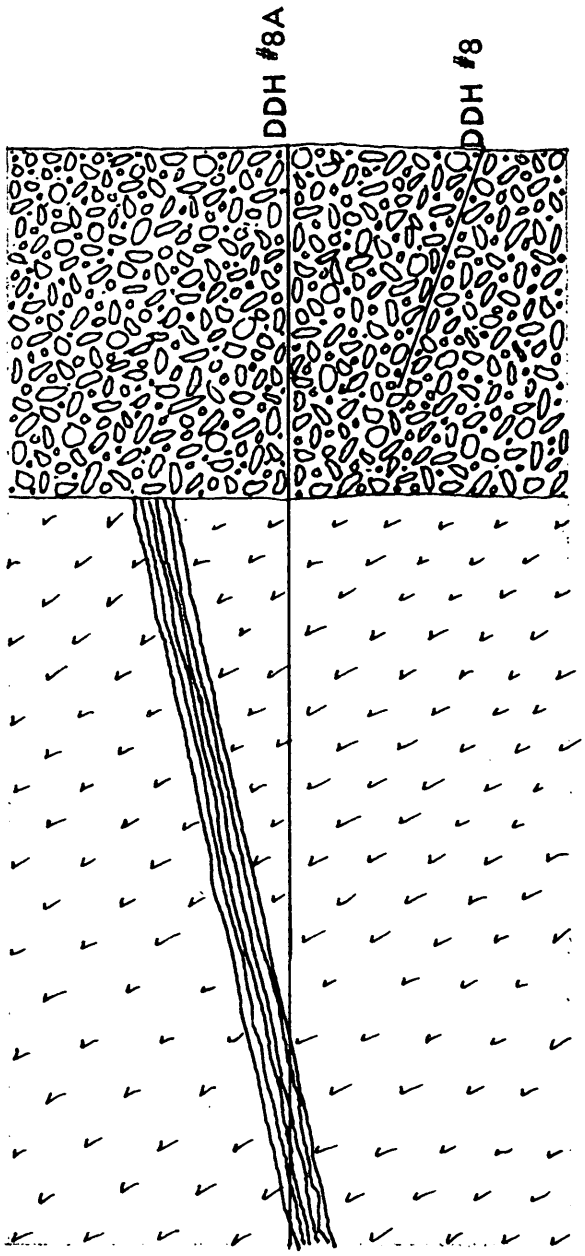
Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 8A

Co-ordinates: 18,248 N
14,765 E

Collar Elevation: 5,240
Course and Dip: Vertical
Depth of Hole: 565'
Depth to Water: 110'
Driller - Boyles Brothers

poor angle



Hole No. 8 was started from a point approximately 200' in the projected hanging wall of the fissure, 600' north of Diamond Drill Hole No. 2. The hole was drilled on a S 65° E course and a -70° dip, but was abandoned at 130' due to difficulty in drilling through the overburden.

Diamond Drill Hole No. 8A was collared approximately 100' in the projected hanging wall to intercept the fissure approximately 600 north of diamond drill hole No. 2. The hole drilled through the overburden into solid rock at 178' and intercepted the fissure from 468 to 562'. A smaller fissure was intercepted from 435 to 440 feet. The hole bottomed at 565' in a tuffaceous sandstone.

The fissure intercept from 468 to 559' indicates a width of 30.0 feet assaying 5.0 ounces silver per ton. The best section of the fissure from 540 to 558 represents 6.1 feet assaying 8.9 ounces silver per ton.

Samples of core assayed as follows:

NG

Depth From	Depth To	Assay Oz. Silver	Depth From	Depth To	Assay Oz. Silver	Depth From	Depth To	Assay Oz. Silver
435	437	8.20	472	473	0.72	481	482	0.66
437	438	4.50	473	474	0.86	482	483	1.24
438	439	2.20	474	475	0.70	483	484	6.10
439	440	2.28	475	476	0.64	484	485	10.93
			476	477	0.70	485	486	14.12
468	469	0.36	477	478	1.32	486	487	7.64
469	470	0.54	478	479	1.50	487	488	7.14
470	471	0.30	479	480	9.20	488	489	6.30
471	472	0.80	480	481	1.16	489	490	4.90

Page 2 - Diamond Drill Hole No. 8A - Assays (cont'd)

Depth From	Depth To	Assay Oz. Silver	Depth From	Depth To	Assay Oz. Silver	Depth From	Depth To	Assay Oz. Silver
490	491	5.24	515	516	0.80	538	539	2.20
491	492	10.40	516	517	0.32	539	540	5.62
492	493	8.70	517	518	0.40	540	541	9.20
493	494	4.50	518	519	0.76	541	542	12.64
494	495	1.82	519	520	0.48	542	543	7.78
495	496	2.42	520	521	0.40	543	544	9.44
496	497	2.66	521	522	0.44	544	545	5.40
497	498	1.32	522	523	0.36	545	546	3.72
498	499	3.88	523	524	0.84	546	547	5.90
499	500	2.80	524	525	0.82	547	548	5.04
500	501	2.64	525	526	1.08	548	549	7.80
501	504	4.52	526	527	0.48	549	550	5.40
504	505	8.92	527	528	0.32	550	551	6.24
505	506	4.93	528	529	1.44	551	552	3.08
506	507	6.10	529	530	2.00	552	553	1.04
507	508	17.24	530	531	4.50	553	554	7.24
508	509	20.60	531	532	7.24	554	555	23.04
509	510	6.34	532	533	7.52	555	556	24.16
510	511	3.17	533	534	13.60	556	557	6.04
511	512	11.58	534	535	3.68	557	558	16.60
512	513	6.30	535	536	4.90	558	559	6.48
513	514	3.30	536	537	1.84	559	560	1.72
514	515	0.36	537	538	2.50	560	561	0.52
						561	563	0.10

CALANTE MINING VENTURE

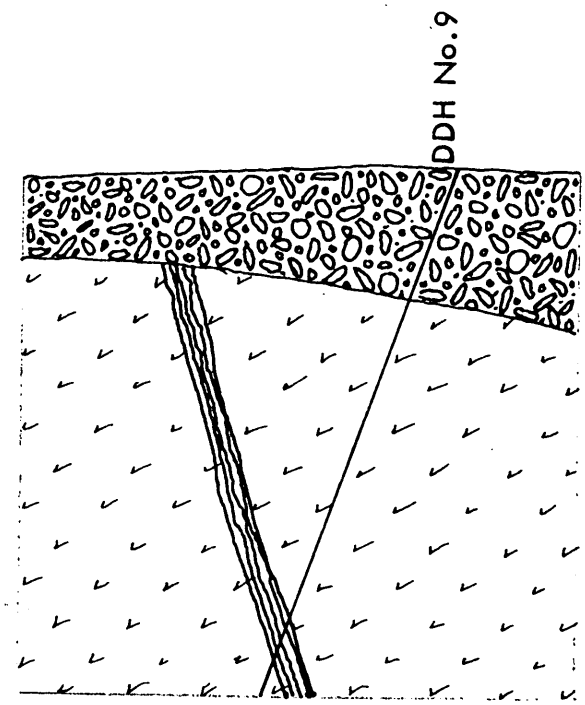
Escalante Silver Mine
Log of Diamond Drill Hole No. 9

Drawn by: S.S. Arenty
Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 9

Co-ordinates: 18,003 N
14,613 E

Collar Elevation: 5,242'
Course and Dip: S65°E -70°
Depth of Hole: 285'
Depth to Water:
Driller: Boyles Brothers



Hole was drilled midway between Diamond Drill Hole No's. 2 and 8A to intercept the fissure on dip from it's outcrop. The hole intercepted the fissure from 247 to 262' and bottomed at 285'. The footwall section of the fissure was mud with fragments of vein material and poor core recovery was obtained.

Samples of core assayed as follows:

Depth From	Depth To	Assay Oz. Silver
247	248	2.2
248	249	2.5
249	250	3.2
250	251	9.6
251	252	14.3
252	253	13.2
253	254	5.6
254	255	8.2
255	256	1.7
256	257	2.7
257	258	2.3
258	259	8.1
259	260	5.5
260	261	1.0
261	262	5.9

The fissure intercept from 247 to 262 feet represents a width of 9.0 feet assaying 5.7 ounces of silver per ton. Over half this width was gouge rather than vein material.

ESCALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Hole No. 10

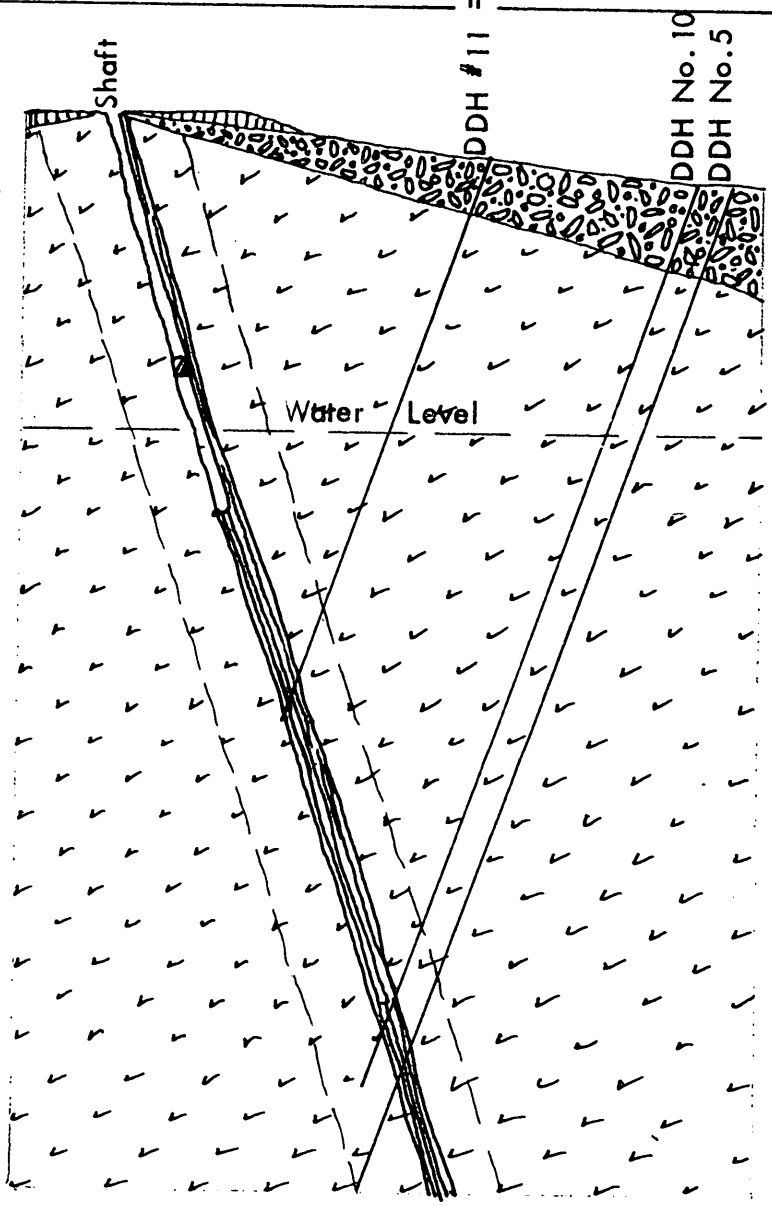
Drawn by: [illegible]

Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 10

Co-ordinates: 16,629 N
13,810 E

Collar Elevation: 5,252
Course and Dip: S65°E - 70°
Depth of Hole: 493'
Depth to Water:
Driller: Boyles Brothers



The hole was drilled to intercept the fissure on dip between the bottom of the shaft and Diamond Drill Hole No. 5. Due to a phone call to the drill foreman requesting him to move out from the location staked on the ground, the hole was moved too far out and is too close to Diamond Drill Hole No. 5. The hole was collared approximately 245' in the hanging wall of the fissure and intercepted the fissure from 446 to 465' for an indicated width of fissure of 13.4'. Poor core recovery was obtained in the section 451 to 465 and the footwall showed alteration producing clay minerals instead of the heavy silicification usually noted.

Samples of split core were assayed with the following results: NG

Depth From	Depth To	Assay Oz. Silver	Depth From	Depth To	Assay Oz. Silver
446	447	1.82	456	457	1.68
447	448	2.20	457	458	1. 30
448	449	2.96	458	459	3.62
449	450	1.78	459	460	5.12
450	451	5.40	460	461	8.70
451	453	0.82	461	462	6.20
453	455	3.36	462	465	4.00
455	456	2.00	465	469	1.56

ESCALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Hole No. 11

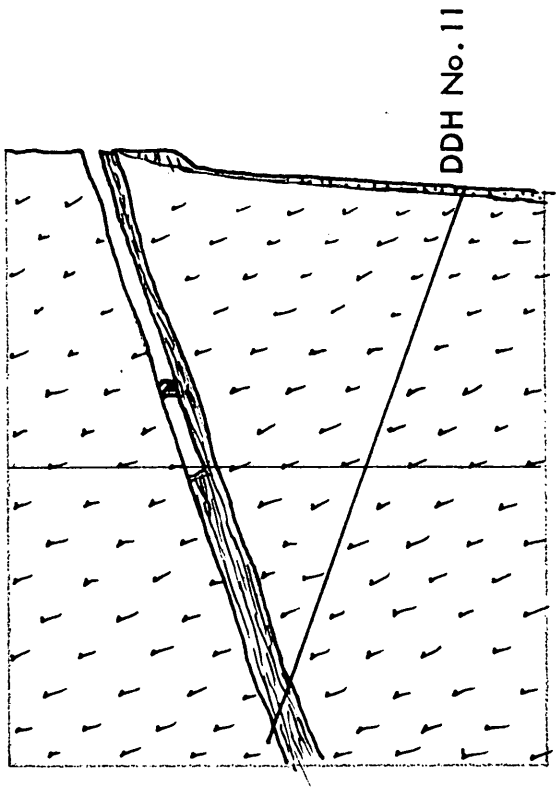
Drawn by: [illegible]

Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 11

Co-ordinates: 16,573 N
13,905 E

Collar Elevation: 5,260.3
Course and Dip: S65°E - 70°
Depth of Hole: 331.5'
Driller: Nichols and Thompson
Size of Core: BX



The hole was drilled to intercept the fissure approximately midway between the bottom of the shaft and DDH No. 10. The hole intercepted the fissure between 273.6 and 295.0 feet and was bottomed at 301.5 feet. The hole encountered 1.5 feet of alluvium and 8.5 feet of weathered tuff before going into fresh tuffaceous conglomerate. The water table was reached at 147 feet and the hole entered the silicified zone on the hangingwall of the vein at 250 feet. Core recovery was 100%.

The core was split and sampled at one foot intervals. Assays on samples were as follows:

NG

Depth From	Depth To	Ounces Silver	Depth From	Depth To	Ounces Silver
273.6	274	1.18	284	285	9.26
274	275	4.40	285	286	2.48
275	276	10.72	286	287	1.10
276	277	26.96	287	288	7.74
277	278	0.76	288	289	8.16
278	279	0.64	289	290	6.20
279	280	0.86	290	291	7.36
280	281	0.82	291	292	24.30
281	282	5.06	292	293	6.68
282	283	9.60	293	294	4.38
283	284	12.78	294	295	4.54

The total fissure intercept from 273.6 to 295 feet represents 12.8 feet of vein normal to the dip assaying 7.5 ounces silver per ton. From 282 to 293' in the hole represents 6.5' of fissure assaying 8.7 ounces silver per ton. This checks with the results of samples in the shaft and with DDH No. 10 which is down dip from this hole.

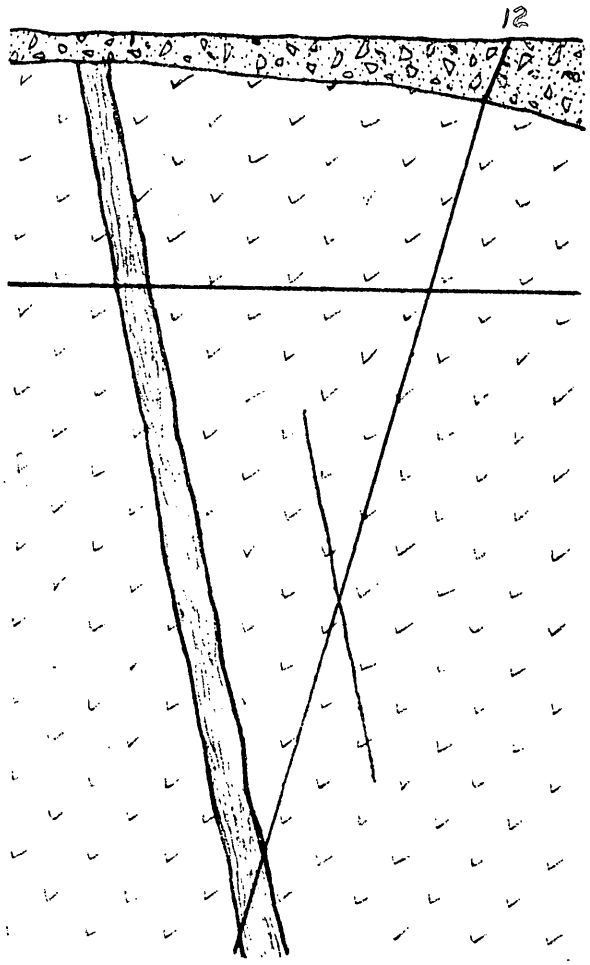
ESCALANTE MINING VENTURE

Escalante Silver Mine
Log of Diamond Drill Hole No. 12

Drawn by:
Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 12

Co-ordinates	17,522 N 14,322 E
Collar Elevation:	5,239.9
Course and Dip:	S63° 30'E - 70°
Depth of Hole:	488'
Driller:	Nichols and Thompson
Size of Hole:	Bx



The hole was drilled to intercept the vein midway between DDH #1 and DDH #2 at a depth of 340 feet. The hole steepened and did not reach the hangingwall of the vein until 438 feet. The hole went through 47 feet of allivium and reached the water level at 138 feet. It entered the silicified zone in the hangingwall of the vein at 302 feet. From 385 feet to the hangingwall of the vein at 438 feet the hole cut a series of quartz and calcite veinlets separated by two or three feet of silicified wall rock. Several of the veinlets were 1-1/2 to over 2 feet in width and it was at first believed that this zone was the Escalante vein. The hole intercepted solid vein material from 438 to 484 feet with 100% core recovery through the vein. Portions of the vein contained very strong lead mineralization with assays running up to 40% lead.

The core was split and sampled at 1 foot intervals. Assays of the section of the hole through the hangingwall veinlets and silicified country rock were as follows:

Depth From	Depth To	Ozs. Silver	Depth From	Depth To	Ozs. Silver	Depth From	Depth To	Ozs. Silver
383	384	0.18	395	396	0.32	407	408	2.00
384	385	0.16	396	397	0.44	408	409	2.42
385	386	0.44	397	398	0.68	409	410	2.44
386	387	0.62	398	399	0.66	410	410.5	2.54
387	388	0.42	399	400	1.08			
388	389	0.46	400	401	2.02	429.2	430	2.04
389	390	0.40	401	402	1.60	430	431	2.60
390	391	0.62	402	403	2.34	431	431.8	2.08
391	392	0.24	403	404	1.50			
392	393	0.22	404	405	1.58	435.4	436.4	2.72
393	394	0.26	405	406	1.96			
394	395	0.34	406	407	2.26			

Assays of samples of split core through the vein, intercepts as follows:

Depth From	Depth To	Ozs. Silver	% Lead	Depth From	Depth To	Ozs. Silver	%Lead
438	439	4.1		462	463	4.9	2.8
439	440	13.8		463	464	8.0	1.2
440	441	6.5		464	465	22.1	0.6
441	442	12.7		465	466	41.3	0.7
442	443	12.3		466	467	73.7	23.3
443	444	6.0		467	468	9.0	26.1
444	445	16.1		468	469	41.1	40.5
445	446	8.1		469	470	16.0	19.6
446	447	23.0		470	471	7.4	0.4
447	448	9.9		471	472	18.7	9.0
448	449	4.4		472	473	4.3	1.3
449	450	8.0		473	474	2.3	
450	451	12.6		474	475	8.9	
451	452	6.1		475	476	7.8	
452	453	29.5		476	477	13.5	
453	454	91.8		477	478	13.4	0.45
454	455	119.0		478	479	10.3	0.5
455	456	23.2		479	480	16.6	0.9
456	457	2.3		480	481	10.6	0.3
457	458	1.1		481	482	10.1	
458	459	1.3		482	483	24.8	0.3
459	460	1.0		483	484	22.6	
460	461	12.3	21.9	484	485.3	3.8	1.0
461	462	6.4	14.8				

The total vein intercept from 438 to 484 feet represents 27.6 feet of vein width averaging 18.0 ounces silver per ton. The intercept from 444 to 472 feet represents 14.4 feet of vein assaying 25 ounces silver and 7.5% lead.

CALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Hole No. 13

Drawn by: [illegible]

Scale: 1" = 100'

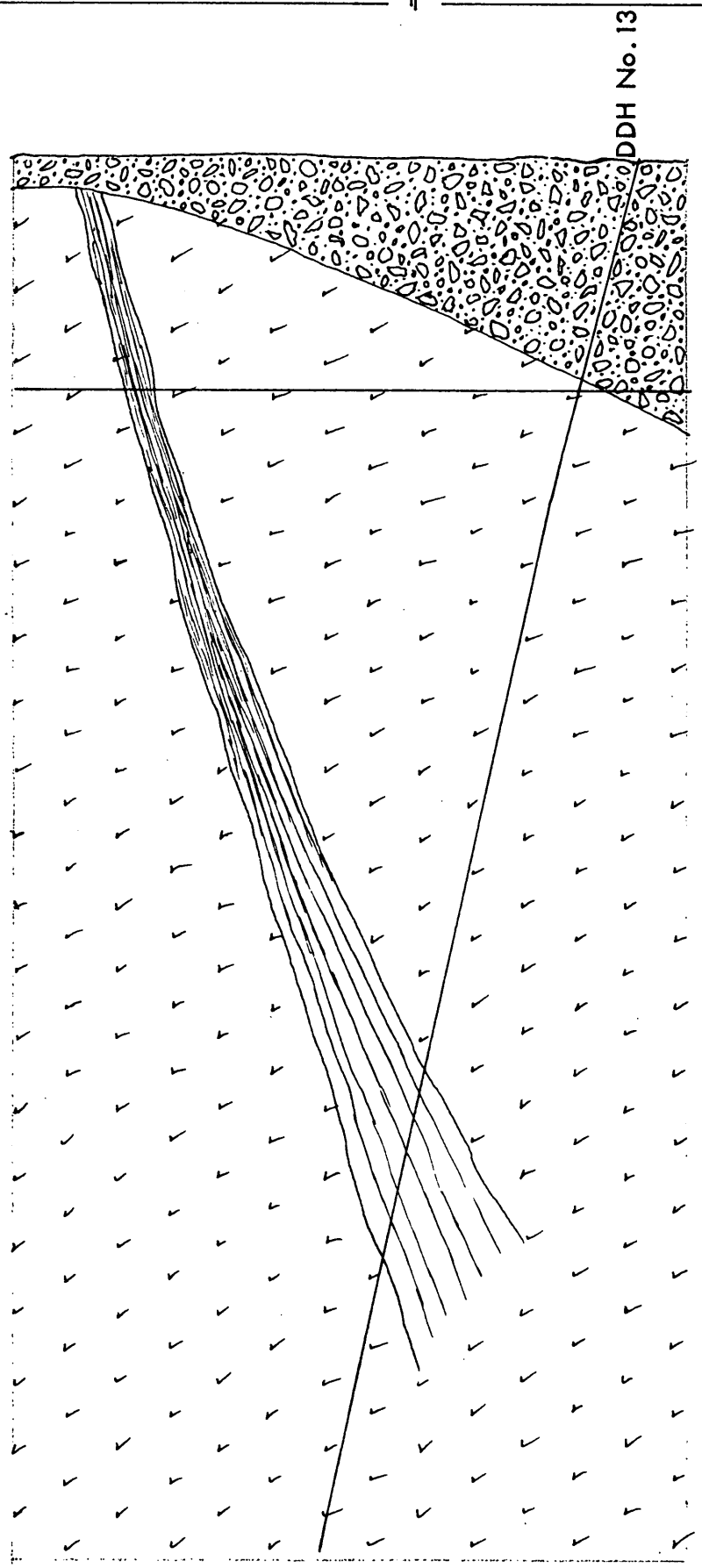
DIAMOND DRILL HOLE NO. 13

Co-ordinates 18,063 N
14,448 E

Collar Elevation: 5,241
Course and Dip: S63° 30' E = 70°
Depth of Hole: 840'
Driller: Nichols and Thompson
Size of Core: Nx - Bx - Ax

The hole was drilled to intercept the vein down dip from DDH #9 below the north end of the outcrop. The hole was planned to intercept the hangingwall of the vein at 490 feet, but due to steepening of the hole the projected interception should have been at 565 feet.

The first 130' was through alluvium and was drilled with a roller bit. The water level was reached at 130 feet. From 130 feet to 250 feet the core was reddish colored tufaceous conglomerate. The rock cored well and 100% core recovery was obtained. From 250 feet to 475 feet the core was light gray tufaceous conglomerate and 100% core recovery was obtained. The core from 130 to 475 feet showed no breaks or fractures. From 475 to 670 feet the core was badly broken with numerous vertical and bedding planes fractures. Core recovery averaged 73%. Calcite, descloizite and limonite were abundant on these fractures as well as copper oxides and possibly nickle and cobalt blooms. Fluorite was a minor constituent of some veinlets. A quartz stringer or veinlet was intercepted from 552 to 553. This was the only core resembling vein material. From 670 to 840 feet the core was light colored tuff fairly well sorted and of medium grain size.



The zone of intense silicification on both the hanging and footwall sides of the vein was not intercepted in this hole. It is possible that the broken ground from 475 to 670 feet represents the downward extension of the fissure in this area and that the stringer at about 560 feet represents the vein in this hole.

The core for the interval 552.2 to 567 was split and sampled. Assays were as follows:

NG

Depth From	Depth To	Ounces Silver	Depth From	Depth To	Ounces Silver
550	551	0.18	558	559	4.80
551	552	0.20	559	560	3.18
552	553	0.84			
553	554	0.26	562	563	1.02
554	555	0.77			
555	556	0.72	564	565	0.94
556	557	1.32	565	566	0.36
557	558	11.64	566	567	0.40

ESCALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Hole No. 14

Drawn by: S.S. Chenty

Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 14

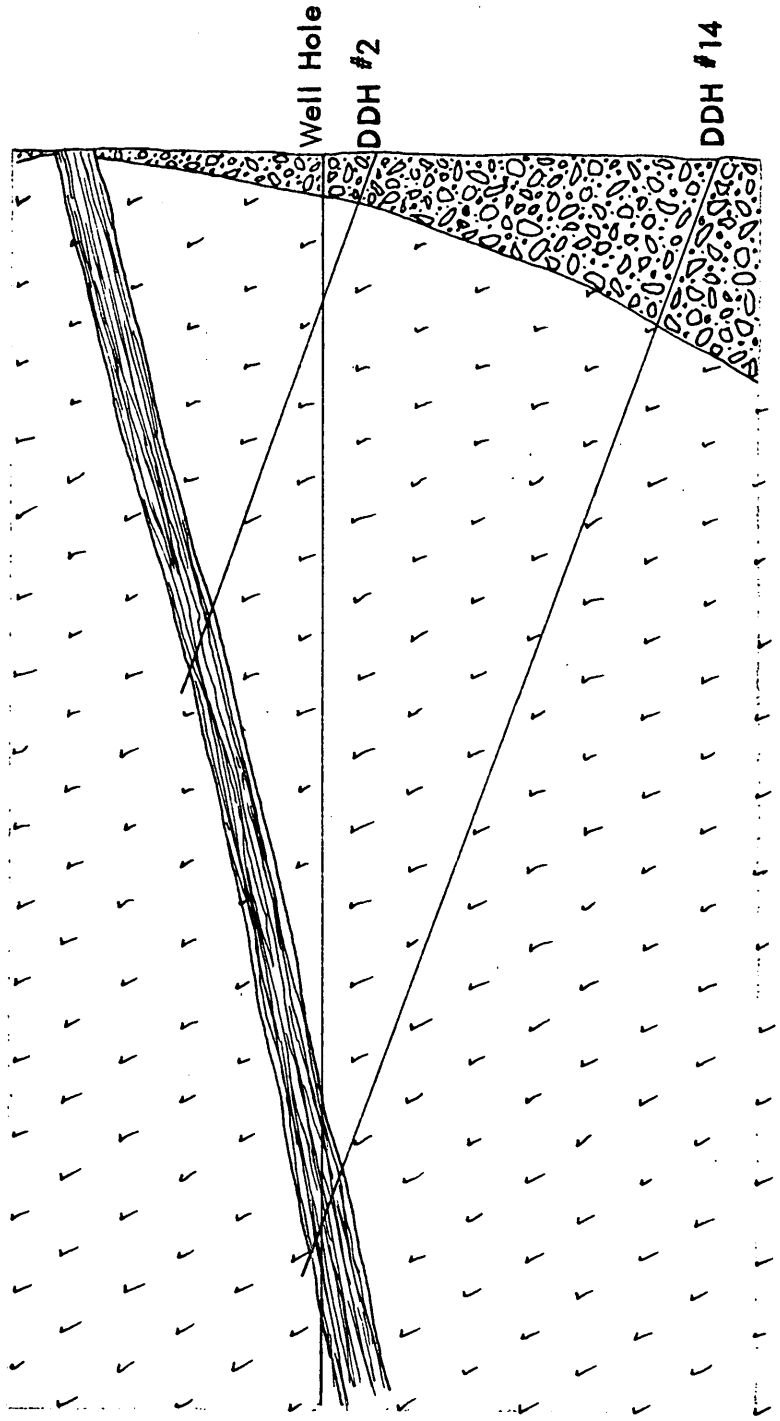
Co-ordinates: 17,771 N
14,324 E

Collar Elevation: 5,241
Course and Dip: S63° 30'E -65°
Depth of Hole: 614'
Driller: Nichols and Thompson
Size of Core: Bx

The hole was drilled to intercept the vein approximately 300' down dip from DDH No. 2. The hole steepened to 79° and intercepted the vein from 555 to 605.5 feet. The hole was drilled through 117 feet of alluvium. It reached the water level at 135 feet and entered the silicified zone on the hangingwall of the vein at 457 feet. The vein was vuggy and porous but the ribbon structure encountered in the other vein intercepts was not as prominent. Core recovery was 100%.

The core was split and sampled at 1 foot intervals.

Assays were as follows:



Depth From	Depth To	Ounces Silver	% Lead	Depth From	Depth To	Ounces Silver	% Lead
520	521	0.56	0.25	575	576	3.86	None
521	522	0.66	0.25	576	577	16.38	None
522	523	1.68	0.75	577	578	7.22	None

Depth From	Depth To	Ounces Silver	% Lead
553	554	2.48	0.40
554	555	3.02	0.95
555	556	7.50	0.85
556	557	8.96	0.65
557	558	12.30	0.65
558	559	21.56	0.70
559	560	35.68	1.00
560	561	78.66	3.40
561	562	26.48	4.20
562	563	33.00	1.85
563	564	42.98	2.55
564	565	2.00	0.15
565	566	5.96	0.25
566	567	16.00	0.35
567	568	9.56	0.25
568	569	16.32	4.00
569	570	21.82	2.90
570	571	6.04	0.15
571	572	5.92	0.20
572	573	4.64	0.20
573	574	0.68	Tr.
574	575	1.45	0.15
578	579	9.40	0.30
579	580	6.84	1.40
580	581	9.12	0.35
581	582	13.14	0.95
582	583	5.56	0.20
583	584	2.21	1.20
584	585	1.06	0.60
585	586	1.48	2.00
586	587	3.60	1.15
587	588	5.44	1.35
588	589	4.02	0.25
589	590	1.20	0.95
590	591	1.42	3.15
591	592	2.44	2.10
592	593	5.98	4.45
593	594	1.14	0.85
594	595	6.12	2.70
595	596	7.54	2.60
596	597	4.10	0.75
597	598	6.32	0.55
598	599	23.76	0.25
599	600	14.00	3.35
600	601	1.08	0.80
601	602	1.06	1.20
602	603	0.74	0.70
603	605	1.50	0.20

The vein intercept from 555 to 600 feet indicates a vein width of 25 feet assaying 12.5 ounces of silver and 1.2% lead. The ore zone from 555 to 570 feet indicates 8.0 feet of vein assaying 26.51 ounces silver and 1.58% lead.

CALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Hole No. 15

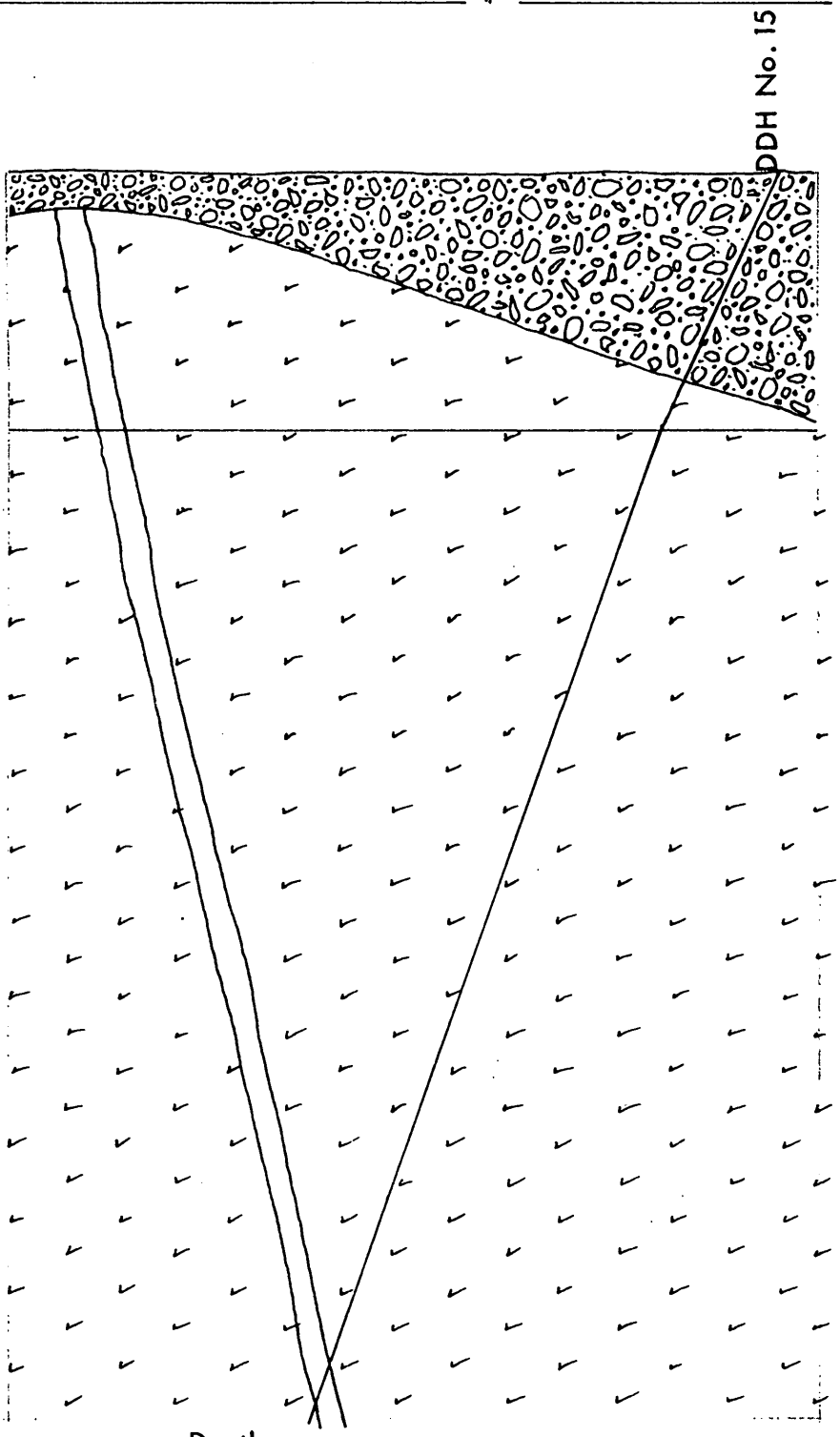
Drawn by: S.S. Arnott

Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 15

Co-ordinates 17,942 N
14,325 E

Collar Elevation: 5,243
Course and Dip: S65°E -70°
Depth of Hole: 720'
Driller: Nichols and Thompson
Size of Core: Nx



The hole was drilled midway between DDH #13 and DDH #14 and was intended to intercept the vein at 600 feet. The hole was through alluvium to 133 feet and reached the water level at 151 feet. It entered the silicified zone on the hangingwall of the fissure at 584 feet. The hole cut a 0.4' calcite vein at 596 feet showing descloizite on the fractures. The number and frequency of calcite and quartz veinlets increased as the hole approached the hangingwall of the vein. The vein was intercepted from 690 to 707.5 feet.

The core was split and sampled at 1 foot intervals. Assays are as follows:

NG

Depth From	Depth To	Ounces Silver	% Lead	Depth From	Depth To	Ounces Silver	% Lead
688	689	0.66	None	699	700	1.84	1.1
689	690	0.82	Tr.	700	701	0.62	4.75
				701	702	3.16	1.40
690	691	0.68	0.7	702	703	7.86	2.65

Depth From	Depth To	Ounces Silver	% Lead	Depth From	Depth To	Ounces Silver	% Lead
691	692	0.38	0.2	703	704	3.94	Tr.
692	693	2.30	0.35	704	705	12.32	0.25
693	694	1.64	0.75	705	706	21.60	0.40
694	695	1.00	1.2	706	707	7.58	1.25
695	696	0.62	0.9	707	708	6.38	2.15
696	697	0.56	1.8				
697	698	1.52	2.7	708	711	2.26	None
698	699	0.52	8.7	711	712	0.80	Trace

The vein intercept from 690 to 708 feet indicates 9.4 feet of vein assaying 4.14 ounces silver and 1.74% lead. The ore zone from 697 to 708 indicates 5.7' of vein assaying 6.12 ounces silver and 2.30% lead.

NG

ESCALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Hole No. 16

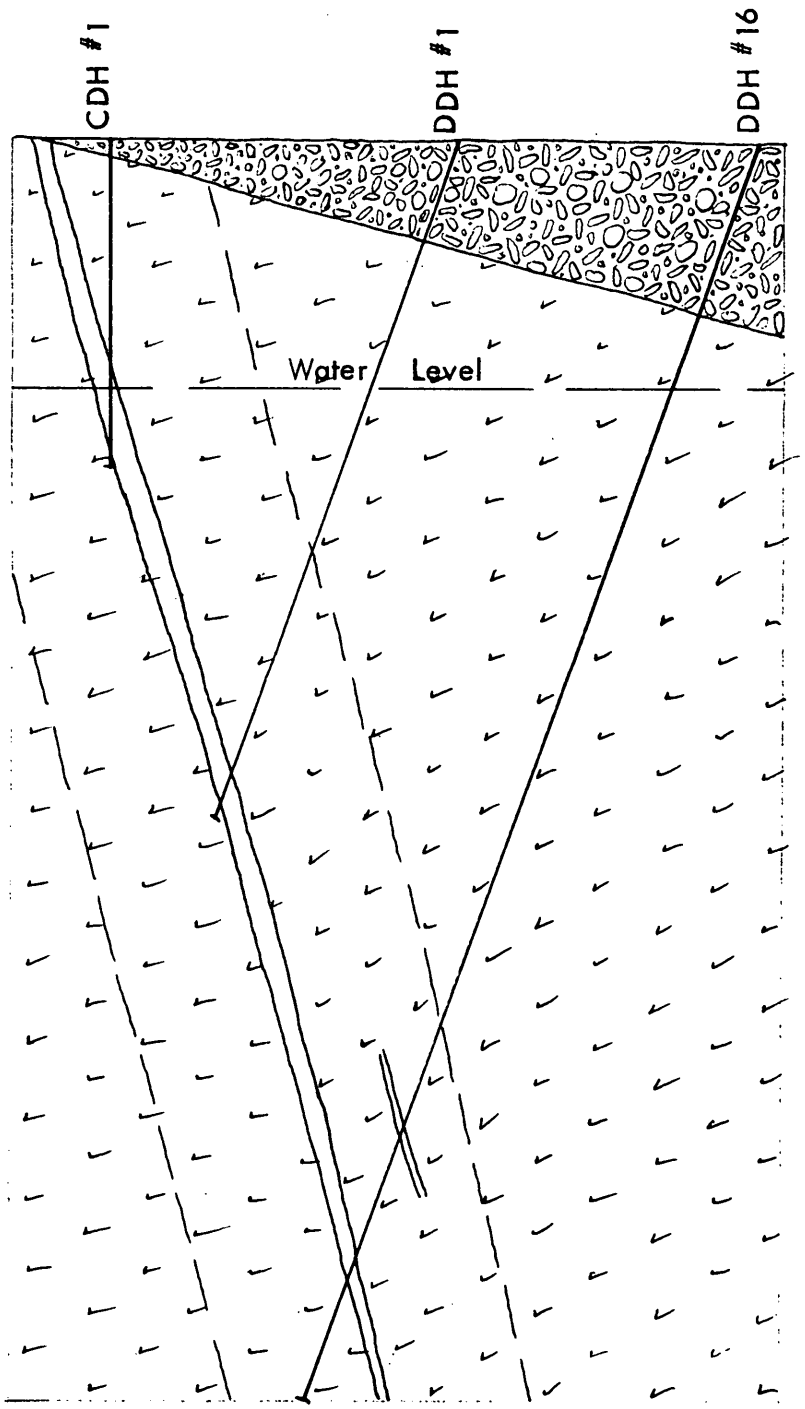
Drawn by:

Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 16

Co-ordinates 17,365 N
14,083 E

Collar Elevation: 5,244
Course and Dip: S65°E - 67°
Depth of Hole: 690 Feet
Driller: Nichols and Thompson
Size of Core: Bx - Ax



The hole was drilled to intercept the vein down dip from CDH No. 1 and DDH No. 1. The hole was through alluvium to 90 feet and reached the water level at 135.5 feet. It entered the silicified zone in the hangingwall of the vein at 488 feet and cut 4.5 feet of vein material in the interval 537 to 544.5 feet. It was believed that the vein material intercepted at 537 feet was a hangingwall vein similar to the ones encountered in DDH #12 and the hole was continued. It intercepted the hangingwall of the vein at 617' and continued in vein to 627 feet. The driller ground up eight of the next ten feet of core and the hole was continued in country rock to 690 feet. It went out of the silicified zone on the footwall at 688 feet.

Because of the ground up core from 626 to 636 feet there was a possibility that the vein was wider than indicated by the intercept from 617 to 627 feet. A deflection wedge was placed at 605 feet and a deflected hole was drilled at a 2-1/2° angle from the original hole from 605 to 638 feet. The deflected hole intercepted the vein from 617 to 627 feet.

The core was split and sampled at one foot intervals.

Assays were as follows:

Depth From	Depth To	Ounces Silver	% Lead	Depth From	Depth To	Ounces Silver	% Lead
535	536	0.36	Tr.	540	541	2.10	1.85
536	537	0.46	0.25	541	542	1.74	0.10
537	538	5.52	3.15	542	543	0.68	0.15
538	539	0.88	0.40	543	544	2.10	0.20
539	540	0.42	0.25	544	545	2.16	0.10
Original Vein Intercept				Deflected Vein Intercept			
615	616	0.78	0.70				
616	617	1.04	1.35	616	617	0.52	0.70
617	618	4.50	5.70	617	618	8.02	3.05
618	619	5.22	4.00	618	619	3.30	2.15
619	620	7.06	7.50	619	620	20.96	5.60
620	621	8.98	0.75	621	621	6.20	4.25
621	622	7.54	1.60	621	622	7.32	0.90
622	623	7.39	1.35	622	623	6.10	1.35
623	624	38.30	0.75	623	624	12.64	1.80
624	625	27.18	1.30	624	625	8.08	1.30
625	626	6.26	0.65	625	626	21.76	0.85
626	627	5.64	0.35	626	627	8.74	0.45

In the original hole the vein intercept from 617 to 627 feet indicating 6.4' of vein assayed 11.81 ounces silver and 2.4% lead.

In the deflected hole the vein intercept from 617 to 627 feet indicating 6.4' of vein assayed 10.31 ounces silver and 2.2% lead.

ESCALANTE MINING VENTURE

Escalante Silver Mine

Log of Diamond Drill Hole No. 17

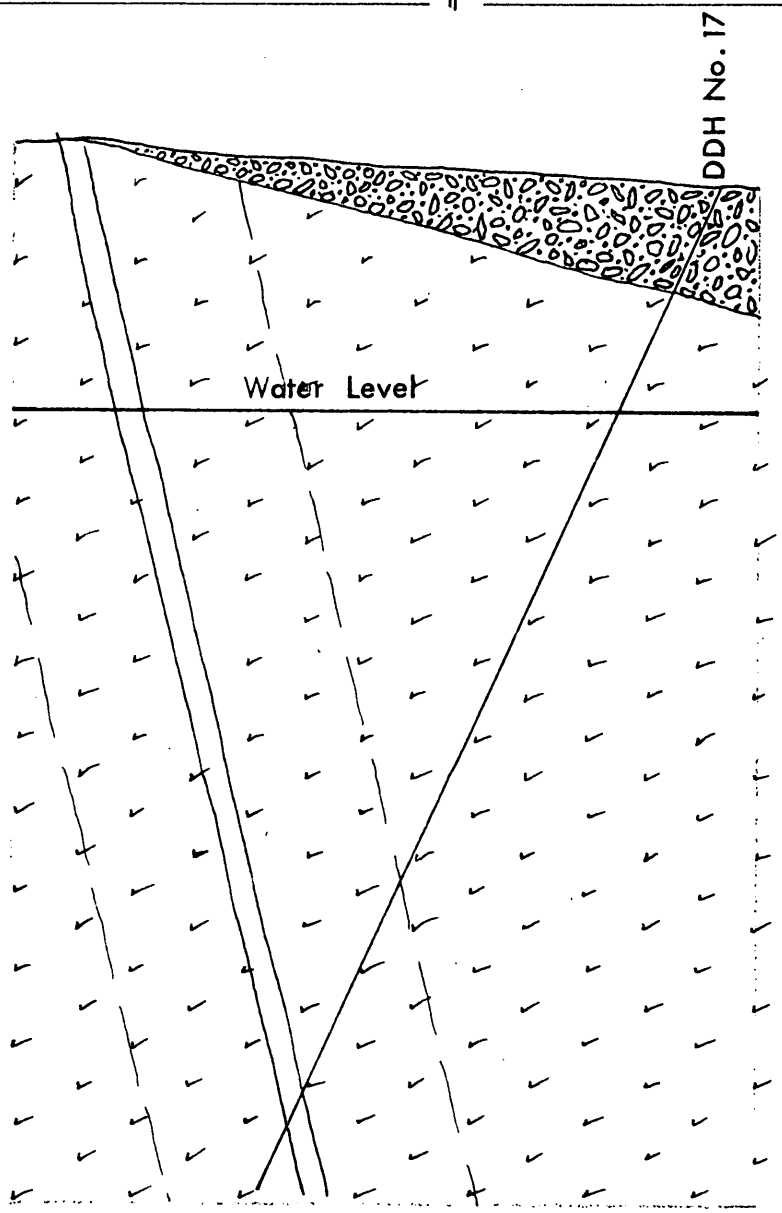
Drawn by: [illegible]

Scale: 1" = 100'

DIAMOND DRILL HOLE NO. 17

Co-ordinates: 17,026 N
13,978 E

Collar Elevation: 5,243'
Course and Dip: S63° 30'E = 65°
Depth of Hole: 570 Feet
Driller: Nichols and Thompson
Size of Core: Bx - Ax



The hole was drilled to intercept the vein midway between DDH #10 and DDH #16. The hole drilled through 45 feet of alluvium and reached the water level at 136.8 feet. It entered the silicified zone on the hanging wall of the vein at 397 feet.

The hole intercepted the vein from 522 to 536 feet. The footwall had stringers of vein material to 555 feet and there were a few stringers of vein material in the hangingwall at 424 feet.

The core was split and sampled at one foot intervals.
Assays are as follows:

Depth From	Depth To	Ounces Silver	% Lead	Depth From	Depth To	Ounces Silver	% Lead
522	523	1.82	0.2	530	531	5.44	1.55
523	524	0.78	0.6	531	532	7.14	0.65
524	525	1.12	0.85	532	533	81.46	4.50
525	526	0.50	0.10	533	534	4.88	0.25
526	527	1.16	1.65	534	535	1.50	0.25
527	528	1.34	0.65	535	536	5.38	2.05
528	529	0.80	0.40	536	537	9.94	2.10
529	530	5.78	1.25	537	538	2.01	0.25

The vein intercept from 522 to 538 indicates 10.2 feet of vein assaying 8.4 ounces silver and 0.95% lead. The ore zone from 529 to 537 feet indicates 5.1 feet assaying 15.2 ounces silver and 1.6% lead.

ESCALANTE MINING VENTURE

Escalante Silver Mine
Log of Churn Drill Hole No. 1

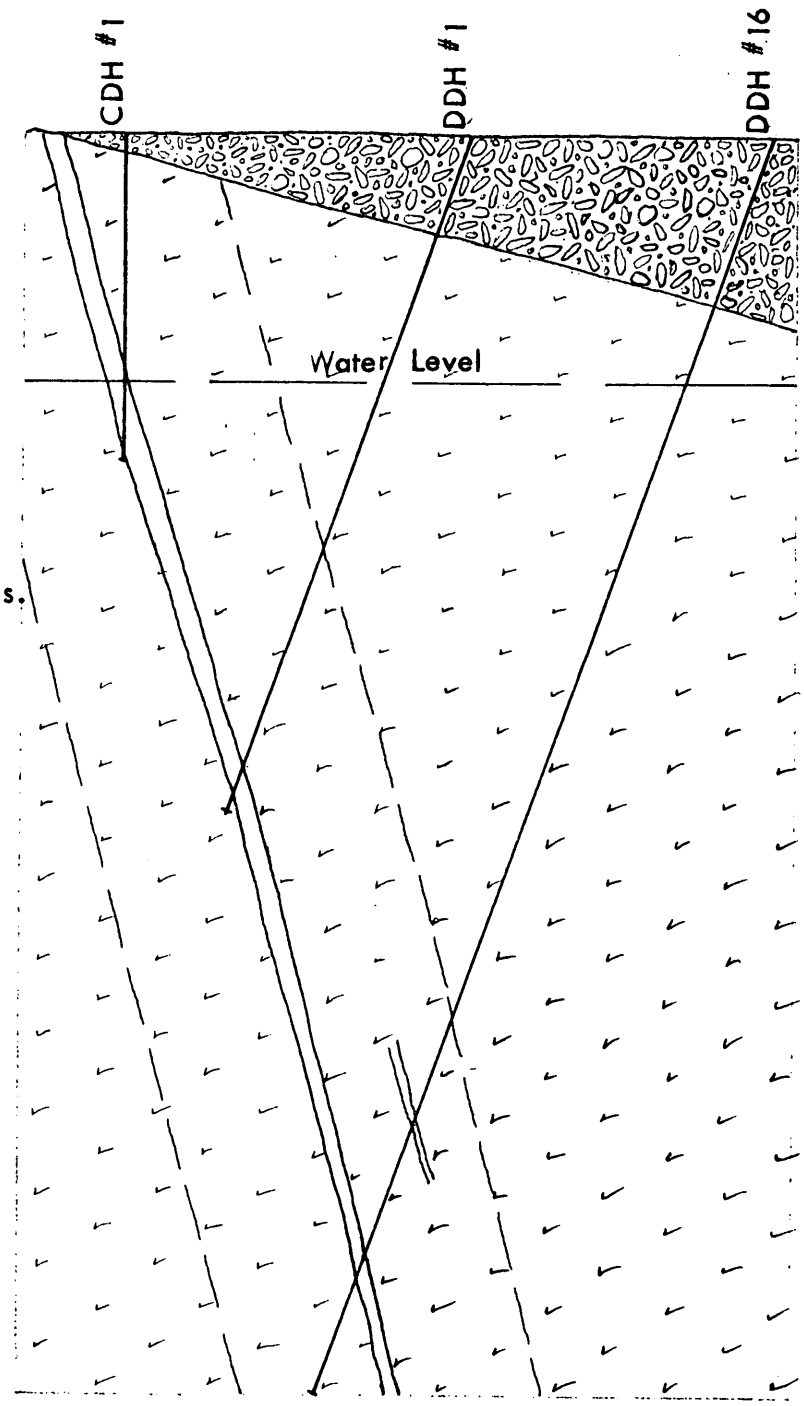
Drawn by:
Scale: 1" = 100'

CHURN DRILL HOLE NO. 1

Co-ordinates: 17,223 N
14,386 E

Collar Elevation: 5,242
Driller: Darrel Free
Hole Drilled: Vertical
Depth of Hole: 166'
Depth to Water: 129.5'

Hole was drilled to intercept fissure on depth from outcrop. The hole was collared approximately 50' in the hanging wall of the fissure and intercepted the fissure from 116' to 158'. Cuttings were bailed and sampled at 1 to 4' intervals.



Samples assayed as follows:

Depth From	Depth To	Assay Oz. Silver
116	118	9.4
118	120	11.0
120	124	4.8
124	128	2.8
128	130	3.4
130	133	14.5
133	137	30.9
137	140	25.2
140	142	29.4
142	143	27.0
143	145	34.7
145	148	14.7
148	151	21.6
151	154	10.5
154	158	12.0

Fissure intercept was from 116 to 158', indicating 14.3' of fissure normal to dip assaying 15.9 ounces silver per ton.
Ore zone from 130' to 151' indicating 7.1' of width normal to dip assayed 24.2 oz. silver per ton.

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 12 1964

DATE	INITIALS	CC

ESCALANTE VENTURE

Computer Analysis

and

Revision of Ore Reserves

March 22, 1961

AMERICAN EXPLORATION & MINING CO.
FIELD OFFICE

Telephone: MAin 3-1648

505 EAST GRANT ROAD
TUCSON, ARIZONA

March 22, 1961

Mr. S.S. Arentz
520 E. Fourth South
Salt Lake City, Utah

Dear Sam:

Transmitted herewith are the results of a digital computer analysis of the Escalante venture that was prepared at my request by Mr. R.F. Hewlett. The basic data used in this analysis was all of the 344 silver assays shown on the Escalante drill logs and my maps, plates 1 through 11, where applicable. The purpose of this analysis was to verify our ore reserve computations and to determine what reserves would be available for different cut-off grades. The analysis also was made to determine the spacing of development workings for most satisfactory and economical extraction of the ore. The results are gratifying as shown by Mr. Hewlett's brief report and illustrations.

The number of assays, average grade, and calculated vein width for each hole are shown in the following table:

Hole No.	No. of Assays	Calculated Width	Average Oz. Ag per ton
DDH 1	28	18.2	25.44
CDH 1	15	5.6	16.79
DDH 2	50	32.5	12.33
3	20	13.0	12.31
4	12	7.8	16.73
5	14	9.1	.45
6	24	15.6	6.88
7	27	17.5	11.67
8A	26	9.7	3.65
9	15	9.7	5.73
10	16	10.4	3.28
11	22	14.3	7.09
12	79	51.3	10.88
13	14	9.1	1.90
14	54	35.1	9.88
15	22	14.3	3.59
16	33	21.4	7.27
17	16	10.4	8.19

The reserves are calculated only for that part of the vein within the five-foot wide limit shown on my maps, so the actual reserves will be increased if narrower sections of the vein can be mined or if ore extends beyond this plus five-foot wide zone. The calculated reserves use a factor of 12 cubic feet per ton of ore and allow for 15 per cent dilution but make no allowance for losses in mining and those necessitated by leaving pillars, etc. The computer not only verifies our earlier reserve estimates within reasonable limits but shows the significant relationship of tonnage to grade. It indicates the existence of a large tonnage of low grade ore containing from 12 to 20 ounces of silver per ton.

why not?

Figure 1 shows the relationship of average ore grade to cut-off grade. For example, all of the ore within the five-foot wide limit without a minimum cut-off grade would average about 11 ounces of silver per ton; but if ore were mined to a minimum cut-off of five ounces per ton, the average grade would be 20 ounces per ton. If we desire to maintain a mill head of 30 ounces per ton, it will be necessary to have a cut-off grade of about 11 ounces per ton.

The curve on figure 2 shows the relationship of ore reserves to average grades of ore. It is to be noted that the curve is steep where high grade ore is indicated but the slope of the curve decreases gradually in the zone of low grade ore. This is significant because it indicates a much larger tonnage of low grade ore than of high grade ore. For example, the curve on figure 2 indicates that there are 260,000 tons of 30 oz. ore, or 500,000 tons of 20 oz. ore, or 1,000,000 tons of 12.5 oz. ore depending on the cut-off used. Actual computations show reserves of 1,020,000 tons of ore containing 12.0 oz. Ag per ton within the line defining the plus five-foot wide ore shoot. These ore reserve and grade figures must be substantiated as underground development progresses.

These reserve and grade estimates are significant because they show that we should go to a larger operation in order to reduce unit costs to the point where lower grade ores can be mined and milled profitably. I also think we should abandon plans to sell the crude ore for flux. Costs and profitability must again be analyzed to determine the size and life of operation that would be most profitable and to determine the minimum mineable grade.

Reserves and grade for each drill hole penetration were calculated by both polygons (fig. 3) and rectangles (fig. 4) and these checked within 17,226 tons in reserves and within 0.34 ounces of silver per ton. Reserves and grade for only one cut-off grade are shown on figures 3 and 4 as each cut-off requires a separate set of calculations. For the present purpose of illustration we have used a reserve of about 800,000 tons and an average grade of 15 ounces per ton from figure 2, and a cut-off grade of about 2 oz. per ton from figure 1. Except for the low cut-off grade this seems like a suitable objective for a 500 ton-per-day operation for 5-1/3 years and should be profitable on 15 ounce ore. Possibly a cut-off grade of five ounces, an average of 20 ounces Ag, and a reserve of 500,000 will provide optimum operating conditions and highest profits. This analysis requires further study.

Optimum spacing of levels and raises and the optimum location of the shaft is discussed in Mr. Hewlett's report and in my letter to you dated March 16, 1961. The approximate location of these development headings is shown on figure 5. The available data suggest the best location for a production shaft is about 185 feet north of Churn Drill Hole No. 1. Vertical distance between levels should be about 150 feet and development raises should be about 300 feet apart. The proposed locations of these workings can be changed to fit ground conditions or modification of mining methods.

This computer analysis is very gratifying because it adds 2 or 3 million ounces of silver to the Escalante reserves. I recommend that we increase the size of operation in order to reduce unit costs to the point where most of this silver can be recovered.

Respectfully submitted,

J. N. Faick

John N. Faick

JNF:sw
Encl.

cc: S.S. Arentz (2)
E.A. Scholz (3)
J.N. Faick (1)
Tucson Office (1)

COMPUTER ANALYSES

for

ESCALANTE VENTURE

by

R.F. Hewlett

Drill hole assays were analyzed and ore reserve estimates were made. The mining sequence was determined for several level and raise spacings. An economic optimum level and raise spacing was determined and an optimum location for the hoisting shaft was found. This computed information can be used as a guide to practical spacings and locations as governed by geology and ground conditions. Many of the computations were performed on a digital computer.

Ore Reserves

Ore reserves were computed for only the area (or volume) inside the 5-foot vein width outlined by Mr. John Faick. Consequently, more tonnage will be mined than is indicated by the ore reserve estimates providing narrow sections of the vein are mined. Average grade was determined statistically for numerous grade cut-off points and the reliability of the estimates at the 95 per cent confidence limits was established (see figure 1). For example, the average grade for a cut-off grade of 10 ounces of Ag is 30.3 ounces per ton. The average is between 25.4 and 35.25 (confidence interval) with 1 chance in 20 of being outside of this range which is the 95 per cent limit. Tonnage and grade was computed for the deposit by polygons (figure 3) and rectangles

(figure 4) for about 15 per cent dilution (see figure 2). Mining widths conformal to the mining method and grade cut-off were used to determine tonnage and grade from 200,000 tons to the maximum total tonnage in the vein inside the five-foot ore contour--1,022,429 tons. A factor of 0.65 was used for converting inclined diamond drill hole intervals to thickness normal to the vein.

Location and spacing of shaft, levels and raises

Polygons defining the area of influence of the drill holes inside the 5-foot ore width contour were modified to rectangles (figures 3 and 4 respectively). A level interval of 150 feet was determined to be economically optimum. Ore distribution, value, and location were the main criterions used. Good ground is reported and could make 300-foot spacings possible between the access raises. With 100-foot intervals, development costs are higher than for 150-foot, and 200-foot spacings minimize the number of working stopes available for production. The optimum shaft location is indicated in figure 5 as a center-line. A range is also shown. Location of the hoisting shaft in this range will minimize haulage costs and yield a high grade for the first part of the production period (maximizing the initial return). Ore tied-up in a pillar for the shaft is the most obvious consideration that could modify the economic optimum location of the shaft. Topography and ground conditions will probably further modify the shaft location.

Respectfully submitted,

R. F. Hewlett

R. F. Hewlett

RFH:sw
Tucson, Arizona
March 22, 1961

NO. 340R-10 DIETZGEN GRAPH PAPER
10 X 10 PER INCH

EUGENE DIETZGEN CO.
MADE IN U. S. A.

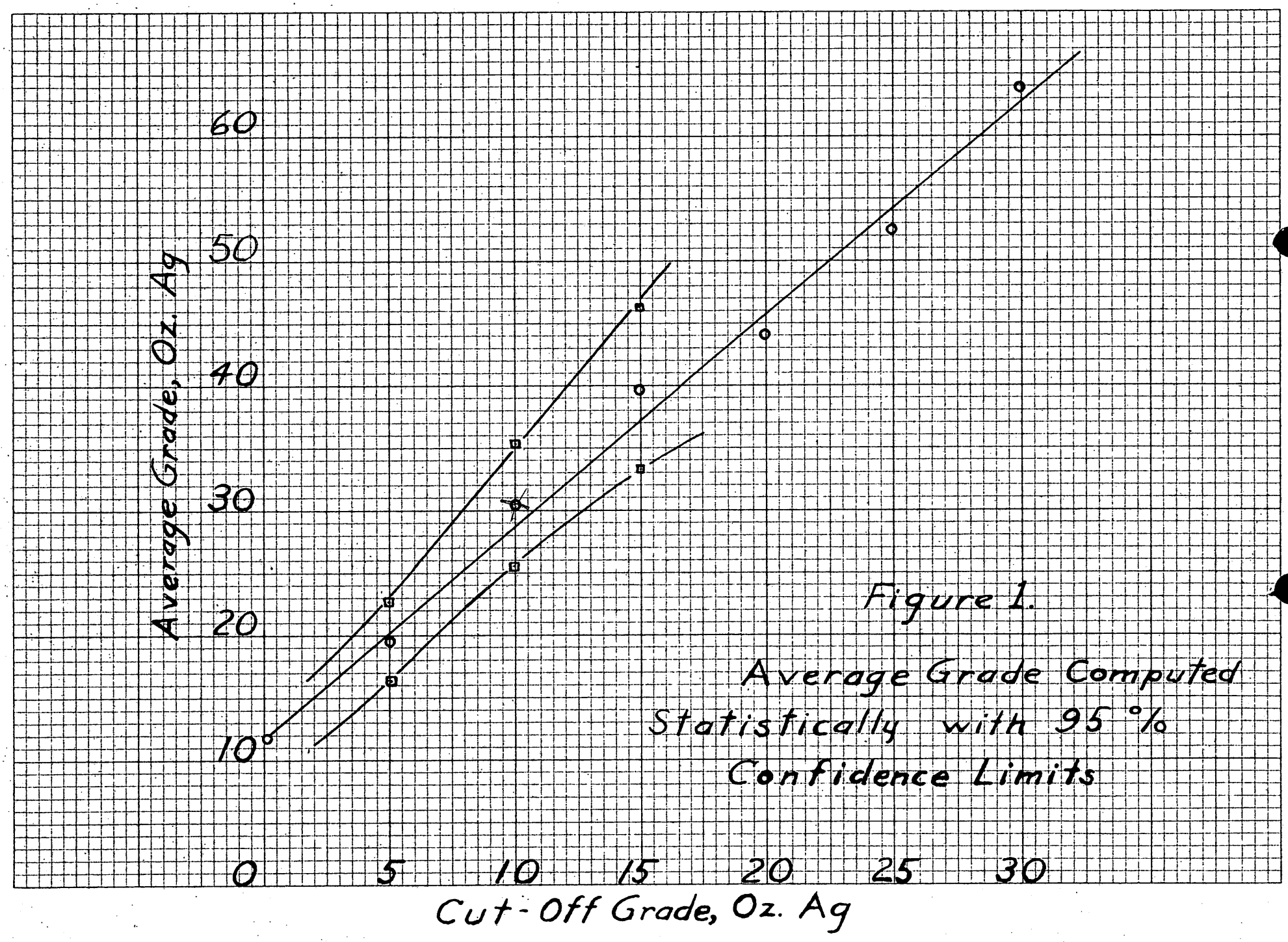
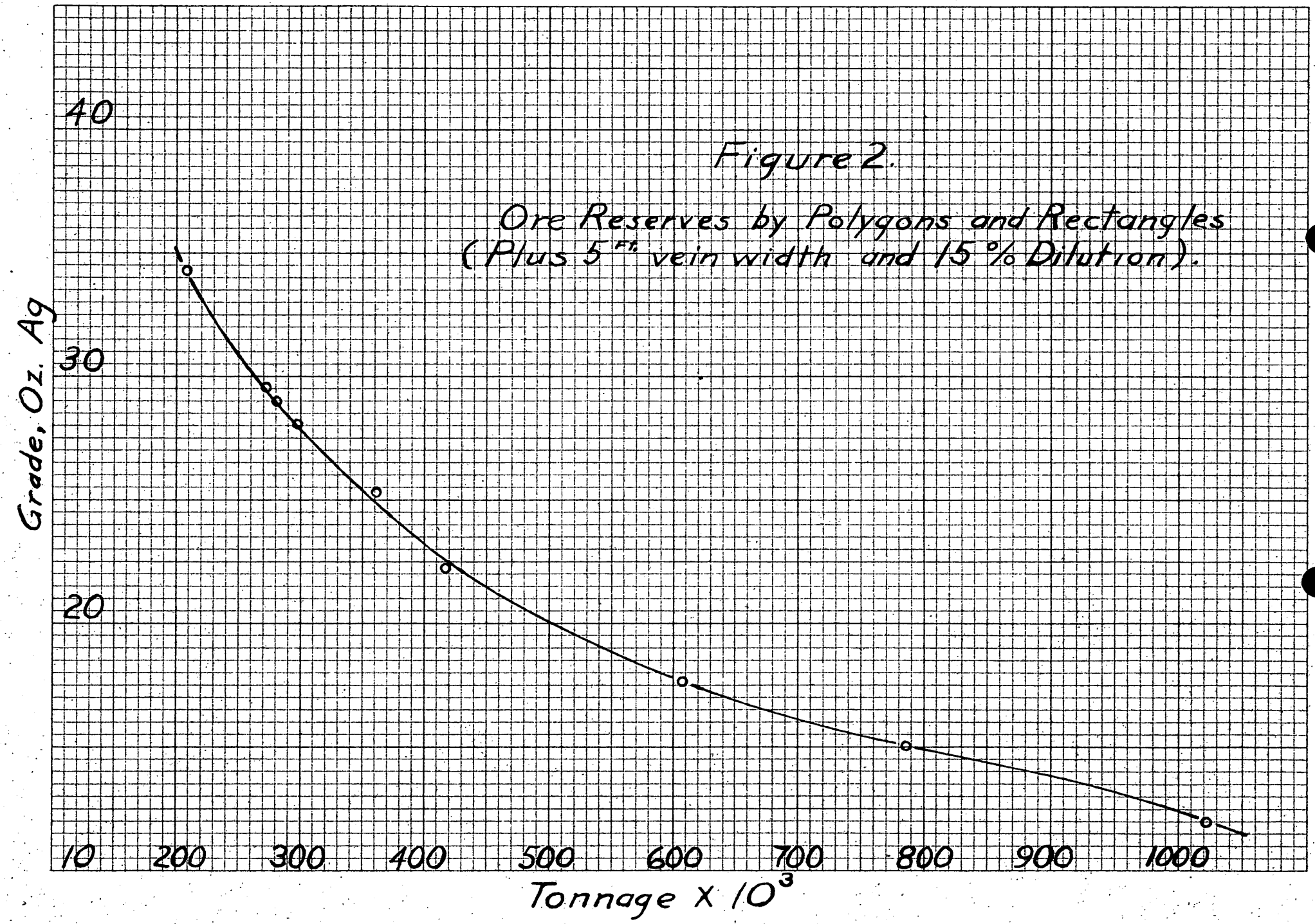


Figure 1.

Average Grade Computed Statistically with 95 % Confidence Limits

NO. 340R-10 DIETZGEN GRAPH PAPER
10 X 10 PER INCH

EUGENE DIETZGEN CO.
MADE IN U. S. A.



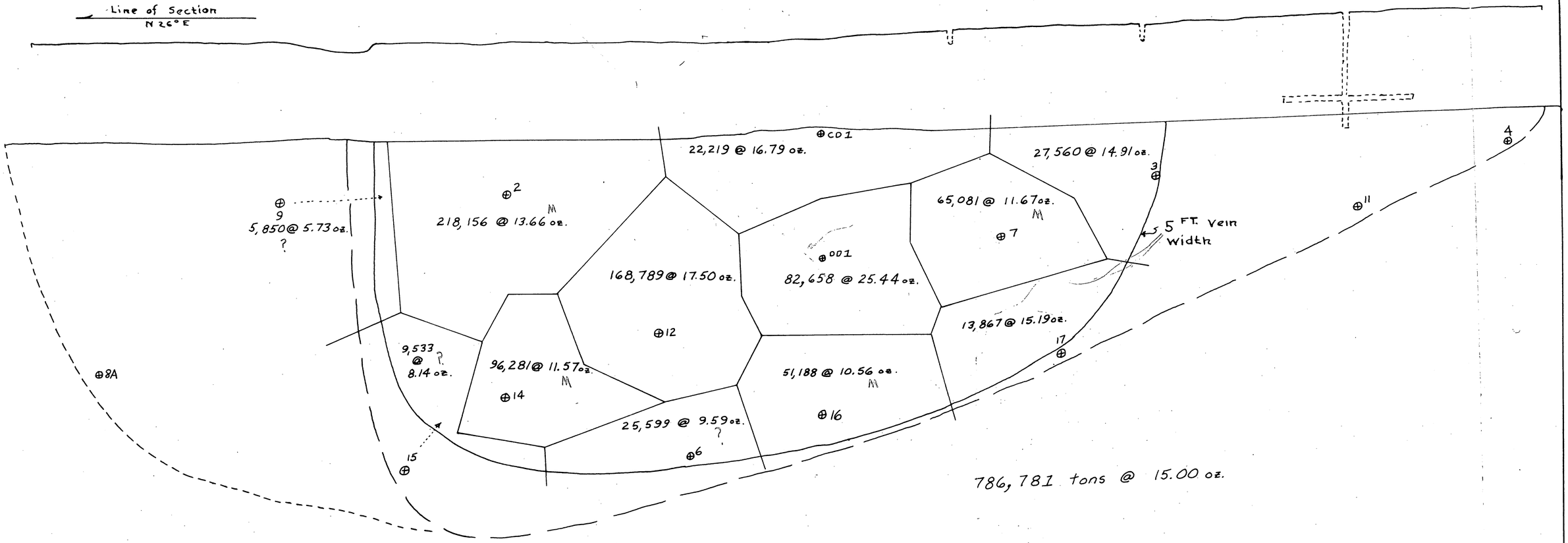


FIG. 3
ESCALANTE
1" = 100'

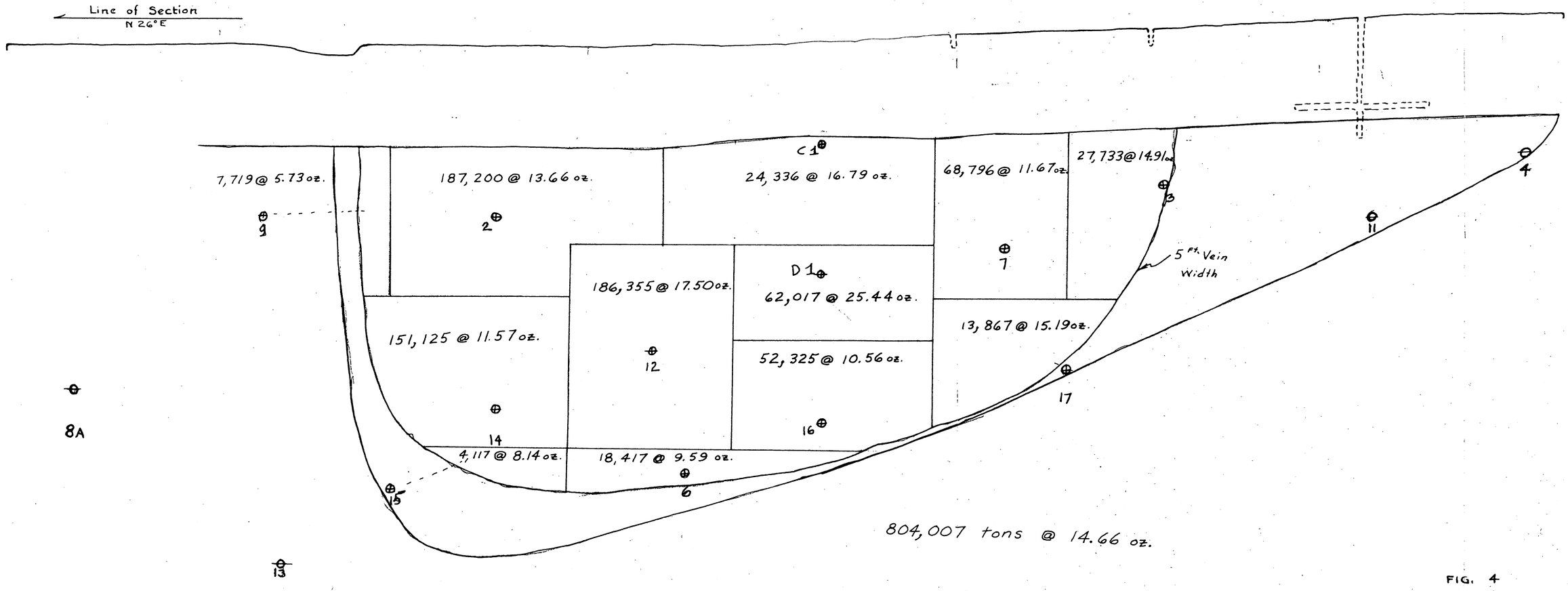


FIG. 4
ESCALANTE
1" = 100'

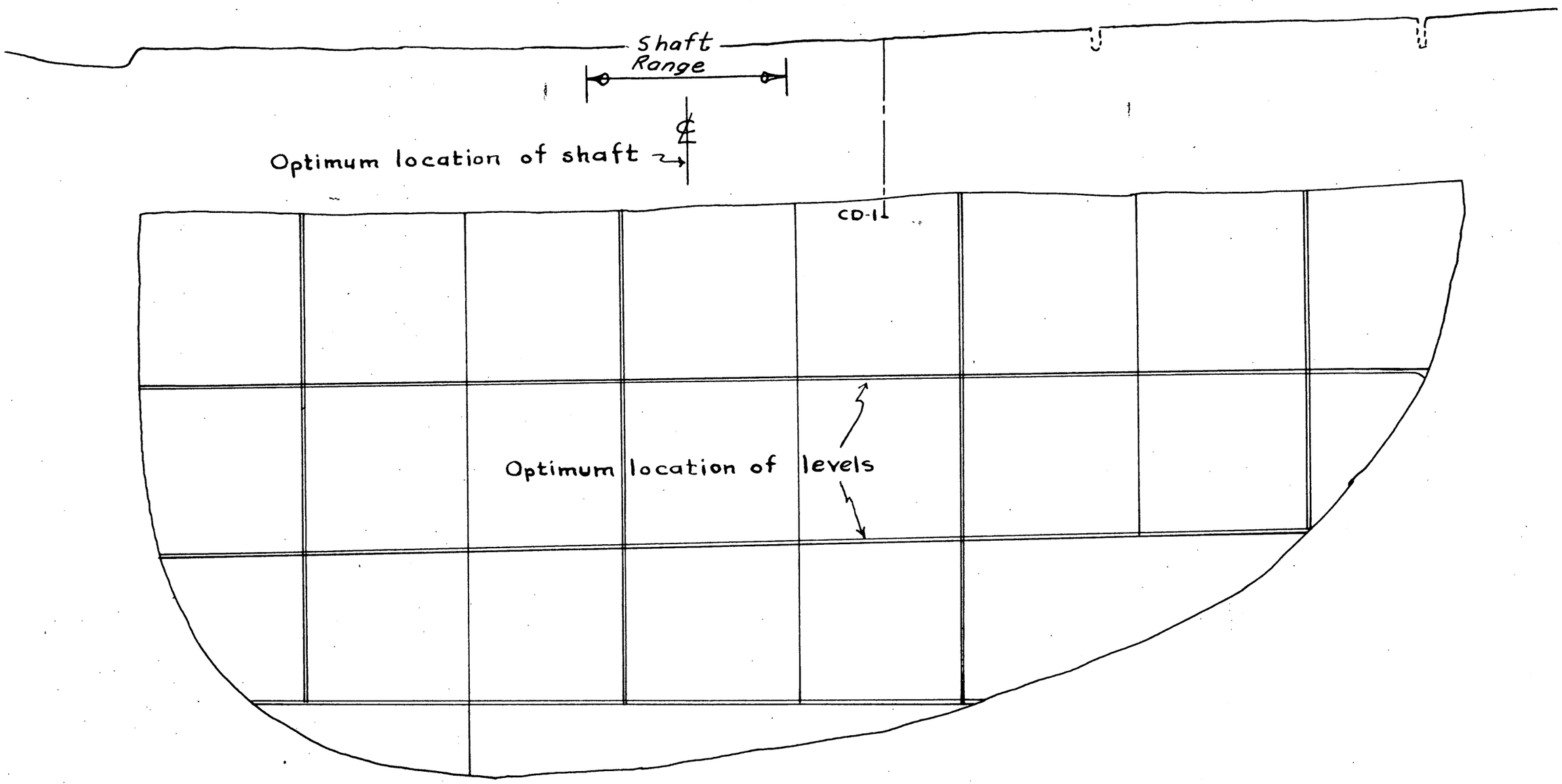


FIG. 5
ESCALANTE
1"=100'

Nichols UNIVERSAL Drilling Co.

Post Office Box 321
Boise, Idaho 83701
Phone 375-2481
Donald F. Nichols, Mgr.

June 6, 1964

S. S. Arentz, Operator
Escalante Silver Mines Inc.
520 South 4th Street
Salt Lake City, Utah 84100

Dear Mr. Arentz:

We wish to submit the following quotation for the drilling at your Escalante property as discussed in your office on June 5, 1964.

1. Mobilization and demobilization, each drill rig, $1,000.00

2. Drilling:

0 to 400	$5.00 per lf.	
400 to 800	5.75 per lf.	

3. Reaming @ $3.75 per lf.

4. Cementing @ $12.00 hour plus cement

5. Surveying, delays, etc. $12.00 hour plus supplies

6. Core boxes, - cost plus 10 per cent

7. Roads and drill sites to be prepared by owner

We wish to thank you for considering our company for your exploratory work. If awarded the project, we will supply you with the latest in drilling techniques and experienced personnel.

Yours very truly,

Donald F. Nichols
President

DFN:nk

SPRAGUE & HENWOOD, Inc.

Contract Division

REGIONAL OFFICE

2151 North Redwood Road (P.O. Box 2556)
Salt Lake City 10, Utah DAvis 8-4271

S&H SINCE 1883

DIAMOND DRILLING • MINERAL EXPLORATION • SOIL SAMPLING • PRESSURE GROUTING

EXECUTIVE OFFICES & PLANT
SCRANTON, PENNSYLVANIA

May 28, 1964

Samuel S. Arentz, Operator
Escalante Silver Mines Co.
520 E. 4th South
Salt Lake City, Utah

Gentlemen:

In accordance with your request, we are pleased to submit herewith, our proposal for drilling your property in Washington County, Utah.

PROPOSAL

Item 1.	Mobilization and demobilization		L/S	- - - $ 250.00
Item 2.	Drilling alluvium or overburden		Per ft.	- - - 3.75
Item 3.	Core Drilling	NX	BX	
	0 - 500'	$7.00/ft.	$6.65/ft.	
	500 - 800'	7.50/ft.	7.15/ft.	
Item 4.	Reaming - all sizes		Per ft.	- - - 3.50
Item 5.	Setting casing or pipe - all sizes		Per ft.	- - - 0.50
Item 6.	Cementing, or drilling out cement		Per hr.	- - - 16.00
Item 7.	Standby time		Per hr.	- - - 14.00
Item 8.	Casing lost in holes, or left at request of customer		@ List price	
Item 9.	Cement, drilling mud, additives		@ Invoice cost plus 10% f.o.b. job	

Wire line?

Conditions

1. Drillsites and access roads will be maintained accessible to Sprague & Henwood, Inc. equipment.

2. Water will be available at no cost to Sprague & Henwood, Inc., but transporting water to drill sites from mine area, shall be the reponsibility of Sprague & Henwood, Inc.

Cont. page 2

Samuel S. Arentz, Operator
Escalante Silver Mines Co.

PROPOSAL CONT.

We appreciate the opportunity to submit this proposal, and trust it will serve your needs.

The slight increase in footage prices over those in effect on the same property in 1963, are due to drilling angle holes as against vertical holes on the previous contract.

Very truly yours,

SPRAGUE & HENWOOD, INC.

B. B. Williams
Gen. Sup't.
Western Operations

BBW:vn

JOY MANUFACTURING COMPANY
900 WOODLAND AVENUE
MICHIGAN CITY, INDIANA

June 2, 1964

AIR MAIL

Escalante Silver Mines Company
520 East 4th South St.
Salt Lake City, Utah

Attention: Mr. S. Arentz

Gentlemen:

On request of our sales representative, Mr. J. Powers of Salt Lake City, Utah, we set forth below terms and conditions under which we are prepared to undertake a minimum of 3,000 feet of drilling for the exploration of silver, lead and copper deposits near Enterprise, Utah:

Angle Hole Drilling 70°

Mobilization and Demobilization Drilling Equipment @$500.00

	NX Wireline (= BX core)	BX Wireline (= AX core)
From surface to a depth of 500 feet	@$5.45 ft.	$5.15 ft.
From a depth of 500 to 1000 feet	@$5.95 ft.	$5.65 ft.
Reaming for casing, if necessary	- NX @$3.00 ft.	BX $2.75 ft.
Casing lost or ordered in place	- NX @$2.92 ft.	BX $2.16 ft.
Plugging and/or cement of drill holes for lost circulation	@$12.00 hour	
Acid Surveys	@$12.00 hour	
Drilling mud used up	@$2.75 bag	
Standby for your convenience	@$10.00 hour	

Owner to furnish water at the drill. ?

Owner to furnish core boxes, access roads and level setups.

We will furnish for this proposed drilling one of our Joy core drills complete with operating equipment, and will conduct the drilling operations on the basis of two 8-hour shifts per day and not less than six days per week.

standard BX = 1 7/16 standard NX = 2 1/8"

We propose to furnish Joy NX wireline fittings which will produce 2" diameter cores, or BX wireline fittings which will produce 1 7/16" diameter cores. The core barrels will be of the Joy patented type with water shutoff valves.

We understand that the proposed drilling is scheduled to get under way sometime during the month of August, and we will be in a position to meet the starting date.

We appreciate the opportunity of quoting on your requirements, and will appreciate an early decision concerning our proposition.

Yours very truly,

JOY MANUFACTURING COMPANY

W. J. Pilarski, Manager
Contract Drill Division

WJP/et

HAROLD B. SPENCER, PRESIDENT
JAMES QUIGLEY, VICE-PRESIDENT
ROBERT E. WATT, SEC'Y-TREASURER

P. O. BOX 290
TELEPHONE 433-6876
AREA CODE 801

CENTENNIAL DEVELOPMENT COMPANY

MINING ENGINEERS AND CONTRACTORS

EUREKA, UTAH

May 6, 1964

Escalante Silver Mines Company, Inc.
520 East 4th South
Salt Lake City, Utah

Attention: Mr. Samuel Arentz

Gentlemen:

In accordance with your request we are pleased to submit the following proposal to drive 1500 feet south on the 175 foot level of the incline shaft of your Escalante Mine under the conditions and firm prices following:

Escalante To Furnish

Hoist, headframe, hoist house and sub-station now on the property.

Centennial To Furnish

All other equipment required. All labor, supervision, supplies, and materials required to complete the work.

Specifications

Drift to be 5' x 7' in cross section with 18 gauge 20 lb. rail, 3" victaulic air line, 1" T&C water line, 12" galvanized vent pipe.

Firm Price

Drift as above complete, per lineal foot $62.50

Water requiring pumping or special handling to be handled on Force Account.

We appreciate the opportunity of making this proposal and trust that you will call on us again when you have work in our line.

Very truly yours,

Centennial Development Company

James Quigley

James Quigley

JQ/ce

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

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
ST. LOUIS

May 7, 1964

Reply to:

Mr. Samuel S. Arentz
530 East 4th South
Salt Lake City, Utah

Dear Sir:

We wish to submit the following for your consideration in regard to the Holt Mine near Enterprise, Utah.

We propose to drive 1,000 LF of 5' x 7' drift for you at a cost of $72.50 per LF under the following conditions:

We will:

Furnish all labor; this will include a foreman, 2 miners, a mechanic, ? hoistman, compressor operator, toplander.

Provide all necessary equipment except that specifically mentioned as your responsibility.

Provide compressed air, power, ventilation and water (a source of water is to be near the collar of the shaft).

We will break, haul, hoist and stack the rock near the collar as directed by you. This will be done in a safe manner by accepted commercial practice.

You will:

Furnish us access to the mine.

Provide a hoist, hoist rope and skip in operable condition which we will operate.

It is understood that the ground will require only minimal support. If bad ground is encountered timber cost will be negotiated.

Thank you for the opportunity of submitting this proposal.

Very truly yours,

R. G. Pinkerton
Chief Engineer

RGP:bg

NAME OR T... ...S, AND ROOM

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Use other side first

☆ U. S. GOVERNMENT PRINTING OFFICE : 16—88019a-2

U. S. Government Messenger Envelope

Standard Form No. 65 (Rev. 1/46)

1. Use blocks consecutively, one at a time.
2. Void previous block.
3. Write clearly.

NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM		NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM	
~~Bureau of Mines Rm 3626~~	RUN		RUN
~~Dept of Interior~~	STOP		STOP
~~Henry C. Stipp~~ 3528	RUN		RUN
~~Commodity specialist, Division of Minerals~~	STOP		STOP
~~Mr. Joyce~~	RUN		RUN
~~# 3411~~	STOP		STOP
~~[illegible]~~	RUN		RUN
~~[illegible]~~	STOP		STOP
Mrs Smittle	RUN		RUN
Room 3411	STOP		STOP
~~Mr. [illegible]~~	RUN		RUN
~~[illegible]~~ 2257	STOP		STOP
~~Dr Springer~~	RUN		RUN
~~Bur of~~ FW	STOP		STOP
~~Potomac, Md~~			
Mr Wilber B. Stiles	RUN		RUN
FSF, Room 2024A	STOP 43		STOP
Dept. of Interior	RUN		RUN
Washington, D.C.	STOP		STOP
Geo Selfridge	RUN		RUN
Minerals Exploration			
Rm 4459	STOP		STOP

Send surplus envelopes to supply room for reissue.

Use other side

16—85943a 2

Use RUN and STOP only when messenger service between Government buildings in Washington is required. Your mail room has RUN and STOP information.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/5		110
		220

DEC 5 1967

Mr. Samuel S. Arentz
312 Kearns Building
Salt Lake City, Utah 84101

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Silver Mines
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

Thank you for your letter of November 28, 1967, and enclosed check in the amount of $1,438.84 in payment of royalty due the Government on production from the land under the subject contract.

We sincerely regret that the work performed did not result in a certification of possible production under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the periods indicated.

We appreciate your interest and participation in the exploration assistance program.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
Ome Region III w/cy
Mr. Arentz' ltr.
130
120
Dist Reading file

FEJohnson/gla/bih 12/5/67

23263

OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY

TO:

Budget and Finance

FROM:

Office of Minerals Exploration

- ABSTRACT OF REMITTANCES -

Date	Amount	Bank, City and State	Name of Remitter	Docket & Contract Numbers	Purpose
11-28-67	$1,438.84	1st. Security Bank Salt Lake City Utah	Escalante Silver Mines	OME-6373 E-2200	Royalties

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 30 1967
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20
110
220

REMARKS: (List smelter or mill lot numbers covered by royalties)

11/30/67
Date Prepared

Person Preparing Abstract

Date Received

Person Receiving Remittance

SAMUEL S. ARENTZ
MINING ENGINEER
312 Kearns Building
Salt Lake City, Utah 84101

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 30 1967

November 28, 1967

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
United States Department of Interior
Washington, D. C. 20242

Re: OME-6373
Escalante Silver Mines Company, Inc.
Escalante Silver Mines
Iron County, Utah
Contract 2200

Dear Mr. Johnson:

This is in reply to your letter of October 18, 1967. I am sorry for the delay in forwarding the following information to you.

Based on our calculations of tons and payment received from sale of material, royalty due the Government is as follows:

	Tons	Value
Material Shipped -	13,549	$ 93,958.64
Less dump material mined prior to date of contract	5,096	22,016.50
Percentage of material from Black Beauty claim	40%	40%
Subject to Government royalty	3,381	$ 28,776.86
Government royalty at 5%		$ 1,438.84

Attached is our check No. 1665 in the amount of $1,438.84, payable to the U. S. Geological Survey, in payment of the above royalty.

Sincerely,

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES

DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

DATE	INVOICE NO.	DESCRIPTION	AMOUNT	DISCOUNT OR DEDUCTION	NET AMOUNT
		Royalty Due under OME-6373 (Silver) Contract 2200	1,438.84		

INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Show to whom and when delivered ☐ Show to whom, when, and address where delivered ☐ Deliver ONLY to addressee

(Additional charges required for these services)

RECEIPT

Received the numbered article described below.

REGISTERED NO. 500623

CERTIFIED NO.

INSURED NO.

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

Samuel G. Arenly

2 SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Frank H Anderson

DATE DELIVERED OCT 23 1967

SHOW WHERE DELIVERED (*only if requested*)

c55—16—71548-8 GPO

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

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

POSTMARK OF
DELIVERING OFFICE

U.S.P.O.
SALT LAKE
UT
OCT 23 1967

INSTRUCTIONS: Show name and address below and complete instructions on other side, where applicable. Moisten gummed ends, attach and hold firmly to back of article. Print on front of article *RETURN RECEIPT REQUESTED.*

RETURN TO

NAME OF SENDER U.S.Geological Survey, Office of Minerals Exploration, Department of the Interior

STREET AND NO. OR P.O. BOX
18th and C Streets, N.W.,

POST OFFICE, STATE, AND ZIP CODE
Washington, D. C. 20242

POD Form 3811 Oct. 1965 c55—16—71548-8

6373

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/13	Johnson	110
	Long	140
		110
10/18	Coe	220
		100 m

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Mr. Samuel S. Arentz
312 Kearns Building
Salt Lake City, Utah 84101

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Silver Mines
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

This is with reference to our unanswered letters to you of April 21 and June 12, 1967, concerning royalty due the Government on production from the land under the subject contract.

Based upon the data in your letter of February 17, 1967, and payment received from the buyer of the material shipped from the land under the contract, royalty due the Government is calculated as follows:

	Tons	Value
Material shipped -	13,000	$88,700.04
Less dump material mined prior to date of contract -	4,500	30,703.86
	8,500	$57,996.18
Percentage of material from Black Beauty claim -	.40	.40
Subject to Government royalty -	3,400.00	$23,198.47
Government royalty at 5% -	--	.05
Royalty due the Government -	--	$ 1,159.92

Please promptly furnish settlement data for this production and forward your check in the amount of $1,159.92 payable to the U. S. Geological Survey, in accordance with the terms of the exploration contract.

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region III
120

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

RECEIVED
OCT 1 - 1967
Division of Mineral Resources
and General Legal Services

FEJohnson/bih 10/13/67

23263

Office of Minerals Exploration

August 11, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 15 1967

INITIALS	CODE
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HK	~~120~~
	120 M

Mr. O. C. Madsen, Division Comptroller
Kennecott Copper Corporation
Comptroller's Department
Utah Copper Division
Salt Lake City, Utah 84111

Subject: OME-6373 (Silver)
Escalante Silver Mines Co., Inc.
Iron County, Utah
Contract 2200

Dear Mr. Madsen:

This letter is in reply to yours dated August 4, 1967 concerning the subject OME contract.

In my letter to you dated July 25, 1967, I find that in my first paragraph, the 13 tons I referred to should have been 13,000 tons of siliceous flux. The zeros were inadvertently deleted, consequently I quote from Mr. Arentz's letter dated February 17, 1967 to Mr. Frank Johnson, Chief, OME as follows:

"We shipped a total of approximately 13,000 tons of siliceous flux to the Garfield Smelter. . . etc., etc."

This should explain your misunderstanding. Please accept our apology, and we wish to thank you for your prompt reply. A copy of Mr. Arentz's letter of February 17, 1967 is enclosed.

Sincerely yours,

J. William Hasler

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

Enclosure

cc: Chief, OME
Hasler chron
OME chron

2200

KENNECOTT COPPER CORPORATION
COMPTROLLER'S DEPARTMENT
UTAH COPPER DIVISION
SALT LAKE CITY, UTAH 84111

OME Region III
RECEIVED
AUG 7 1967
Denver, Colorado

O. C. MADSEN
DIVISION COMPTROLLER
S. S. WALDRON
ASSISTANT DIVISION COMPTROLLER

August 4, 1967

P. O. BOX 11299

Div. Compt. 428/67

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Federal Center
Denver, Colorado 80225

Reference: OME-6373 (Silver)
Escalante Silver Mines Co., Inc.
Iron County, Utah
Contract 2200

Dear Mr. Hasler:

We do not understand the first paragraph, second page of your letter dated July 25, 1967, when you state "...approximately 13 tons of siliceous flux (shipped) to Kennecott Copper Corporation." Then, you refer to "...4500 tons shipped from material accumulated in dumps." But let me give you the total tons of material we received and the net payment made to Escalante. Maybe this will solve your problem.

Total Tons Received (28 lots)	12,605.892
Net Payment to Escalante Silver Mines	$88,700.04

Yours truly,

O. C. MADSEN

OCM/bb

SAMUEL S. ARENTZ
MINING ENGINEER
312 Keyes Building
Salt Lake City, Utah 84101

February 17, 1967

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
United States Department of Interior
Washington 25, D. C.

Re: OME 6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Silver Mine
Iron County, Utah
Contract 2200

Dear Mr. Johnson:

Your letter of January 31, 1967, regarding production from the subject property arrived during my absence from Salt Lake City, and I did not receive it until this morning.

When we submitted our original application for an OME contract at the Escalante Mine, the area developed by our existing mine workings was excluded from the proposed contract. All production from the property has come from these areas. Upon receipt of your letter I checked the contract and found that a portion of the area excluded in our original application had been included in the contract and that royalty is due the government on a portion of the production.

We shipped a total of approximately 13,000 tons of siliceous flux to the Garfield Smelter of the Kennecott Copper Corporation. Of this total approximately 4,500 tons was shipped from material accumulated in dumps from advancing drifts and crosscuts on the 170 Level of the mine prior to our entering in to the subject contract. Most of this material was derived from drifts and crosscuts advanced on the Silver Bell (US 6213) mining claim, which is excluded from the property in the contract.

Of the remaining 8,500 tons, an estimated 60% was mined from the Silver Bell claim and an estimated 40% was mined from that portion of the Black Beauty claim immediately south of the shaft which was excluded in our original application.

Trial shipments of the dump material were made in December, 1965, and January, 1966. Mining started in April, 1966, and continued through October, 1966, with shipments starting in May and extending through December, 1966.

The property is now on a standby basis. I will make a trip to the property as soon as weather permits to complete the detailed mapping which will be required to properly allocate the production between the two mine areas. As soon as this information is available I will submit a detailed report on production and pay any royalty due. If anyone from your Denver office will be available to make a trip to the property with me, I shall be pleased to provide transportation from Salt Lake City to the property and return to Salt Lake City,

Sincerely yours,

Samuel S. Arentz, Operator
Escalante Silver Mines Co. Inc.

Office of Minerals Exploration

OFFICIAL
COPY
O. M. E.
RECEIVED
JUL 26 1967
INITIALS | CODE
120

July 25, 1967

Mr. O. C. Madsen, Division Comptroller
Kennecott Copper Corporation
P. O. Box 11299
Salt Lake City, Utah 84110

Reference: OME-6373 (Silver)
Escalante Silver Mines Co., Inc.
Iron County, Utah
Contract 2200

Dear Mr. Madsen:

The Office of Minerals Exploration of the United States Geological Survey entered into an exploration contract to explore for silver at the Escalante Silver Mine, Iron County, Utah on March 22, 1965. The exploration work under the contract was essentially completed during 1966. However, certain items of the contract have not yet been completed by the operator. In this instance, any production of any materials whatsoever that is produced from the ground under lien and subordination agreement relative to Office of Minerals Exploration contracts the operator is required to remit to the Office of Minerals Exploration payments on any proceeds obtained from mineral materials shipped from the property:

ARTICLE 7 (b) "Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

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

(2) if the Government issues a certification of possible production--for a period of fifteen 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."

In a letter dated February 17, 1967 to Mr. Frank E. Johnson, Chief, Office of Minerals Exploration from Mr. Samuel S. Arentz of the Escalante Silver Mines, Inc., he notes that he shipped a total of approximately 13 tons of siliceous flux to the Kennecott Copper Corporation. "Of this total, approximately 13 tons of siliceous flux to the Kennecott Copper Corporation. "Of this total, approximately 4500 tons was shipped from material accumulated in dumps from advancing drifts and crosscuts on the 170 level of the mine prior to our entering into the subject contract. Most of this material was derived from drifts and crosscuts advanced on the Silver Bell (US-6213) mining claim, which is excluded from the property in the contract." It was found, however, that a check of the contract disclosed that a portion of the area excluded in their original application had been included in the contract and that royalty payment is due the government on a portion of the production cited above.

We are attempting to terminate the contract and are desirous of receiving copies of settlement data for shipments made during the period of January 1, 1966 to November, 1966 from the current property. Any information that you can give us concerning the production on this property will be appreciated.

Sincerely yours,

J. William Hasler

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

cc: Chief, OME (2)
cc: Hasler chron
OME chron
2200

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/13		110
		220

Memorandum

JUL 13 1967

To: Field Officer, OME Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Silver Mine
Iron County, Utah
Contract 2200

Reference is made to your memorandum of February 21, 1967, reporting on production from the land under the subject contract during the period January 1, 1966 to November 30, 1966.

In a letter dated February 17, 1967, the Operator confirmed such production and advised that as soon as weather permitted he would furnish a detailed report on production and pay royalties. We have not received the report or royalty payment and have not received replies to our letters to the Operator requesting settlement data.

Before proceeding further, we need to have the settlement data. Therefore, please advise the Kennecott-Garfield Smelter of our lien on the land and production therefrom under the contract and request copies of the settlement data for shipments made during the period January 1, 1966 to November 30, 1966. If you are unable to obtain this information, try and obtain a copy of the smelter schedule for the type of material shipped.

FRANK E. JOHNSON

Frank E. Johnson

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
130

FEJohnson/bih 7/13/67

23263

INSTRUCTIONS TO DELIVERING EMPLOY

☐ Show to whom and when delivered ☐ Show to whom, when, and address where delivered ☐ D t

(Additional charges required for these services)

RECEIPT

Received the numbered article described b

REGISTERED NO. 500,310

CERTIFIED NO.

INSURED NO.

DATE DELIVERED

JUN 19 1967

SIGNATURE OR NAME OF ADDRESSEE

1 Samuel S. C

SIGNATURE OF ADDRESSEE'S

2 Frank H. F

SHOW WHERE DELIVERED (*only if requested*)

c55—16—7

6373

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR P
PAYMEN

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INSTRUCTIONS: Show name and address below
complete instructions on other side, where applicab
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of article. Print on front of article *RETURN*
RECEIPT REQUESTED.

NAME OF SENDER Geological Survey
Office of Minerals Exploration - 1

STREET AND NO. OR P.O. BOX
18th and C Streets, N.W.

POST OFFICE, STATE, AND ZIP CODE
hin ton, D. C. 2024

Form 3811 Oct. 1965 c55—16—71548-8

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/12		110
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REGISTERED MAIL
RETURN RECEIPT REQUESTED

JUN 12 1967

Mr. Samuel S. Arentz
312 Kearns Building
Salt Lake City, Utah 84101

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Silver Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

We have not received replies to our letters of February 21, and April 21, concerning production from the land under the subject contract, or payment of royalty due the Government, which you indicated in your letter of February 17, 1967, would be paid in the near future.

We have no authority to postpone indefinitely collection of royalty due the Government, consequently, you are requested to promptly furnish a record of production and pay the royalty due thereon.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region III
120

FEJohnson/bih 6/12/67

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/21		110
		220
		120-M

APR 21 1967

Mr. Samuel S. Arentz
312 Kearns Building
Salt Lake City, Utah 84101

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Silver Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

Reference is made to your letter of February 17 and our reply of February 21, concerning production from the land under the subject contract and payment of royalty thereon.

Please advise when we may expect to receive the settlement data and royalty payment so that we can complete the closing of the account on this contract.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region III
120-M

FEJohnson/bih 4/21/67

23263

OME Form 7

OFFICIAL FILE COPY

Date	Surname	Code
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		120M

FEB 21 1967

Mr. Samuel S. Arentz
312 Kearns Building
Salt Lake City, Utah 84101

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Silver Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

Thank you for your letter of February 17, 1967, concerning production from the property under the subject contract.

We note your comments regarding the source of the material shipped as siliceous flux to the Garfield Smelter. As soon as you have completed the mapping of your property we will appreciate receiving the settlement data and any royalty due the Government. Mr. J. W. Hasler of our Denver office will be instructed to contact you if he can be available to make the trip to the property with you.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geolcgy file
OME file
OME reading file
OME Region III w/cy inc. ltr.
120-M

FEJohnson/bih 2/21/67

23263

SAMUEL S. ARENTZ
MINING ENGINEER
312 Kearns Building
Salt Lake City, Utah 84101

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 20 1967
INITIALS | CODE
170
110

February 17, 1967

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
United States Department of Interior
Washington 25, D. C.

Re: OME 6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Silver Mine
Iron County, Utah
Contract 2200

Dear Mr. Johnson:

Your letter of January 31, 1967, regarding production from the subject property arrived during my absence from Salt Lake City and I did not receive it until this morning.

When we submitted our original application for an OME contract at the Escalante Mine, the area developed by our existing mine workings was excluded from the proposed contract. All production from the property has come from these areas. Upon receipt of your letter I checked the contract and found that a portion of the area excluded in our original application had been included in the contract and that royalty is due the government on a portion of the production.

We shipped a total of approximately 13,000 tons of siliceous flux to the Garfield Smelter of the Kennecott Copper Corporation. Of this total approximately 4,500 tons was shipped from material accumulated in dumps from advancing drifts and crosscuts on the 170 Level of the mine prior to our entering in to the subject contract. Most of this material was derived from drifts and crosscuts advanced on the Silver Bell (US 6213) mining claim, which is excluded from the property in the contract.

Of the remaining 8,500 tons, an estimated 60% was mined from the Silver Bell claim and an estimated 40% was mined from that portion of the Black Beauty claim immediately south of the shaft which was excluded in our original application.

Trial shipments of the dump material were made in December, 1965, and January, 1966. Mining started in April, 1966, and continued through October, 1966, with shipments starting in May and extending through December, 1966.

8500
4
3400.0

The property is now on a standby basis. I will make a trip to the property as soon as weather permits to complete the detailed mapping which will be required to properly allocate the production between the two mine areas. As soon as this information is available I will submit a detailed report on production and pay any royalty due. If anyone from your Denver office will be available to make a trip to the property with me, I shall be pleased to provide transportation from Salt Lake City to the property and return to Salt Lake City,

Sincerely yours,

Samuel S. Arentz, Operator
Escalante Silver Mines Co. Inc.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

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February 21, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Transmitted herewith is a revised final report on the subject contract. This revised final report has been prepared to replace my final report dated January 26, 1967.

It has been calculated there is a reserve of some 500,000 tons of vein material averaging 10 feet in width containing a weighted average of 3.22 ounces silver per ton. At the current market price, this will gross some $4.15 per ton which of course cannot be considered ore grade material at the present cost of mining.

It is recommended that because no ore grade material was discovered and that no reserves of minable or silver can be calculated as a result of the exploration work completed under the subject contract that no certification of a discovery should be made, but that the operator be notified that the material produced from the Escalante Mine from January 1, 1966 to the present time is subject to repayment under the terms of the contract.

The operator has contracted with the Kennecott Copper Corporation to provide them with some thirty thousand tons of material from the Escalante vein to be used as a flux medium in the Kennecott-Garfield Smelter Operation at Garfield, Utah. Between January 1, 1966 and November 30, 1966, the Escalante Silver Mines produced 12,620 tons of material that included the following metals:

72.3 ounces of gold
93,724.0 ounces of silver
19,152.0 pounds of copper.

The U. S. Bureau of Mines recently furnished us with these figures.

FILE FINAL REPT.

The operator should also be reminded that the sum of $200.00 is being withheld on voucher payments pending the transmittal of an operator's final report.

J. William Hasler

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

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

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February 20, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: Final report on: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

A contract was executed on March 22, 1965 between the Government and the subject applicant to explore for silver deposits in the fissure vein of the Escalante mine, that traverses water-lain volcanic sediments consisting of interbedded tuffaceous sandstone and tuffaceous conglomerate. The proposed contract was signed by the applicant and work under the contract began about June 1, 1965. The purpose of the project was to explore by wireline core drilling from the surface on three patented and six unpatented lode mining claims located in Iron County, Utah owned by the operator. The proposed work consisted of approximately 5,400 feet of overburden and core drilling from a maximum of 13 drill sites.

A total of 5,268 feet of drilling in 13 drill holes was completed by October, 1965. As of April 28, 1966 a total expenditure of some $27,943.65 has been recommended for payment under the contract.

The contract specified that all holes were to be drilled on an approximate bearing of S. 65° E. at an inclination of approximately - 70 degrees, to intersect and traverse the vein at depth. The work was to consist of bulldozing access roads to and the leveling of 13 drill sites on 7 lines. Two holes were to be drilled along each line except the sixth where only one hole should be drilled. The first line should be approximately 500 feet southerly and parallel to the north end line of the Enterprise No. 1 claim and the other lines should be parallel to the first line at intervals of approximately 250 feet southerly.

The holes were to be drilled to traverse the target vein structure at intervals of approximately 250 feet along the strike of the vein and should bottom not closer than approximately 250 feet along the dip of the vein to the other hole drilled on the same line. There should not be in excess of 5,400 feet of drilling performed under the contract.

The Escalante vein structure appeared to split trending southward and Amendment No. 1 was executed to more adequately explore the vein target by relocating certain holes. Amendment No. 1 executed April 4, 1966, item 2, revised the drill hole locations as follows:

Two holes shall be drilled along each line except the third, fourth and fifth lines where one hole, three holes, and one hole respectively shall be drilled. The first line shall be approximately 500 feet southerly and parallel to the north end line of the Enterprise No. 1 claim and other lines shall be parallel to the first line at intervals of approximately midway between lines 2 and 4 and lines 4 and 5, respectively. The holes shall be drilled to traverse the target vein structure at intervals of approximately 250 feet along the strike of the vein except as noted under (1) and shall bottom not closer than approximately 200 feet along the dip of the vein to the other hole or holes drilled on the same line."

The following is a resume' of the results obtained from the exploration drilling under the subject contract:

Resume of Exploration Drilling -- Escalante Silver Mine, Iron County, Utah
OME-6373

Hole Numbers Company	OME	
18	1	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 373 feet. The hanging wall of the vein was intersected at a depth of 323 feet, and the footwall was penetrated at 371 feet. The main vein was intersected between 342 and 365 feet, for a true width of 12.5 feet and this interval averaged 3.06 oz. silver per ton. An interval between 342 and 349 feet, representing 3.8 feet of vein material averaged 5.82 oz. Ag per ton. Significant quantities of silver were reported from 318 feet to 373 feet an interval of 54 feet, and the average grade of material penetrated between 318 - 373 feet is 2.10 ounces silver per ton. True width of the entire zone of mineralization is about 25 feet.
19	2	Was drilled on a bearing of S. 64° E., at an inclination of -70° for a total depth of 705 feet. This hole penetrated quartz stringers and veinlets from 530 to 680 feet. Samples from 552 feet to 559 feet averaged 1.16 oz. Ag. per ton; from 652 - 656 feet, 0.32 oz. per ton; and from 670 - 674 feet, the average silver content was 0.20 oz. per ton, two apparently barren zones of 93 feet and 14 feet respectively were penetrated between 559 - 652 feet and from 656 - 670 feet.
20	3	Was drilled on a bearing of S. 64° E., at an inclination of -70° for a total depth of 133 feet. The vein was penetrated between 73 feet and 93 feet, an interval of 20 feet, this interval averaged 3.45 oz. Ag. per ton. An interval between 56 - 57 feet assayed 8.87 oz. Ag. per ton and a one foot interval between 123 and 124 feet assayed 3.96 oz. Ag. per ton.
21	4	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 578 feet. The vein was not definitely located although several quartz stringers were penetrated which probably represent the vein. One zone between 349 - 355 feet, a distance of 6 feet averaged 0.14 oz. Ag. per ton, and another zone between 538 - 543 feet, a distance of 5 feet averaged 0.11 oz. Ag. per ton. These two zones are separated by 183 feet of barren material containing three 1 - 2 foot stringers of mineralized material.
22	5	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 255 feet. Vein material was intersected between 138 and 170 feet. A second vein was penetrated between 221 and 228 feet. The vein between 138 and 170 feet averaged 11.89 oz. Ag. per ton over a true width of 20 feet, and the second vein, between 220 and 228 feet averaged 10.43 oz. Ag. per ton over a true width of 5 feet. Hole No. 5 penetrated the material containing the highest grade of silver in any of the 13 holes completed under the subject contract.

Hole Number Company	OME	
23	6	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 435 feet. Vein material was penetrated between 337 and 341 feet and from 349 to 408 feet. Some higher grade material was penetrated between 361 and 369 feet, and from 400 to 407 feet. The vein material from 349 to 408 feet averaged 1.91 oz. Ag. per ton. A four foot interval from 337 - 341 feet averaged 5.50 oz. Ag. per ton. All zones combined, over a length of 71 feet averaged 1.71 oz. per ton, having a true width of 50 feet.
24	7	Was drilled on a bearing of S.64° E. at an inclination of -70° for a total depth of 211 feet. Three rather widely separated veins were penetrated by drill hole 7, the first zone from 74 to 81 feet, having a true width of approximately 15 feet averaged 1.58 oz. Ag per ton. A third zone, 15 feet from the second zone lies between 180 - 185 feet has a true width of about 5 feet and averaged 4.37 oz. Ag. per ton.
25	8	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 445 feet. Vein material penetrated between 394 and 442 feet averaged 2.00 oz. Ag. over a true width of 34 feet.
26	9	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 324 feet. The hole intersected vein material from 128 to 133 feet from 146 to 154 feet; from 194 - 242 feet, and from 296 to 298 feet. The vein material in these areas consisted largely of mangano-calcite rather than quartz and contained quite low grade material. The widest zone between 189 - 242 feet, averaged only 0.11 oz. Ag. per ton, over a true width of some 38 feet.
27	10	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 601 feet. The drill intersected vein material from 398 to 406 feet; from 416 to 419 feet, and from 422 to 423 feet. The vein material consists of black, mangano-calcite containing small amounts of silver. An 8 foot zone from 398 - 406 feet averaged 0.27 oz. Ag. per ton, and a 7 foot vein from 416 to 423 feet assayed 0.40 oz. Ag. per ton. The interval from 398 to 423 feet averaged 0.20 oz. Ag. per ton for a true width of 20 feet.
28	11	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 683 feet. This hole was drilled to intersect the Escalante vein downdip from OME Hole Nos. 5 and 6. Altered country rock containing iron and manganese oxide and gougy material with scattered vein quartz and calcite was penetrated from 524 to 587 feet. Typical Escalante vein type material was penetrated between 589 and 606 feet averaged 0.71 oz. Ag. per ton; and a zone from 614 to 644 feet averaged 2.23

Hole No. Company	OME	
		oz. Ag. per ton. A zone from 655 feet to 673 feet averaged 0.44 oz. Ag. per ton.
29	12	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 275 feet. This hole was drilled midway between OME holes 3 and 5 in an attempt to intersect the Escalante vein at the same elevation as in drill hole No. 5. The main vein was intersected between 175 and 204 feet, and averaged 1.71 oz. Ag. per ton, over a true width of about 20 feet. Several small stringers in the footwall of the main vein between 216 - 218 feet; 245 - 247 feet; and a somewhat wider zone between 265 - 272 feet averaged 1.48, 2.10 and 2.05 oz. Ag. per ton respectively.
30	13	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 245 feet. The hole was drilled midway between OME hole Nos. 5 and 7 to intersect the Escalante vein at the same elevation as OME hole No. 5. Vein material was intersected between 143 - 151; 173 - 179; 219 -231 and yielded the following results:

Interval	Length	True Width	Av. oz. Ag/ton
143 - 151	8'	6'	3.34
173 - 176	6'	5'	1.27
219 - 231	12'	10'	2.18

TABLE I

Hole No.	Interval (foot)	Width (foot)	Silver (ounces)	Width X ounces silver
1	318 - 373	25	2.10	52.50
2	552 - 559	4'	1.61	6.44
3	56 - 57	1'	8.87	8.87
	73 - 93	12'	3.45	41.40
4	501 - 502	1'	2.02	2.02
5	138 - 170	22'	11.89	261.58
	220 - 228	7'	12.40	86.80
6	337 - 341	3'	2.26	6.78
	349 - 408	42'	1.91	80.22
7	74 - 81	6'	3.22	19.32
	133 - 158	15'	1.58	23.70
	180 - 185	4'	4.37	17.48
8	394 - 442	30'	1.65	49.50
11	568 - 606	15'	1.50	22.50
	614 - 644	10'	2.23	22.30
12	175 - 204	21'	1.71	35.91
	216 - 218	1'	1.48	1.48
	232 - 233	1'	1.08	1.08
	245 - 247	1'	2.10	2.10
	265 - 272	5'	1.19	5.95
13	143 - 151	6'	3.34	20.04
	173 - 179	5'	1.27	6.35
	219 - 231	10'	2.18	21.80

The Escalante vein was explored southwesterly by drilling 13 diamond drill holes in a series of fences to test its downward projection at approximately 250 feet below the outcrop. A total of 5,268 feet was drilled. The Escalante vein appeared strong and quite persistent as shown in drill holes 1 through 8, although the silver assays do not constitute ore grade material with the possible exception of drill hole 5 in which three vein zones ranging from 2.0' - 25' in thickness assayed from 10.43 to 35.30 ounces of silver per ton. Drilling southwestward from drill hole No. 8 the Escalante vein appears to weaken, and consists largely of a series of quartz stringers containing varying but lesser amounts of silver. The Escalante vein both from surface outcrop as well as from diamond drilling appears to be splitting southwestward. The strike of the main vein remains about S. 37° W., and another structure

strikes S. 20° E. The portion striking southeastward consists largely of black manganocalcite with associated manganese and iron oxide. Detailed geologic mapping of this portion of the Escalante vein was recommended by the Field Officer, during an early interim examination.

Conclusions and Recommendations

A total of some 1,000 feet of vein material was explored along the strike, and the vein was penetrated in excess of 400' below the surface, and it may be assumed that the vein would extend to a depth of an additional 100 feet.

Calculations made from an analyses of the resultant drilling program indicated there is a possible reserve some 500,000 tons of material at an average grade of 3.22 ounces silver per ton having an average width of 10.73 feet. Roughly, then, there may be a block of material as follows:

$$\frac{1{,}000 \times 500' \times 10'}{10} = 500{,}000 \text{ tons.}$$

There may be as much as 500,000 tons of material that will gross $4.15 per ton, and at the present price of silver this cannot be considered ore grade material, even though there may be pods of ore grade material within this block of ground, that could be mined at a profit. It is therefore concluded that the exploration work completed to date, under the present contract, did not discover significant reserves of silver of high enough value to be considered ore grade material and it is therefore recommended that the contract be terminated. It is therefore recommended that the project not be certified.

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INSURED NO.	CITY, STATE, AND ZIP CODE Washington, D. C. 20242

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1/31/67	Kirkham	120
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		120M

JAN 31 1967

REGISTERED MAIL
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Mr. Samuel Arentz
Escalante Silver Mines Company, Inc.
312 Kearns Building
Salt Lake City, Utah 84101

Re: OME-6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

This is with reference to our letter to you of September 1, 1966, concerning the subject contract.

We have been informed that production from the property covered by the contract was made during the period January 1 to November 30, 1966. Under the terms of the contract royalty is due the Government on any production from the property until the Government's lien is released. Therefore, you are requested to promptly furnish an accounting of such production and pay any royalty due the Government thereon in accordance with the terms of the contract.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region III

FEJohnson/bih 1/31/67

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UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Denver Federal Center - Building 25- Room 2284
Denver, Colorado 80225

January 26, 1967

OFFICIAL
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O. M. E.
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JAN 30 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

A contract was executed on March 22, 1965 between the Government and the subject applicant to explore for silver deposits in the fissure vein of the Escalante mine, that traverses water-lain volcanic sediments consisting of interbedded tuffaceous sandstone and tuffaceous conglomerate. The proposed contract was signed by the applicant and work under the contract began about June 1, 1965. The purpose of the project was to explore by wireline core drilling from the surface on three patented and six unpatented lode mining claims located in Iron County, Utah owned by the operator. The proposed work consisted of approximately 5,400 feet of overburden and core drilling from a maximum of 13 drill sites.

A total of 5,268 feet of drilling in 13 drill holes was completed by October, 1965. As of April 28, 1966 a total expenditure of some $27,943.65 has been recommended for payment under the contract.

The contract specified that all holes shall be drilled on an approximate bearing of S. 65° E. at an inclination of approximately -70 degrees, to intersect the vein. The holes shall be drilled to traverse the target vein structure. The work shall consist of bulldozing access roads to and the leveling of 13 drill sites on 7 lines. Two holes shall be drilled along each line except the sixth where only one hole shall be drilled. The first line shall be approximately 500 feet southerly and parallel to the north end line of the Enterprise No. 1 claim and the other lines shall be parallel to the first line at intervals of approximately 250 feet southerly.

The holes shall be drilled to traverse the target vein structure at intervals of approximately 250 feet along the strike of the vein and shall bottom not closer than approximately 250 feet along the dip of the vein to the other hole drilled on the same line. There shall not be in excess of 5,400 feet of drilling performed under this contract.

The Escalante vein structure appeared to split trending southward and amendment No. 1 was executed to more adequately explore the vein target by relocating certain holes.

Amendment No. 1 executed April 4, 1966, item 2, revised the drill hole locations as follows:

Two holes shall be drilled along each line except the third, fourth and fifth lines where one hole, three holes, and one hole respectively shall be drilled. The first line shall be approximately 500 feet southerly and parallel to the north end line of the Enterprise No. 1 claim and the other lines shall be parallel to the first line at intervals of approximately midway between lines 2 and 4 and lines 4 and 5, respectively. The holes shall be drilled to traverse the target vein structure at intervals of approximately 250 feet along the strike of the vein except as noted under (1) and shall bottom not closer than approximately 200 feet along the dip of the vein to the other hole or holes drilled on the same line.

The following is a resume' of the results obtained from the exploration drilling under the subject contract:

(Page 4 follows)

RESUME OF OPERATOR'S DRILLING REPORTS

HOLE NUMBERS		
COMPANY	OME	
18	1	Was drilled on a bearing of S. 64° E. at an inclination of -70° for 373'. The vein was found to dip -80° to -85° instead of -70°. The vein was intersected between 343' - 365' or 12.5' in thickness. Average 3.06 oz. Ag. An interval of vein material between 343' - 349' with a thickness of 3.8' assays of 5.82 Ag.
19	2	Was drilled on a bearing of S. 64° E. at an inclination of -70° for 705'. Intercepted vein material between 653' - 656', or 4' averaged 0.32 oz. Ag. Vein zone material extended from 552' - 674'.
20	3	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 133'. The vein was penetrated between 73' - 93', according to the operator, the 20 foot vein material averaged 3.47 Ag/ton.
21	4	Was drilled S. 64° E., at an inclination of -70° for 578'. Vein was not definitely located. Small quartz stringers were intersected, at 349' 355', 501' - 502' and 537' - 542'. The various quartz stringer zones averaged 0.25 oz. Ag/ton. Analyses of an interval between 538' - 543' with a thickness of 4.0 feet averaged 0.11 oz. silver per ton. A one foot interval between 501' - 502' assayed 2.02 oz. silver per ton.
22	5	Was drilled on a bearing of S. 64° E at an inclination of -70° for a total depth of 255'. An intersection between 138' - 170', a 20 foot vein averaged 14.10 oz. Ag/ton. A second vein with a width of 5' averaged 10.43 oz. Ag/ton.
23	6	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 435'. Vein material first intersected between 337' - 341' and between 349' - 408'. Quartz zones indicated two ore shoots. Between 361' - 369' a 5' vein averaged 5.50 oz. Ag/ton and between 400' and 407' a 4.5' vein averaged 4.65 oz. Ag/ton.
24	7	Was drilled on a bearing of S.64° E. at an inclination of a -70° for a total depth of 211 feet. Three zones showing vein material assayed as follows: 74' - 81' a 4.5' vein averaged 3.22 oz. Ag/ton. 149' - 156' a 4.5' vein averaged 3.44 oz. Ag/ton. 180' - 185' a 3.7' vein averaged 4.38 oz. Ag/ton.

HOLE NUMBERS

COMPANY	OME	
25	8	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 445'. Vein material was intersected at 394' to a total depth of 442'. The operator reported the following: 383' - 418' or 14' vein material averaged 2.57 oz. Ag/ton 412' - 418' or 4 foot vein material averaged 5.70 oz. Ag/ton 421' - 434' or 8 foot of vein material averaged 5.01 oz. Ag/ton
26	9	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 324'. This hole was drilled to intersect the vein material at 250'. Crystalline black calcite was penetrated at 250' accompanied by FeO, however silver mineralization did not show in the assays. Four small mineralized zones were intersected between 72' - 95'; 128' - 133'; 140' - 153' and 164' and 165'. A wide zone of vein material was penetrated between 189' - 242' that averaged 0.105 oz Ag/ton. An interval between 297' - 298' assayed 0.37 oz. silver per ton was intersected.
27	10	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 601'. Vein material intersected in hole 10 was mainly black calcite and assays show a low silver content, between 398' 423'. The silver content averaged 0.43 oz. per ton.
28	11	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 683'. Vein material was intersected between 524' - 558', 589' - 606', 614' - 644', and 655' - 666'. The vein between 631' - 640' averaged 5.05 oz Ag/ton. The material between 589' - 600' contained typical vein material, but poor core recovery was obtained between 600' 614'.
29	12	Was drilled S. 64° E. at an inclination of -70° for a total depth of 275', midway between drill holes 3 (20) and 5 (22) in an attempt to intersect the Escalante vein at the same elevation as in drill hole No. 5. The vein was first penetrated between 175' - 204' and averaged 1.70 oz. Ag/ton. Three other zones between 216' - 218', 245' - 247' and 265' - 27 272'. These zones averaged 1.48, 2.10 and 2.05 oz. Ag/ton according to the operator.

HOLE NUMBERS

COMPANY	OME	
30	13	Was drilled on a bearing of S. 64° E. at an inclination of -70° for a total depth of 245', and was drilled midway between hole 5 (22) and 7 (24) to intersect the vein at the same elevation as Hole No. 5. Vein material was intersected between 143' - 151'; 173' - 176'; 178' - 179'; 219' - 225' and 227' - 231'. Silver values averaged 3.34, 2.45, 4.30, and 0.09 oz. Ag/ton respectively. The operator has averaged values between 143' - 146', and from 220' - 223'. The average silver values between these intervals were 6.20 oz. and 7.81 oz. Ag/ton respectively. The thickness of the vein at these intervals is three feet each.

The Escalante vein was explored southwesterly by drilling 13 diamond drill holes in a series of fences to test its downward projection at approximately 250 feet below the outcrop. A total of 5,268 feet in 13 diamond drill holes was drilled. The Escalante vein appeared strong and quite persistent as shown in drill holes 1 through 8, although the silver assays do not constitute ore grade material with the possible exception of drill hole 5 in which three vein zones ranging from 2.0' - 25' in thickness assayed from 10.43 to 35.30 ounces of silver per ton. Drilling southwestward from drill hole No. 8 the Escalante vein appears to weaken, and consists largely of a series of quartz stringers containing varying but lesser amounts of silver. The Escalante vein both from surface outcrop as well as from diamond drilling appears to be splitting southwestward. The strike of the main vein remains about S. 37° W., and another structure strikes S. 20° E. The portion striking southeastward consists largely of black manganoealcite with associated manganese and iron oxide. Detailed geologic mapping of this portion of the Escalante vein was recommended by the Field Officer during an early interim examination.

A total of some 1,000 feet of vein material was explored along the strike and the vein was penetrated well below 250 feet from the surface, consequently it may be assumed that the vein would extend for at least another 250 feet.

Calculations from a detailed analyses of the resultant drilling program showed that there is a possible reserve of 275,000 tons of material in the portion of the vein explored. See Table 1.

Weighted average calculations from data available shows the vein to be about 5.5 feet in width and to contain 7.43 ounces of ~~silica~~ per ton, therefore:

$$\frac{1{,}000 \times 500' \times 5.5}{10} = 275{,}000 \text{ tons}$$

TABLE 1

HOLE NO.	INTERVAL	WIDTH		OZ. SILVER	WIDTH X AG.
OME-1	343 - 365	12.5'	3.06	70.28	878.50
OME-2	652 - 656	4.0'	0.32	1.28	5.12
OME-3	73 - 92	10.0'	3.47	69.38	693.80
OME-4	501 - 502	0.9 1.0'	2.02	2.02	2.02
	538 - 543	2.8 4.0'	0.11	.59	2.36
OME-5	138 - 170	20.0'	14.10	291.85	5,837.00
	sub. vein	5.0'	10.43	83.46	417.30
OME-6	337 - 341	4.0 6.0'	2.27	9.07	54.42
	361 - 369	8.0 5.0'	5.5	44.00	220.00
	400 - 407	7.0 5.0'	4.65	32.56	162.80
OME-7	74 - 81	4.5'	3.22	22.55	101.47
	149 - 156	4.5'	3.44	25.00	112.50
	180 - 185	3.2'	4.38	21.89	70.48
OME-8	412 - 418	4.0'	2.57	33.81	135.24
	421 - 434	8.0'	5.01	38.34	306.72
*OME-9	189 - 242	53.0'		264.00	1,399.20
OME-10	398 - 406	7 4.0'	0.28	1.93	7.72
	416 - 419	3.0'	0.82	2.46	7.38
	422 - 423	1.0	0.36	0.36	0.36
OME-11	631 - 640	5.0'		45.24	226.20
OME-12	175 - 204	15.0'		49.72	755.80
	216 - 218	2.0'		2.96	5.92
	245 - 247	2.0'		4.20	8.40
	265 - 272	2.0'		8.34	16.68
OME-13	143 - 146	3.0'	6.23	18.70	56.10
	220 - 224	4 3.0'	7.81	4 24.78	74.28
		136.7			10,157.47

$$\frac{136.7}{25} - \frac{10,157.47}{136.7} = 5.46 \text{ wide } 7.43 \text{ oz. Ag per ton.}$$

*Hole No. 9 data not included in calculation, as only a series of stringers were penetrated. Not actually vein material.

Conclusions and Recommendations

It is concluded that in exploring the Escalante vein under the current contract for a horizontal distance of some 1,000 feet to a depth in excess of 250 feet that the Escalante vein appears to weaken southwestward along the strike and in foot splits. The vein becomes more or less a zone of narrow quartz and calcite stringers containing low silver values.

A reserve of some 275,000 tons of vein material averaging 5.5 feet in width containing a weighted average of 7.43 ounces of silver per ton may be calculated. At the current market value of $1.293 per ounce this will only net $9.606 per ton which cannot be considered ore grade material at present costs of mining.

The operator has contracted with the Kennecott Copper Corporation to provide them with some 30,000 tons of material from the Escalante vein to be used as a flux medium in the Kennecott's Garfield Smelter operation at Garfield, Utah. Between January 1, 1966 and November 30, 1966, Escalante Silver Mines produced 12,620 tons of material that included the following metal:

72.3	ounces of gold	.00588/T
93,724.0	ounces of silver	7.433/T
19,152.0	pounds of copper.	.07%

The U. S. Bureau of Mines recently furnished us with these figures.

It is recommended that because no ore grade material was discovered and that no reserves ofmineable silver can be calculated as a result of the exploration work completed under the subject contract that no certification of discovery be made, but that the operator be notified that the material produced from the Escalante mine from January 1, 1966 to the present time is subject to repayment under the terms of the contract. The operator should also be reminded that the sum of $200.00 is being withheld on voucher payments pending the transmittal of an "operator's final report".

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/5		110
1/5/6	Kirkham	120
1/5		220

Memorandum

To: Field Officer, OME Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Reference is made to our memorandum to you of October 12, 1966, and your reply of October 19.

Action should be taken immediately to wind up the affairs under this contract without further delay.

Please furnish promptly your summary report on this project with your recommendation as to certification. Also, a check should be made with the U. S. Bureau of Mines as to any production from the property under the contract made in 1966.

FRANK E. JOHNSON

Frank E. Johnson

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region III
130
FEJohnson/bih 1/5/67

23263

IN REPLY REFER TO:

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

Office of Minerals Exploration

October 19, 1966

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6373 (Silver)
Escalante Silver Mines, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Reference is made to your memoranda of September 1, 1966 and October 12, 1966 on the above-mentioned docket.

Due to backlog of work and present workload, I have been unable to furnish a report and recommendation, but I will do so at the earliest opportunity.

J. William Hasler
mc

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

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/12		110
10/14/66	Kirkham	120
10/12	cal	220
		130

OCT 1 2 1966

Memorandum

To: Field Officer, OME Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Reference is made to our memorandum of September 1, 1966, concerning your summary report on work completed and accepted, and your recommendation as to certification for possible production under the subject contract.

As we have not received a Final Report from this applicant, it will be necessary to rely on its monthly progress reports for information regarding mineralization encountered by the drilling.

Please furnish your report and recommendation at an early date so that we may take appropriate action on this case.

FRANK E. JOHNSON

Frank E. Johnson

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
130

FEJohnson/bih 10/12/66

23263

Form 7
(53)

OFFICIAL FILE COPY

Date	Surname	Code
9/1/		110
9/1/66	Kirkham	120
9-1	Cal	220
		20 11

SEP 2

Mr. Samuel Arentz
Escalante Silver Mines Company, Inc.
312 Kearns Building
Salt Lake City, Utah 84101

Re: OME-6373 (Silver)
Escalante Silver Mines, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

Reference is made to the letter to you dated July 25, 1966, from Mr. J. William Hasler, Field Officer, OME Region III, concerning the Operator's Final Report required under the terms of the subject contract.

As we have not received a reply to Mr. Hasler's letter, the $200.00 being withheld on voucher payments will be applied against the preparation of a Final Report.

If there has been any production from the Escalante mine, please furnish copies of sales documents and remit any royalty that may be due under the terms of the contract.

Sincerely yours,

FRANK E JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region III
Budget and Finance/Room 5408

FEJohnson/bih 9/1/66

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/1		110
9/1/66	Kilbourne	120
		220

Memorandum

To: Field Officer, OME Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

As we have not received the Operator's Final Report on the subject project in accordance with your request of July 25, 1966, it appears unlikely that the Operator will submit such report.

Therefore, in order to clear this case, you should present a summary report on the work completed and acceptability of such work, with your recommendation as to certification for possible production.

FRANK E. JOHNSON

Frank E. Johnson

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME-130

FEJohnson/bih 9/1/66

23263

U. S. Geological Survey -- Denver Federal Center
Building 25- Room 2284
Denver, Colorado 80225

July 25, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 27 1966

Mr. Samuel Arentz
Escalante Silver Mines Company, Inc.
312 Kearns Building
Salt Lake City, Utah 84101

Subject: OME-6373 (Silver)
Escalante Silver Mines, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

I have been informed by the Washington Office, of the Office of Minerals Exploration, to request you to submit your final report on the above captioned contract within 30 days or the $200.00 being withheld on voucher payments will be applied against preparation of such report. Also the Government should be advised of any royalty due them on any production made in accordance with the contract terms.

Sincerely yours,

J. William Hasler

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

cc: Chief, OME
OME-6373, Contract 2200
Hasler chron
July chron

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/12	J. Jones	110
7/12/66	Kirkham	120
7/12	Cole	220
		120

Memorandum

To:q Field Officer, OME Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

As this contract expired November 22, 1965, with approximately 90 percent of the authorized drilling completed, steps should be taken to promptly wind up the affairs under the contract.

For this purpose we need your summary report on completed and accepted work and recommendation as to certification.

The Operator should be requested to submit its Final Report as required under the contract within 30 days or the $200.00 being withheld on voucher payments will be applied against preparation of such report. Also, the Operator should again be advised that prompt payment should be made of the Government's royalty on any production made in accordance with the contract terms.

FRANK E. JOHNSON

Frank E. Johnson

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
130

FEJohnson/bih 7/12/66

23263

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6373
Contract No. 2200
14-23-090-
Contract Amount $49,780.00
Gov't. Participation % 75 $37,335.00
Mineral(s) silver

OPERATOR'S MONTHLY VOUCHER

For Month of October, 1965

Operator's Name Escalante Silver Mines Company, Inc.
Address 312 Kearns Building, Salt Lake City, Utah 84101

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
~~xxxxxxx~~ Mobilization		200.00	200.00			
~~xxxxxx~~ Non Core	110.00	575.00	685.00			
~~xxxxxxxx~~ ReamingBX		220.00	220.00			
Core Drilling NX 0-500	2,125.50	11,003.55	13,129.05			
Core Drilling BX 0-500	556.20	10,516.30	11,072.50			
Core DrillingBX 500-1000	389.85	2,841.95	3,231.80			
(2) Personal Services:						
Supervision & Technical	400.00	3,200.00	3,600.00			
Outside Consultants						
Labor	370.00	2,150.00	2,520.00			
(3) Operating Mat'l. & Supplies:						
~~xxxx~~ Drill Mud	28.00	64.40	92.40			
~~xxxxxxx~~ Core Boxes		230.00	230.00			
~~xxxx~~ PluggingCement	384.00	1,122.00	1,506.00			
~~xxxx~~ Casing Lost		46.62	46.62			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	379.50	896.25	1,275.75			
Payroll Taxes	64.18	401.99	466.17			
Employee's Liability Ins.						
Fixed Unit Costs	123.69	982.59	1,106.28			
TOTALS	4,930.92	34,450.65	39,381.57			

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

Date Jan. 25, 1966 *Payee Escalante Silver Mines Co., Inc.

Per [signature] Title Manager

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

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

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 369819 approved
Less 20000 Advances
$ 349819

Signature [signature] 14X0804
(Authorized Certifying Officer)

Date APR 28 1966 Vou. No. 8209

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2200

Signature J. William Hasler Title Field Officer Date 2-2-66

Approved by OME Executive Officer or Alternate:

Signature J. William Hasler Title Field Officer Date 2-2-66

OPERATOR'S MONTHLY REPORT

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

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

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

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

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of October, 1965 Docket No. 6373

Operator's Name Escalante Silver Mines Company, Inc. Contract No. 14-23-090-2200

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Cementing	hours	32	125.5	1,506.00	6.5	100	1,200.00
Casing lost	feet	none	20	46.62			46.62
Reaming BX	feet	none	80	220.00			220.00
Shafts							
Mobilization	Job			200.00			200.00
Other Underground							
Drilling, Core-Diamond							
0-500 NX	feet	390	2409	13,129.05			13,129.05
Drilling, Non-core-Diamond	feet	22	137	685.00			685.00
0-500 BX	feet	108	2150	11,072.50			11,072.50
500-1000 BX	feet	69	572	3,231.80			3,231.80
Percussion							
Miscellaneous Drill Mud	Bag	20	66	92.40			92.40
Core Boxes	each	none	230	230.00			230.00
Roads and Trails							
Eng.-Geol.	Mo.	1/2	4 1/2	3,600.00			3600.00
Laborer	hour	148	1008	2,520.00			2,520.00
Payroll Taxes	%			466.17			460.98
Allowance	foot	589	5268	1,106.28			1,106.28
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				1,275.75			1,275.75
TOTAL TO DATE (per MME Form 60)				39,381.57			39,070.38

REMARKS

The operator has claimed 25.5 units over the contract limit for Cementing, a disallowance of $306.00. The payroll item is still $5.19 off.

(Continue on back)

REMARKS

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date January 25, 1966 Operator Escalante Silver Mines Co., Inc.

Per [signature] Title Office Manager

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

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature J. William Hasler

Title Field Officer
Government Representative

Date February 2, 1966

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

Escalante Silver Mines Company
312 Kearns Building
Salt Lake City, Utah 84101

OPERATOR'S MONTHLY REPORT

October, 1965

O.M.E. Contract No. 14-23-080-2200

Work on the subject contract during October, 1965, consisted of completing O.M.E. Drill Hole No. 11 to 683 feet, of drilling O.M.E. Drill Hole No. 12 to 275 feet, and of drilling O.M.E. Drill Hole No. 13 to 245 feet for a total of 589 feet during the month and a total through October of 5266 feet of the total of 5400 feet covered by the contract. This completed the work under the contract and the drill was removed from the property on October 17, 1965.

O.M.E. Hole No. 11 (Escalante Drill Hole No.28). The hole was drilled to intercept the vein down dip from O.M.E. Holes Nos.5 and 6. The hole hit badly fractured fissure material from 600 to 614 feet with no core recovery. The hole was reamed and cased and the hole was cemented and redrilled from 550 to 614 feet with good core recovery. The hole was bottomed at 683 feet after cutting fissure material from 589 to 606 feet, from 614 to 644 feet and from 655 to 666 feet. The assays indicated very low grade mineralization with the highest grade intercept (from 631 to 640 feet) assaying 5.05 ozs. silver per ton.

O.M.E. Hole No. 12 (Escalante Drill Hole No.29). The hole was drilled to intercept the vein midway between O.M.E. Drill Holes Nos3 and 5 to explore the ore showing indicated by hole No.5. The hole cut vein material from 175-204 with narrow vein intercepts from 216-218, from 245-247 and from 265-272 feet. The hole was bottomed at 275 feet. Assays were very low grade.

O.M.E. Drill Hole No. 13 (Escalante Drill Hole No.30). The hole was drilled to intercept the vein midway between O.M.E. Drill Holes Nos.5 and 7 to explore for the continuation of the ore showing in O.M.E. Drill Hole No.5. The hole intercepted vein material as follows: 143 to 151'; 173 to 176'; 178 to 179'; 219 to 225'; and 227 to 231 feet. From 143 to 146 feet the core averaged 6.20 ounces silver per ton and from 220 to 223 feet the core averaged 7.81 ounces of silver per ton.

SSA: 1-31-66

Escalante Silver Mines Company, Inc.
312 Kearns Building
Salt Lake City, Utah 84101

O.M.E. - 6373 (Silver)
Escalante Mine
Iron County, Utah
Contract No. 2200

Month of October, 1965

Independent Contractors - Category (1)

1. Bulldozing Roads and Drill Sites
2. Drilling

DDH No. 11

BX Core 614' - 683'	69' @ 5.65	$ 389.85

DDH No. 12

Non Core 0' - 11'	11' @ 5.00	55.00
NX Core 11' - 167'	156' @ 5.45	850.20
BX Core 167' - 275'	108' @ 5.15	556.20

DDH No. 13

Non Core 0' - 11'	11' @ 5.00	55.00
NX Core 11' - 245'	234' @ 5.45	1,275.30

3. Reaming		none
4. Hours Cementing & Drilling Cement	14 hrs. @ 12.00	168.00
Hours Deflecting Hole	18 hrs. @ 12.00	216.00
5. Feet of Casing Left in Hole		none
6. Drilling Mud and Supplies		
Drilling Mud	20 bags @ 1.40	28.00
7. Personal Services - Category (2)		
1 - Supervisor - Geologist Engineer		400.00
1 - Laborer		370.00
8. Miscellaneous - Category (7)		
1. Payroll Taxes	$ 64.18	
2. Core Boxes	---	
3. Silver Assays 138 @ $ 2.75	379.50	
4. Fixed Unit Costs 589' @ .21	123.69	567.37

Total - October, 1965	$ 4,930.92
Government Participation @ 75%	$ 3,698.19

FHA: 1-24-66

Escalante Silver Mines Company, Inc.
312 Kearns Building
Salt Lake City, Utah 84101

Certified Transcript of Payroll
Month of October, 1965

Employee	Job Classification	Days Worked	Total Wages
Ivin E. Hunt	Laborer	17 days & O.T. 148 Hrs. @ 2.50/hour	$ 370.00
George F. Zerfoss	Superintendent	15 days	400.00
		Total Wages	$ 770.00

Payroll Taxes	Taxable Wages	Rate	Amount	
F.I.C.A. Tax	$ 770.00	3.625%	$ 27.91	
Unemployment Tax	770.00	1.10 "	8.47	
Industrial Insurance	770.00	3.61 "	27.80	
		Payroll Taxes	$ 64.18	64.18

Total Labor & Insurance - October, 1965 $ 834.18

FHA: 1-24-66

S. B. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
320 EAST 4th SOUTH
SALT LAKE CITY, UTAH October 15, 1965 No 810

PAY ----- Three Hundred Thirty Nine and 22/100 Dollars ----- $ 339.22

TO THE ORDER OF GEORGE F. ZERFOSS

SAMUEL B. ARENTZ - OPERATOR
ESCALANTE SILVER MINES

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY, UTAH

⑆1240-0059⑆ 61 01650 1⑈

DETACH THIS STATEMENT BEFORE DEPOSITING CHECK — SAMUEL B. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME George F. Zerfoss

PAY PERIOD ENDING	HOURS	RATE	GROSS EARNINGS	F.I.C.A.	FEDERAL INC. TAX	STATE INC. TAX	DEDUCTIONS	NET EARNINGS PAID
10-15-65	REG. TIME	800.00	400.00	14.50	38.00	8.28		339.22
	OVERTIME							

NOTICE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD

31-62
1240

SAMUEL B. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[illegible] EAST 4[illegible] SOUTH
SALT LAKE CITY, UTAH October 12, 19 65 No 809

PAY - - - - - Two Hundred Thirty Two and 63/100 Dollars - - - - - $ 232.63

TO THE ORDER OF IVIN E. HUNT

SAMUEL B. ARENTZ - OPERATOR
ESCALANTE SILVER MINES

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY, UTAH

⑆124000058⑆ 61 01650 1⑈

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL B. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	DEBIT OR DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME Ivin E. Hunt

PAY PERIOD ENDING	HOURS	RATE	GROSS EARNINGS	DEDUCTIONS FICA	FEDERAL INC. TAX	STATE INC. TAX				NET EARNINGS PAID
10-10-65	REG. TIME 96 OVERTIME 16	2.50	260.00	9.63	15.60	2.34				232.63

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD

Note: October 1 to 10 - 64 hours plus 16 hours overtime @ $2.50 - $180.00 chargeable to October labor on O.M.E. contract for this payroll period.

EL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[illegible] EAST 4[illegible] SOUTH
SALT LAKE CITY, UTAH October 28 19 65 N2 817

PAY - - - - Two Hundred Twenty Two and 48/100 Dollars $ 222.48

TO THE ORDER OF IVIN E. HUNT

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H Anderson

FIRST SECURITY BANK OF UTAH

⑆1640-0059⑆ 61 01650 44⑈

SAMUEL S. ARENTZ OPERATOR ESCALANTE SILVER MINES

Ivin E. Hunt

10-24-65	96)	2.50	240.00	8.92	12.80	1.80	222.48
	16)	2.00					

Note: October 11 to 20 - 72 hours plus 8 hours overtime @ $2.50 - $190.00 chargeable to October labor on O.M.E. contract for this payroll period.

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

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

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
SANTIAGO, CHILE
LIMA, PERU

INVOICE DATE 10/25/65
ORDER NUMBER
INVOICE NUMBER
CONTRACT 1-375
TERMS Net 10 prox
LOCATION Enterprise, Utah

Escalante Silver Co.
520 East Fourth South
Salt Lake City, Utah

HOLE NO		FROM	TO	FOOTAGE	RATE	TOTAL
#11		614	683	69	6.10	$ 420.90
Redrill		583	614	31		N.C.
Time involved deflecting hole				18 hrs.	14.00	252.00
Drilling Mud				20 bags	4.50	90.00
Additives:	Cellex			1 bag	54.45	54.45
	Quebracho			1 "	27.00	27.00
	Oakite Detergent			15 gal.	2.15	32.25
#12	NC	0	11	11	5.75	63.25
	NX	11	167	156	5.75	897.00
	BX	167	250	83	5.50	456.50
		250	275	25	5.80	145.00
Cement:	CalSeal			7 bags	8.92	62.44
	Lumnite			1 "	7.83	7.83
Cementing and drilling cement				14 hrs.	14.00	196.00
#13	NC	0	11	11	5.75	63.25
	NX	11	245	234	5.75	1,345.50
Cement:	Cal Seal			1 bag	8.92	8.92
	Lumnite			3 "	7.83	23,49
						~~$4,142.78~~
					As corrected	4,145.78

October Distribution
A/C 415 - Diamond Drilling $4,145.78

Approved

Check #833
11-15-65

RECEIVED

UNION ASSAY OFFICE, INC.

P. O. BOX 1828
SALT LAKE CITY 10, UTAH

CHARGE TO Escalante Silver Mine - S.B. Arentz Operator
520 East 4th So.
Salt Lake City, Utah

DATE Oct. 29, 1965

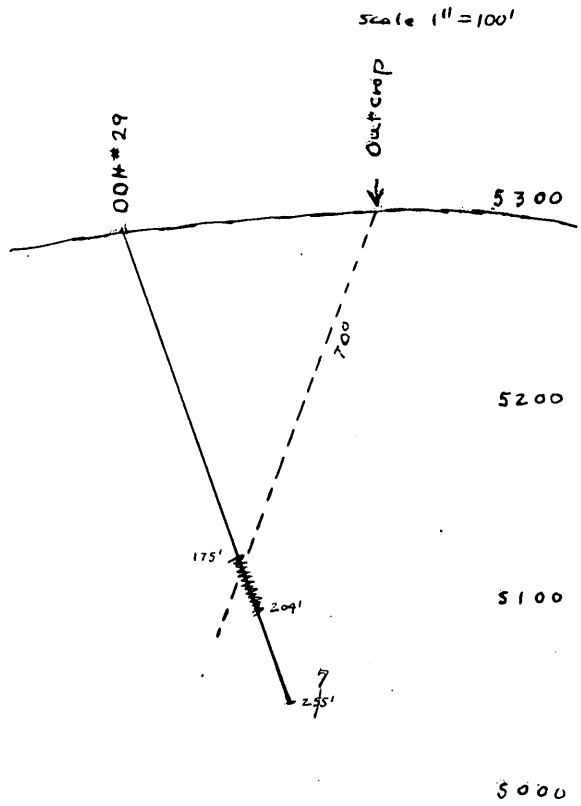
DATE		NAME	LOT NUMBER		
Oct.	4	816 to 837, 841 to 843	25	75.00	
	11	860 to 872, 874 to 881	21	63.00	
	11	882 to 906	25	75.00	
	11	Grab Sample		22.25	
	20	907 to 926	20	60.00	
	20	927 to 945	19	57.00	
	20	946 to 948		14.25	
	25	949 to 976	28	84.00	
			138		$480.50

October Distribution
1/6 Uhl - Assaying $480.50

Approved

Check #826
11-8-65

Escalante Silver Mines
Log of Diamond Drill Hole #29
O.M.E. Docket #6373
Contract No. 14-23-090-2200



O.M.E. Hole No. 12

Coordinates	15856.48N
	13455.28E
Elevation Collar	5287.12
Course & Dip	564 E - 70°
Depth of Hole	~~255~~ 275 feet
Driller	Boyles Bros.
Size Hole	NX - BX

This hole was drilled half way between D.D.H. #20 and D.D.H. #22 to intercept the vein at the same elevation as D.D.H. #22.

The vein material was first encountered from 175 to 204ft. Several small areas of fissure material were encountered from 216 -218', 245 - 247', and 265 - 272 ft.

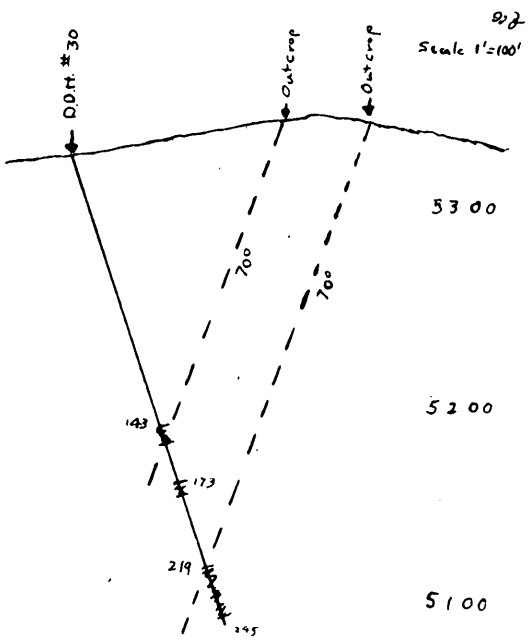
The core was split on one foot intervals and assayed for silver. The assay appears below:

Feet From	Depth To	Assay Oz. Ag/ton
175	176	0.92
176	177	0.86
177	178	1.28
178	179	0.84
179	180	0.60
180	181	0.76
181	182	0.76
182	183	0.86
183	184	1.00
184	185	0.72
185	186	1.06
186	187	0.96
187	188	1.58
188	189	2.10
189	190	1.72
190	191	1.43
191	192	1.72
192	193	1.04
193	194	1.28
194	195	3.32

Feet From	Depth To	Assay Oz. Ag/ton
195	196	5.48
196	197	2.64
197	198	1.26
198	199	1.56
199	200	2.29
200	201	2.50
201	202	2.46
202	203	4.22
202	204	2.50
216	217	1.32
217	218	1.64
232	233	1.08
245	246	1.30
246	247	2.90
261	262	0.36
265	266	4.42
266	267	2.40
268	269	1.34
271	272	0.18

NG

Escalante Silver Mine
Log of Diamond Drill Hole No. 30
O.M.E. Docket #6373
Contract No. 14-23-090-2200



O.M.E. Hole No. 13

Coordinates 15628.08 N
13352.58 E
Elevation 5322.68 Ft.
Course & Dip S 64 E - 70°
Driller Boyles Bros.
Size of Hole NX - BX
Depth of Hole 245 ft.

This hole was drilled half way between D.D.H. #22 and D.D.H. #24 to intercept the vein at the same elevation as D.D.H. #22.

The vein material was encountered at 143 to 151 ' and then 173 - 176', 178-179', 219-225', and 227-231'.

The core in the fissure was split on one foot intervals and samples sent for silver assay.

The Assays appear below.

Feet From	Depth To	Assay Oz.ag/ton
143	144	5.24
144	145	6.30
145	146	7.16
147	148	1.16
146	147	2.68
148	149	0.80
149	150	1.39
150	151	2.00
173	174	4.04
174	175	2.42
175	176	0.90
178	179	0.28
219	220	0.34
220	221	4.72
221	222	5.90
222	223	12.82
223	224	1.34
224	225	0.68
227	228	0.06
228	229	0.06
229	230	0.14
230	231	0.12

1870 / 6.22

NG

2374 / 7.8

3478

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: Escalante Silver Mines Company, Inc.
312 Kearns Building,
Salt Lake City, Utah 84101

Amount Claimed:	Differences (Explained Below)	Amount Approved
$4,930.92	$200.00	$4,730.92 $3,498.19 Govt. Share
Bu. Voucher No.	Payee's Invoice No. OME # 6373 Contract # 2200	Period October, 1965

EXPLANATION

$200.00 withheld pending receipt of Operator's Final Report.

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

E. Gibson
Branch of Budget and Finance

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/22		110
4/25	w leave	120
4/25	cac	220
		120M

APR 25 1966

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Enclosed is a copy of the Field Officer's memorandum of April 20, 1966, forwarding a copy of the Report of Cost Review to the subject Operator, and a copy of the said Cost Review. If you concur therein, pending vouchers may be processed for payment. The sum of $200.00 should continue to be withheld until the Operator's final report has been received.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Region III
OME Reading File

FEJohnson/gla 4-22-66

23263

U. S. Geological Survey -- Denver Federal Center
Building 25- Room 2284
Denver, Colorado 80225

April 20, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
APR 22 1966
INITIALS | CODE
120 m
110
120 K

Memorandum

To: Escalante Silver Mines Company, Inc.

From: J. William Hasler, Field Officer, Region III

Subject: OME 6373 (Silver)
Escalante Silver Mines Co., Inc.
Iron County, Utah
Contract 2200

Transmitted herewith is the Operator's copy of a "Report of Cost Review--Contract 2200, Escalante Silver Mines Company, Inc., Escalante Mine, Iron County, Utah", issued March, 1966. I have reviewed the report and concur with it. The results of this review, in conjunction with the executed amendment No. 1, should now enable you to complete your final vouchers, and to claim any additional expenses due you under the terms of the contract and Amendment No. 1.

J. William Hasler

cc: Chief, OME
6493
Hasler chron
OME chron

orm 7

OFFICIAL FILE COPY

Date	Surname	Code
		110
4/20	Cal	220
		120

APR 20 1966

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Enclosed is Operator's October 1965 Monthly Voucher, with supporting data, to be processed for payment in accordance with Amendment No. 1 to the contract. Please withhold $200.00 pending receipt of Operator's Final Report.

FRANK E. JOHNSON

Frank E. Johnson

Enclosure

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file

FEJohnson/bih 4/20/66

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

U. S. Geological Survey -- Denver Federal Center
Building 25 -- Room 2284
Denver, Colorado 80225

April 14, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
APR 18 1966
INITIALS | SYM
Cac | 210
~~120 M~~
110

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Enclosed are the original and one copy (Government and Fiscal Section) of the proposed amendment No. 1 (3 pages) which were signed by Mr. Samuel S. Arentz, an authorized representative of the above subject contract. The amendment was signed in my presence during the final examination of the property in Iron County, Utah April 9 to 11, 1966. I have retained two copies of the proposed amendment No. 1 for field use, and the operator retained his copy.

The operator had questions regarding possible payment for 25.5 units over the contract limit for plugging and cementing as well as $175.75 for analytical work. I informed him that these were in excess of maximum allowances under the contract and could not be claimed, but that I would refer it to you for your consideration.

I have sent the operator enough voucher forms MME 60's and 61's with which to claim disallowed items now included under the contract so it can be processed for termination.

During the field examination on April 9 to 11, the operator informed me that they have negotiated a contract with the Kennecott Copper Corporation to provide them with some 30,000 tons of vein material from the subject property to be used as a flux medium in the Kennecott's Garfield smelter at Garfield, Utah.

Also, I discussed with him that any production from the property would be subject to royalty if the production was forthcoming before the termination of the exploration work and would consequently be eligible for royalty payment if the subject property is certified as a discovery. He appears to have been aware of royalty payment due from either of these two situations.

Enclosures

J William Hasler
(m)

90, 50 % of drilling completed
Contract completion date on 2/1/66

Form 7
(3)

OFFICIAL FILE COPY

Date	Surname	Code
4/12		110
4/12	Kirkemo	120
4/12	Cal	220
		120M

APR 12 1966

AIRMAIL

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

In reference to our memorandum of April 4, 1966, a Report of Cost Review covering the subject contract has been prepared. Two copies of the report are enclosed, one for your files and the other for the Operator.

If you concur in the facts as stated in the Report of Cost Review, after you have received the executed copies of Amendment No. 1, the Operator should be sent its copy of the report with any comments you may wish to make. As evidence of your concurrence in the report, two copies of your letter of transmittal to the Operator should be furnished this office with your comments. If you do not concur in the report, both copies should be returned with your comments. When we receive the copies of your letter transmitting the Operator's copy of the Report of Cost Review, we shall transmit one of the copies of your letter to the Operator with a copy of the report to the Branch of Budget and Finance along with the last unpaid voucher.

If you have not received the Operator's final report in accordance with Article 5(c) of the contract, you should again request the Operator to promptly submit such a report. Also, we should have your recommendation regarding certification.

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
130

FEJohnson/gla 4-12-66

23263

U. S. Geological Survey -- Denver Federal Center
Building 25 - Room 2284
Denver, Colorado 80225

OFFICIAL COPY

April 8, 1966

110

Memorandum

To: Field Officer, Region III

From: Secretary to Field Officer, Region III

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Transmitted herewith are the original and four copies of proposed Amendment No. 1 (three pages) to the subject contract signed for the Government.

I have checked with the mail room and these documents should leave the terminal at 6 PM and be in Salt Lake City tomorrow (Saturday) morning April 9, 1966 at 2 AM. Lowell Hilpert will contact you and arrange for you to pick the amendment up tomorrow if you want to, as they have four deliveries of mail a day even on Saturday.

I sent these as the cover letter from Mr. Johnson indicates that the October voucher is being held until the amendment is executed and returned to the Washington OME office, and I hope this will expedite the process, as well as the fact that you will like to talk from the official printed word instead of the notes.

Bonnie Sconyers brought down a report on status of project funds. As of March 31, 1966 you show an unobligated balance of $248.00. Figuring this trip on 8-1/2 or 9 day basis and your vehicle on a 1,090 mile basis, it will leave about $33. Hope the other two trips you thought you might take this fiscal year are short ones.

Mary E. Clark
Mrs. Mary E. Clark
Secretary to Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME
Chron
Hasler
Escalante OME-6373 Contract 2200

IN REPLY REFER TO:

~~Klepper~~
~~R Roberts~~
~~Inch~~
Johnson

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

OFFICE OF THE DIRECTOR

MAR 25 1966

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 30 1966

INITIALS	CODE
	110
	120

Memorandum

To: Chief Geologist
Through: Assistant Director

From: Chief Auditor

Subject: Internal Audit of Contract 2200
Docket No. OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Iron County, Utah

Enclosed are four copies of the report of our cost review of the subject contract. This review was made at the request of the Chief, Office of Minerals Exploration.

William T. McClelland
William T. McClelland

Enclosure

NOTED
MAR 28 1966
M. R. Klepper
Assoc. Chief Geologist

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/30	Selfridge	120
	Johnson	110
4/1	Rilagsand	220
4/1	Lewis	
4/1	Hyman	
		110
		220

120M

APR 4 1966

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Referring to our memorandum of March 22, 1966, enclosed are the original and three copies of proposed Amendment No. 1 (three pages) to the subject contract signed for the Government. An extra copy of the proposed amendment is enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of 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, the original and all copies are to be returned to this office together with the proposed changes for consideration.

If and when the amendment is executed and returned to us, we shall forward a copy of it to Budget and Finance along with the three copies of the Operator's pending October 1965 voucher. We also hope to have at that time our copies of the Report of Cost Review for distribution.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
Budget & Finance w/cys
letrs. Opr. to J. William Hasler 3/7/66 and 3/21/66, the latter w/4 pages tabulations
OME File
OME Reading File
Mr. Selfridge (2)

GCSelfridge/gla 3-30-66

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

U. S. Geological Survey -- Denver Federal Center
Building 25- Room 2284
Denver, Colorado 80225

OFFICIAL
COPY
O. M. E.
RECEIVED
MAR 28 1966

FJ ~~110~~
120

March 25, 1966

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: October vouchers for: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Transmitted herewith are the original and two copies of the operator's monthly voucher and operator's progress report for the month of October, 1965 on the above-captioned contract.

J. William Hasler
by Mary

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

U. S. Geological Survey -- Denver Federal Center
Building 25-Room 2284
Denver, Colorado 80225

March 24, 1966

ORIGINAL COPY
MAR 28 1966
FILE CODE
KA 110
120 m
~~120~~

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: Transmittal of narrative report and vouchers

Re: OME-6373 (Silver)
Escalante Silver Mines Co., Inc.
Iron County, Utah
Contract 2200

Transmitted herewith are the original and two copies of the narrative report, and supporting documents allowed to March 15 on the above-captioned property. This is the material referred to in my letter to the operator dated January 26, 1966.

J. William Hasler

Enclosures: Orig. and 2

U. S. Geological Survey -- Denver Federal Center
Building 25-Room 2284
Denver, Colorado 80225

March 24, 1966

Mr. Samuel S. Arentz, Escalante Silver Mines
312 Kearns Building
Salt Lake City, Utah 84101

Re: OME-6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

Your letters dated March 7 and March 21, 1966 arrived together while I was in the field yesterday. I have been waiting the arrival of your data claiming disallowed items under the subject contract, as requested in my letter to you dated January 26, 1966.

On February 8, 1966, I processed your October vouchers and forwarded them to Washington for payment as well as requesting an Interim Audit Review. The vouchers were returned to my office today, March 24, 1966 with a request to have you complete them with your signature, which I am sure was an oversight. Will you please sign them and return them by return mail.

I have also been notified that the Office of Minerals Exploration has received a preliminary copy of a cost review on the subject contract and that an amendment is being prepared for your required action and approval.

I am forwarding the data of March 7 and March 22 to Washington today. I will plan on making a field exam when the amendment has been executed and final costs are approved. A final report of the exploration program, including costs--ore reserve calculation, etc. is also due the OME upon completion of your work as designated under contract 2200, Article 5(c).

Enclosures: MME Form 60's (3)

cc: Chief, OME
2200
Chron
Hasler

J. William Hasler

DRAFT
3/23/66
GCSelfridge/gla

Docket copy

EXPLORATION CONTRACT
ESCALANTE SILVER MINES COMPANY, INC.
OME-6373

AMENDMENT NO. 1

It is agreed this _____ day of _____ _____, 1966, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Escalante Silver Mines Company, Inc., hereinafter called the "Operator," that Exploration Contract 2200 (OME-6373), dated March 22, 1965, is amended as follows:

1. Effective March 22, 1965, the date of the contract:

(a) In Exhibit A,

(i) Under the heading Description of the Work,

(1) The first paragraph is revised to read as follows:

The work shall consist of bulldozing access roads to and the leveling of a maximum of thirteen (13) drill sites on seven (7) lines using not less than a D-6 Caterpillar dozer or an equivalent unit of any other make.

(ii) Under the heading Estimated Costs of the Work,

(1) Under the heading Actual Costs, Category (1) Independent Contracts,

(a) The first item relating to bulldozing is deleted.

(b) The last item relating to drilling mud is revised to read as follows:

Drilling mud @ $1.40/bag and necessary conditioners, additives, and cement 1,750.00

(c) The total of the Category is reduced from $37,532.00 to $36,632.00

(2) A new category, Category (4)--Operating Equipment, Subcategory (a)--Rental is added as follows:

Rental of bulldozer,		
5 months @ $150.00/month	$750.00	
Mobilization and demobilization of bulldozer	150.00	$900.00

2. Effective September 3, 1965,

(a) In Exhibit A,

(i) Under the heading Description of the Work,

(1) The second paragraph is revised to read as follows:

Two holes shall be drilled along each line except the third, fourth, and fifth where 1 hole, 3 holes, and 1 hole shall be drilled, respectively. The first line shall be approximately 500 feet southerly and parallel to the north end line of Enterprise No. 1 claim and the other lines shall be parallel to the first line at intervals of approximately 250 feet southerly except lines 3 and 5 which shall be approximately midway between lines 2 and 4 and lines 4 and 5, respectively. Not in excess of 5,400 feet of drilling shall be performed under this contract.

(2) The third paragraph is revised to read as follows:

The holes shall be drilled to traverse the target vein structure at intervals of approximately 250 feet along the strike of the vein except as noted under (1) and shall bottom not closer than approximately 200 feet along the dip of the vein to the other hole or holes drilled on the same line.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as a maximum, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Chief, Office of Minerals Exploration
U. S. Geological Survey

ESCALANTE SILVER MINES COMPANY, INC.

By_____

Title_____

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/22	Selfridge	120
		110
3/22	c.a.c	220
		120M

MAR 2 2 1966

AIRMAIL

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

We have now received the preliminary copy of a cost review under the subject contract and are preparing an amendment thereto.

Enclosed are the three copies each of MME Form 60 and 61 for the month of October 1965 which the Operator forgot to sign. Will you please have these signed and return to us as soon as possible.

Frank E. Johnson

Enclosures

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Selfridge (2)

GCSelfridge/gla 3-22-66

23263

SAMUEL S. ARENTZ
MINING ENGINEER
312 Kearns Building
Salt Lake City, Utah 84101

March 21, 1966

Mr. J. William Hasler, Field Officer
Region III, Office of Minerals Exploration
U.S. Geological Survey
Room 2284 - Building 25
Denver Federal Center
Denver, Colorado 80225

Re: O.M.E. 6373 (Silver)
Escalante Silver Mines Co., Inc.
Iron County, Utah
Contract 2200

Dear Mr. Hasler:

The attached tabulations detail the costs charged to the subject project by months and for the total project. The tabulations also compare the actual costs with the costs allowed to March 15, 1966, and the balances claimed as of that date.

We completed 13 holes for a total of 5,268 feet of drill hole as compared with the contract provision of 13 holes for a total of 5,400 feet of drill hole. Our claimed costs totalled $ 41,318.45 as compared with the total of $ 49,780.00 allowed by the contract. Our actual costs were somewhat higher than our claimed costs as the drilling contractor charged us higher unit costs than were allowed under the contract.

We exceeded the total units allowed under the contract in two categories: Plugging, conditioning and cementing; and assaying. We incurred costs for cement and for mud additives which were not provided in the contract, but which were necessary for the project. We found that we could save a substantial amount by renting a small bulldozer on a monthly basis instead of bringing in a large bulldozer on a hourly basis as provided by the contract. The lower cost for bulldozer rental has been disallowed to this date. We believe that all the above items should be allowed by making suitable amendments to the contract. They are summarized as follows:

	Costs Incurred		Provided by Contract		Our Contract	
Cost Category	Units	Cost	Units	Costs	Units	Cost
Bulldozing	5 mo.	$ 750.00	130 hrs.	$ 1,950.00		$ (1,200.00)
Plugging, Etc.	125 1/2hrs	1,506.00	100 hrs.	1,200.00	25 1/2	306.00
Mud Additives		327.52		---		327.52

continued

Cost Category	Costs Incurred Units	Costs Incurred Cost	Provided by Contract Units	Provided by Contract Cost	Our Contract Units	Our Contract Cost
Cement	45	$ 336.36	---	---	---	$ 336.36
Assaying	---	1,275.75	---	$ 1,100.00	---	175.75

We have not received settlement of our vouchers covering the month of October, which includes the amounts set out above for Plugging, etc., and for Assaying, but does not include the other items.

We deferred having our Consulting Geologist, Mr. Robert Osterstock of Salt Lake City, complete his report on the project pending your inspection of the project and the statement for his services was not included in our October voucher. I have requested Mr. Osterstock to proceed with the work at his earliest convenience and to send a statement for his total services, copies of which are included with this report.

We have not received settlement covering our reported expenditure of $ 78.00 covering 26 feet of reaming for NX Casing in June, 1965. In September the contractor completed 80 feet of NX Reaming which was erroneously reported as BX Reaming in our monthly voucher. The reported cost was $ 220.00 and this should have been $ 240.00.

Through an auditing error, the amount of $ 5.19 was disallowed on our payroll taxes for the period through August, 1965.

As set out in the attached tabulations there is an outstanding total of $ 6,872.99 of which the government's share is 75% or a total of $ 5,154.74 due Escalante Silver Mines Company. We will appreciate an early audit and settlement of this account.

We will also appreciate an inspection of the property, drill core, etc. and a determination as to the results of the project.

With kindest regards

Sincerely,

Samuel S. Arentz, Operator
Escalante Silver Mines Co., Inc.

SUMMARY OF COSTS INCURRED COMPARED WITH COSTS ALLOWED BY CONTRACT
OME 6373 (SILVER) -- CONTRACT NO. 2200
ESCALANTE SILVER MINES COMPANY, INC.

COST CATEGORIES	WORK COMPLETED UNITS	WORK COMPLETED COST	IN CONTRACT UNITS	IN CONTRACT COST	DIFFERENCE UNDER	DIFFERENCE OVER	NO SETTLEMENT OCTOBER	NO SETTLEMENT Note # 1
Building roads and drill sites		$ 750.00		$ 1,950.00	$ 1,200.00		$	$ 750.00
Mobilization		200.00		500.00	300.00			
Drilling								
Non-Core Hole	137	685.00						
0 - 500' NX Core	2,409	13,129.05						
0 - 500' BX Core	2,150	11,072.50						
500 - 1,000' BX Core	572	3,231.80						
Sub Total (Drilling)	5,268	28,118.35	5,400	29,630.00	1,511.65		3,181.55	
Reaming for NX Casing	106	318.00	600	1,800.00	1,482.00			98.00
Plugging, Cementing, etc.	125.5	1,506.00	100	1,200.00		306.00	384.00	
Casing Left in Hole	20	46.62	600	1,752.00	1,705.38			
Drilling Mud	66	92.40	500	700.00	607.60		28.00	
Drilling Mud Additives								
Cellex	2	108.90						
Quebracho	2	46.01						
Caustic Soda	15	5.75						
Cel Seal	15	134.61						
Oakite Detergent	25	32.25						
Sub Total (Mud Additives)		327.52	----	-------		327.52		327.52
Cement	45	336.36	----	--------		336.36		336.36
Core Boxes	230	230.00	305	305.00	75.00			
Engineer - Geologist	4.5	3,600.00	6	4,800.00	1,200.00		400.00	
Laborer		2,520.00	1,296	3,240.00	720.00		370.00	
Payroll Taxes		466.17		869.00	402.83		64.18	5.19
Consultant	5.5	357.50	10	650.00	292.50			357.50
Per Diem	4.5	67.50	10	150.00	82.50			67.50
Assaying		1,275.75	400	1,100.00		175.75	379.50	
Incidental Fixed Expense		1,106.28		1,134.00	27.72		123.69	
TOTAL		$41,318.45		$49,780.00	$ 9,607.18	$1,145.63	$4,930.92	$1,942.07

Note # 1 -- The items in this column will require amendments to the contract except for Consultant's fees and per diem which were not included in previous month[illegible] The item on reaming should have been settled previously The $5.19 on Payroll [illegible]

SUMMARY OF MONTHLY EXPENDITURES
OME 6373 (SILVER) - CONTRACT 2280
ESCALANTE SILVER MINES COMPANY

COST CATEGORIES	JUNE UNITS	JUNE COST	JULY UNITS	JULY COST	AUGUST UNITS	AUGUST COST	SEPTEMBER UNITS	SEPTEMBER COST
Building roads and drill sites	2	300.00	1	150.00	1	150.00	1	150.00
Mobilization		200.00		------		------		------
Drilling								
Non-Core Hole	45	225.00	40	200.00	30	150.00	--	------
0 - 500' NX Core	728	3,967.60	568	3,095.60	435	2,370.75	288	1,569.60
0 - 500' BX Core	233	1,199.95	734	3,780.10	657	3,383.55	418	2,152.70
500 - 1,000' BX Core	205	1,158.25	83	468.95	---	------	215	1,214.75
Sub Total (Drilling)	1,211	6,550.80	1,825	7,544.65	1,122	5,904.30	921	4,937.05
Reaming for NX Casing	26	78.00	---	-----	---	------	80.	240.00
Plugging, Cementing, etc.	---	-----	14	168.00	49	588.00	30.5	366.00
Casing Lost in Hole	---	-----	10	23.26	10	23.36	---	------
Drilling Mud	5	7.00	---	------	24	33.60	17	23.80
Drilling Mud Additives								
Cellex	1	54.45	--	-----	--	-----	--	-----
Quebracho	1	19.01	--	-----	--	-----	--	-----
Caustic Soda	15	5.75	--	-----	--	-----	--	-----
Cal Seal	--	-----	--	-----	8	71.36	--	-----
Dakite Detergent	--	-----	---	-----	--	-----	--	-----
Sub Total		79.21	--	-----		71.36	--	-----
Cement	6	46.98	14	98.96	14	104.29	--	-----
Core Boxes	84	84.00	95	95.00	13	13.00	38	38.00
Engineer-Geologist		800.00		800.00		800.00		800.00
Laborer		560.00		530.00		530.00		530.00
Consultant		-----		------		------		------
Per Diem		-----		------		------		------
Payroll Taxes		107.24		73.08		110.85		110.85
Assaying		118.00		188.50		492.25		137.50
Incidental Fixed Expense		254.31		299.25		235.62		193.41
TOTAL COST		$9,185.54		$9,[illegible].67		$9,056.63		$7,[illegible]1.42
Costs Allowed to 3/15/66		8,981.35		9,332.57		8,774.93		7,356.61
Balance Claimed 3/[illegible]		204.19		598.18		281.70		224.81

SUMMARY OF MONTHLY EXPENDITURES

SHEET # 2

COST CATEGORIES	OCTOBER UNITS	OCTOBER COSTS	TOTAL PROJECT UNITS	TOTAL PROJECT COSTS
Bulldozing roads and drill sites	---	-----	5	750.00
Mobilization	---	-----		200.00
Drilling				
Non-Core Hole	22	110.00	137	685.00
0 - 500' NX Core	390	2,125.50	2,409	13,129.05
0 - 500' BX Core	108	556.20	2,150	11,-72.50
500 - 1,000' BX Core	69	389.85	572	3,231.80
Sub Total (Drilling)	589	3,181.55	5,268	28,118.35
Reaming for NX Casing	---	------	106	318.00
Plugging, cementing, etc.	32	384 00	125.5	1,506.00
Casing lost in hole	---	------	20	46.62
Drilling Mud	20	28.00	66	92.40
Drilling Mud Additives				
Cellex	1	54.45	2	108.90
Quebracho	1	27.00	2	46.01
Caustic Soda	---	------	15	5.75
Cal Seal	7	63.25	15	134.61
Oakite Detergent	25	32.25	25	32 25
Sub Total (Drilling Additives)		176.95		327.52
Cement	4	31.32	45	336.36
Core Boxes	---	-----	230	230 00
Engineer-Geologist		400.00		3,600.00
Laborer		370.00		2,520.00
Payroll Taxes		67.50		466.17
Consultant		357.50		357.50
Per Diem		67.50		67.50
Assaying		397.50		1,275.75
Incidental Fixed Expense		123.69		1,106.28
TOTAL COST		$ 5,564.19		$41,318.45
Costs Allowed to 3/15/66		--------		34,445.46
Balance Claimed 3/		5 564.19		6,872 99

STATEMENT OF ACCOUNT
ROBERT W. OSTERSTOCK
MINING GEOLOGIST
701 JUDGE BUILDING
SALT LAKE CITY, UTAH 84111

Escalnte Silver Mines
Kearns Bldg.
Salt Lake City, Utah

TELEPHONE: OFFICE
HOME

Job: 473

Attn: S. Arentz

Date: Mar. 14, 19

Fees and expenses incurred during geologic consultat
and preparation of final report relating to OME proje
conducted at the Escalante Silver Mine, Iron Co., Ut

Fees:		
4 1/2 days field at $65.00/day		$292.
1 day office at $65.00/day		65.
Expenses:		
4 1/2 days at $15.00/day		67.
	Total	$425.

Jutt

SAMUEL S. ARENTZ
MINING ENGINEER
312 Kearns Building
Salt Lake City, Utah 84101

March 7, 1966

Mr. J. William Hasler, Field Officer
Region III, Office of Minerals Exploration
U. S. Geological Survey
Room 2284 - Bldg. 25
Denver Federal Center
Denver, Colorado 80225

Re: O.M.E. 6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Hasler:

We submitted reports, vouchers, and supporting documents covering operations under the above captioned contract for the month of October, 1965, on January 31, 1966. In compliance with your letter of January 26, 1966, we included only elegible items and costs which were unquestioned in previous vouchers and cost statements.

Attached is a voucher with supporting documents listing items and costs which were disallowed or in question, but which we believe were properly chargeable to the project and which have been the subject of repeated requests for amendment of the contract or for reconsideration. In your letter of January 26 you requested that I follow this procedure in presenting our claim for reimbursement.

To date we have not received a settlement on the October voucher.

We had retained Robert W. Osterstock, Consulting Geologist, of Salt Lake City to advise us on the project and to assist in interpreting the results. Mr. Osterstock made one trip to the property at the time Mr. Hugh Connor visited the property on July 7, 1965. I have repeatedly deferred having Mr. Osterstock make a second, and final trip, to the property, so that he will be available when you or one of your staff makes a final inspection of the property.

I understand that upon receipt of the final voucher, which is attached, you will schedule a final audit and an inspection of the property.

Very truly yours,

Samuel S. Arentz, Operator
Escalante Silver Mines Co., Inc.

SSA:sa

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/8	Selfridge	120
		110
2/8	CAC	220
		120M

FEB 8 1966

Memorandum

To: Chief Auditor

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Enclosed is the original Operator's monthly voucher for the month of October 1965. Will you please prepare an Interim Audit Review to determine the exact monetary status of the subject contract and what amendments and supporting material might be needed in order that all of the work done under the contract is eligible for Government participation. The voucher should be returned to us when it has served its purpose.

This is one of the more urgent cases.

(Signed) FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc to: Director's Reading File
Division File
Economic Geology File
Budget & Finance, Miss Gabor
OME File
OME Reading File
Mr. Selfridge
CA&A
OME Region III

GCSelfridge/gla 2-8-66

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Denver Federal Center -- U. S. Geological Survey
Building 20 - Room 2284
Denver, Colorado 80225

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 4 1966
Ref 110
120

AIR MAIL

February 2, 1966

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6373 (Silver)
Escalante Silver Mines, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Enclosed herewith are the original and two copies of the above contract's Report of Operations for the month of October, 1965, the Narrative Report, and the completed and signed MME Forms 60 and 61 (Voucher and Progress Report), with the supporting documents.

J. William Hasler

cc: Chief OME
6373
File
Hasler

SAMUEL S. ARENTZ
MINING ENGINEER
312 Kearns Building
Salt Lake City, Utah 84101

January 31, 1966

Mr. J. William Hasler, Office of Minerals Exploration
United States Geological Survey
Room 2284 - Building 25
Denver Federal Center
Denver, Colorado 80225

Re: O.M.E. 6373 (Silver)
Escalante Silver Mines Co., Inc.
Contract 2200

Dear Mr. Hasler:

Enclosed are the reports, vouchers and supporting documents covering operations under the above captioned contract for the month of October, 1965. We delayed preparing and forwarding these reports until we received your letter of January 26, 1966.

We shall complete and forward a second voucher covering items and costs which are in question within a few days as suggested in your recent letter.

With kindest regards and best wishes.

Sincerely,

Sam S. Arentz

SSA:sa

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Denver Federal Center -- U. S. Geological Survey
Building 25 - Room 2284
Denver, Colorado 80225

January 26, 1966

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Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6373 (Silver)
Escalante Silver Mines, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

I asked Mr. Samuel Arentz, the operator, to submit his October and final vouchers to Region III and that I would process them, and forward them to Washington for approval, and that Mr. Selfridge would have the entire project audited, so that all amendment that will be required may be executed at one time. I informed him to include a description of the location, attitude and inclination and length of drill holes 12 and 13.

Mr. Arentz said he would comply. That he would submit all costs not in question on the October voucher and submit another one including the items and costs in question.

I shall approve what is eligible on the first voucher, but will send the one with questionable items and costs directly to you for processing along the preliminary audit.

J. William Hasler

Denver Federal Center -- U. S. Geological Survey
Building 25 - Room 2284
Denver, Colorado 80225

January 26, 1966

Mr. Samuel Arentz, Operator
Escalante Silver Mines Co., Inc.
520 East 4th South
Salt Lake City, Utah 84102

Re: OME-6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

This is to verify my telephone conversation with you on 1-26-66 requesting you to submit your October and final vouchers to Region III for processing on the above captioned contract, and to include in your narrative report the attitude, inclination and length on each of holes 12, 13, as well as other supporting documents.

I shall process them as soon as they arrive, and airmail them to Washington. As you mentioned, you will include only eligible items and cost with supporting documents in your October voucher, and then a second voucher listing items and costs that have been disallowed or are in question. This voucher will be sent to Washington for processing and preliminary audit, so that any amendments to the contract may be executed at one time.

When you receive final papers showing what is owing Escalante, you may then request final money due you.

J William Hasler

cc: Chief OME ✓
File
Chron
Hasler

Denver Federal Center-Building 25
Room 2284
Denver, Colorado 80225

January 13, 1966

OFFICIAL COPY

Mr. Samuel Arentz, Operator
Escalante Silver Mines Co., Inc.
520 East 4th South
Salt Lake City, Utah 84102

Re: OME-6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

Pursuant to our telephone conversation of January 12, 1966, relative to your not having received written confirmation of a verbal approval on the relocation of diamond drill holes Nos. 11, 12 and 13, under the subject contract, may I refer you to my letter of September 24, 1965, a copy of which is enclosed.

I have requested a preliminary audit of your contract by Washington, and this should be done shortly.

Sincerely yours,

J. William Hasler

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

JWHasler/mc/1/13/66

cc: Chief OME
File
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Denver Federal Center-Building 25
Room 2284
Denver, Colorado 80225

January 13, 1966

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O. M. E.
RECEIVED
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Memorandum

To: Mr. George Selfridge, Assistant Chief OME

From: Field Officer, Region III

Subject: OME-6373 (Silver)
Escalante Silver Mines Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Enclosed is a request for a contract amendment covering (1) Mud additives, conditioners, and cement, (2) Bulldozer; (3) Drilling Water (4) Relocation of Drill Holes Nos. 11, 12 and 13 of the subject contract, dated November 23, 1965.

I am not certain whether or not this request was forwarded to you or not. If it is not in your files, I am including what appears to be the original, and am retaining a copy in my files. The request included herein was in my correspondence file, but arrived accompanying his vouchers for the month of September, 1965.

J. William Hasler

JWHasler:mc:1/13/66

cc: Chief OME
File
Chron

Enclosure

SAMUEL S. ARENTZ
MINING ENGINEER
312 Kearns Building
Salt Lake City, Utah 84101

November 23, 1965

Mr. Hugh M. Connors, Field Officer
O.M.E. - Region III
U.S. Geological Survey
Building 20 - Denver Federal Center
Denver, Colorado 80225

Re: OME - 6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200
(Amendment to Contract)

Dear Mr. Connors:

In reply to your letter dated November 12, 1965 and letter from Mr. Hasler dated October 8, 1965, on the above subject, I call your attention to my letter of September 17, 1965, in which I requested contract amendments in the following particulars.

(1) Mud additives, conditioners, and cement ~~not necessary, see memo~~ 9/2/65
(2) Bulldozer
(3) Drilling Water
(4) Relocation of Drill Holes Nos. 11, 12, and 13

We received telephoned approval with regard to relocating the drill holes and acted on that approval to complete the contract. I understood that favorable action was being taken on amending the contract with regard to items No. 1 and No. 2 above, and that item No. 3 was disallowed. We have held up sending monthly vouchers pending receipt of such amendment approval, but from your letter of November 12, it appears that you are still waiting for a request from us.

Repeating what was already set out in my letter of September 17, (a copy of which is attached) we hereby request the following amendments to the subject contract.

1. Under the original contract there is provision for 500 bags of drilling mud @ $ 1.40 per bag for a total of $ 700.00. There is also provision for 100 hours

of plugging, conditioning and cementing drill holes @ $ 12.00 per hour for a total of $ 1200.00. Through an oversight there is no provision for mud additives for conditioning the mud, nor for cement for cementing the holes. We request that the contract be amended to include the cost of drilling mud additives and cement at the posted rates charged by the contractor in the amounts used on the job up to the total of the otherwise unexpended amounts set up in the original contract for drilling mud and for plugging, conditioning and cementing holes. This would not increase the total amount of the government's participation in the project over the total set out in the contract and would cover a portion of the necessary cost of the project.

2. The contract provides for up to 130 hours for bulldozing roads and drill sites @ $ 15.00 per hour for a total of $ 1,950.00. We were unable to locate an independent contractor in the area with a D-7 or equivalent bulldozer who was available to move in and out as required to prepare roads and drill sites without our incurring substantial charges for moving. We were able to locate a D-6 bulldozer locally which we were able to rent for $ 150.00 per month to be operated as required by the laborer we already had employed on the project under the terms of the contract. This has greatly added to the flexibility of the work as the bulldozer, has been available at all times as needed and it has resulted in a substantial saving in cost. The only additional charge to the project has been the monthly rental for the five months of the project plus $ 150.00 for move in and move out, for a total charge of $ 900.00. The bulldozer has been operated by the laborer who has been regularly charged to the project at no increase in hourly or weekly wages and we have made no charge for supplies having used diesel fuel and lubrication oil from supply tanks on the property. We actually used the bulldozer to complete all the work required under the contract at less than one-half the allowed cost.

3. While we believe that the requested allowance for providing drilling water is a reasonable one, the item can be dropped from further consideration.

4. We received telephoned approval for the relocation of drill holes as requested in our letter of September 17, but will appreciate receiving confirmation by letter.

I trust this provides the information requested and that we may receive early approval of the requested changes so we can conclude the contract as soon as possible.

Sincerely yours,

Sam S. Arentz, Operator
Escalante Silver Mines

SSA:sa

Attachment

Office of Minerals Exploration

December 6, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
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Memorandum

To: The Record

From: Field Officer, Region III

Subject: MME 60 Vouchers

MME 60 vouchers approved and sent to Washington:

OME-6288 (Silver) Bulldog Mountain, Inc.
No. 2166 Bulldog Mountain Fault
Mineral County, Colorado

The operator's monthly voucher for the month of November was approved and sent to Washington, November 29, 1965.

OME-6373 (Silver) Escalante Silver Mines, Inc.
No. 2200 Escalante Mine
Iron County, Utah

The operator's monthly voucher for the month of September 1965 was approved, with a disallowance of $5.19 error in payroll taxes, and forwarded to Washington November 30, 1965.

J. William Nelson

cc: Chief OME
2166 file
2100 file
Chron

MME FORM 60
SEPT. 1959

OFFICIAL COPY RECEIVED DEC 30 1965 INITIALS CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6373
Contract No. 14-23-090-2200
Contract Amount $49,780.00
Gov't. Participation % 75 $37,335.00
Mineral(s) silver

OPERATOR'S MONTHLY VOUCHER

For Month of September, 1965

Operator's Name Escalante Silver Mines Company, Inc.
Address 312 Kearns Building, Salt Lake City, Utah 84101

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
~~xxxxxxx~~ Mobilization		200.00	200.00			
~~xxxxx~~ Non-Core		575.00	575.00			
~~xxxxxxxx~~ Reaming BX	220.00	---	220.00			
Core Drilling NX 0-500	1,569.60	9,433.95	11,003.55			
Core Drilling BX 0-500	2,152.70	8,363.60	10,516.30			
Core Drilling BX 500-1000	1,214.75	1,627.20	2,841.95			
(2) Personal Services:						
Supervision & Technical	800.00	2,400.00	3,200.00			
Outside Consultants						
Labor	530.00	1,620.00	2,150.00			
(3) Operating Mat'l. & Supplies:						
~~xxxx~~ Drill Mud	23.80	40.60	64.40			
~~xxxxxx~~ Core Boxes	38.00	192.00	230.00			
~~xxxx~~ Plugging-Cementing	366.00	756.00	1,122.00			
Rail						
Casing Lost		46.62	46.62			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	137.50	758.75	896.25			
Payroll Taxes	110.85	291.14	401.99			
Employee's Liability Ins.						
Fixed Unit Cost	193.41	789.18	982.59			
TOTALS	7,356.61	27,094.04	34,450.65			

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

Date November 17, 1965 *Payee Escalante Silver Mines Co., Inc.

Per [signature] Title Manager

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

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

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 5517.46

Signature [signature] (Authorized Certifying Officer)

Date DEC 16 1965 Vou. No. 14X0804 4484

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2200.

Signature J. William Hosler Title Field Officer Date 11-29-65

Approved by OME Executive Officer or Alternate:

Signature J. William Hosler Title Field Officer Date 11-29-65

OPERATOR'S MONTHLY REPORT

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

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

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

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

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of September, 1965 Docket No. 6373

Operator's Name Escalante Silver Mines Company, Inc. Contract No. 14-23-090- 2200

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Cementing	Hour	30.5	93.5	1,122.00			
Casing Lost	Feet	none	20	46.62			
Reaming BX	Feet	80	80	220.00			
Shafts							
Mobilization	Job			200.00			
Other Underground							
Drilling, Core-Diamond							
0-500 NX	Feet	288	2,019	11,003.55			
Drilling, Non-core-Diamond	Feet	---	115	575.00			
0-500 BX	Feet	412	2,042	10,516.30			
500-1000 BX	Feet	215	503	2,841.95			
Percussion							
Drill Mud	Bag	17	46	64.40			
Core Boxes	Each	38	230	230.00			
Roads and Trails							
Eng - Geol.	Mo.	1	4	3,200.00			
Labor	Hour	212	860	2,150.00			
Payroll Taxes	%			401.99			
Allowances	foot	921	4,679	982.59			
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				896.25			
TOTAL TO DATE (per MME Form 60)				34,450.65			$34,445.46

REMARKS Note: Payroll taxes, the $429.14 figure should be $285.95, making a total to date of $396.80

REMARKS Disallowance $5.19 error in payroll tax.

(Continue on back)

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date Nov. 17, 1965 Operator Escalante Silver Mines Co., Inc.

Per Sam S. Arentz Title Manager

Sam S. Arentz

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

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature J. William Fisher

Title Field Office Government Representative

Date 11-29-65

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

U.S. GEOLOGICAL SURVEY RECEIVED DEC 6 3 46 PM '65 BUDGET & FINANCE
U.S. GEOLOGICAL SURVEY RECEIVED DEC 6 3 46 PM '65 BUDGET & FINANCE
0 5 4 2 6 1

Escalante Silver Mines Company
312 Kearns Building
Salt Lake City, Utah 84101

OPERATOR'S MONTHLY REPORT

September, 1965
O.M.E. Contract No. 14-23-080-2200

Work on the subject contract during September, 1965, consisted of completing OME Drill Hole No. 10 to 601 feet and of drilling OME Hole No. 11 to a depth of 614 feet. Footage drilled during September totaled 921 feet for a total through September of 4,677 of the total of 5,400 feet covered by the contract.

OME Hole No. 10 (Escalante drill hole No. 27) was drilled to intercept the vein 250 feet down dip from OME Hole No. 9. The hole intercepted vein material from 398 to 406 feet; from 416 to 419 feet and from 422 to 423 feet. The vein material was black, crystalline, manganese - stained clacite containing very little silver. The intercepts were thinner than those in OME Hole No. 9 up dip. The hole was continued to 601 feet to make sure that the hole had intercepted the main fissure zone.

OME Hole No. 11 (Escalante Drill hole No. 28) was drilled to intercept the vein down dip from OME Holes Nos. 5 and 6. OME Hole No. 5 intercepted ore grade mineralization in the vein at depths of 138 to 165 feet in the hole. OME Hole No6 was drilled to intercept the vein down dip from hole No. 5 and intercepted vein material from337 feet to 408 feet. The material showed signs of extensive leaching and it was anticipated that a deeper intercept could show ore grade mineralization. The hole intercepted altered country rock containing iron and manganese oxides and gougy material with scattered vein quartz and calcite beginning at 524 and extending to 589 feet. From 589 to 600 feet the hole was in typical Escalante vein material but poor core recovery was obtained and no core was obtained from 600 to 614 feet at which point the hole was stopped, pending reaming, casing and cementing. The hole was drilled again from 550 to 614 feet and extended on to 683 feet during October with good core recovery.

SSA: 11-23-65

Escalante Silver Mines Company, Inc.
312 Kearns Building
Salt Lake City, Utah 84101

O.M.E. - 6373 (Silver)
Escalante Mine
Iron County, Utah
Contract No. 2200

Month of September, 1965

Independent Contractors - Category (1)

1. Bulldozing Roads and Drill Sites
2. Drilling

DDH No. 10		
BX Core 294' - 500'	206' @ $ 5.15	$ 1,060.90
BX Core 500' - 601'	101' @ 5.65	570.65
DDH No. 11		
NX Core o' - 288'	288' @ 5.45	1,569.60
BX Core 288' - 500'	212' @ 5.15	1,091.80
BX Core 500' - 614'	114' @ 5.65	644.10

3. Reaming

DDH No. 10 BX 195' - 220'	25' @ 2.75	68.75
DDH No. 11 BX 288' - 343'	55' @ 2.75	151.25

4. Hours of Cementing & Drilling Cement	19 hrs. @ 12.00	228.00
Hours Deflecting Hole	11 1/2 hrs. @ 12.00	138.00
5. Feet of Casing Left in Hole		none
6. Drilling Mud and Supplies		
Drilling Mud	17 bags @ 1.40	23.80
7. Personal Services - Category (2)		
1 - Supervisor - Geologist Engineer		800.00
1 - Laborer		530.00

8. Miscellaneous - Category (7)

1. Payroll Taxes		$ 110.85	
2. Core Boxes - 38 Cardboard @ 1.00		38.00	
3. Silver Assays	50 @ 2.75	137.50	
4. Fixed Unit Costs	921' @ .21	- 193.41 -	479.76

Total - September, 1965	$ 7,356.61
Government Participation @ 75%	$ 5,517.46

FHA: 11-16-65

Escalante Silver Mines Company, Inc.
312 Kearns Building
Salt Lake City, Utah 84101

Certified Transcript of Payroll
Month of September, 1965

Employee	Job Classification	Days Worked	Total Wage
Ivin E. Hunt	Laborer	25 Days & O.T. - 212 hours @ $2.50/hour	$ 530.00
George F. Zerfoss	Superintendent	26 Days	800.00
		Total Wages	$ 1,330.00

Payroll Taxes	Taxable Wages	Rate	Amount	
F.I.C.A. Taxes	$ 1,330.00	3.625%	$ 48.21	
Unemployment Tax	1,330.00	1.10%	14.63	
Industrial Insurance	1,330.00	3.61%	48.01	
	Payroll Taxes		$ 110.85	110.85

Total Labor & Insurance - September, 1965 $ 1,440.85

FHA: 11-16-65

Frank H. Anderson
Office Manager

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[illegible] EAST 4[illegible] SOUTH
SALT LAKE CITY, UTAH September 15 19 65 No 796

Two Hundred Eight and 70/100 Dollars 208.70

IVIN E. HUNT

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H Anderson

[illegible] OFFICE
SECURITY BANK OF UTAH

⑆1240-0059⑆ 61 01650 11⑈

SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

Ivin E. Hunt							
88 8	2.50	230.00	8.34	11.40	1.56		208.70

Note: September 1 to 12, 72 hours plus 8 hours overtime @ $2.50 - $190.00 chargeable to September labor on O.M.E. Contract for this payroll period.

SAMUEL B. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[illegible] EAST 4TH SOUTH
SALT LAKE CITY, UTAH September 29 19 65 No 802

PAY - - - - Two Hundred Thirty Two and 63/100 Dollars - - - - 232.63

TO THE ORDER OF IVIN E. HUNT

SAMUEL B. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H Prudence

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
[illegible]

⑆1240-0059⑆ 61 01650 1⑈

[illegible] ATTACHMENT BELOW [illegible] CHECK SAMUEL B. ARENTZ - OPERATOR ESCALANTE SILVER MINES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ivin E. Hunt							
[illegible]65	96 16	2.50	260.00	9.43	15.60	2.34	232.63

[illegible] CLAIMS AND REDUCTIONS [illegible] ATES - [illegible] YOUR RETURN [illegible]

SAMUEL B. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[illegible] EAST 4[illegible] SOUTH
SALT LAKE CITY, UTAH October 13, 19 65 № 809

PAY ----- Two Hundred Thirty Two and 63/100 Dollars ----- $ 232.63

TO THE ORDER OF IVIN E. HUNT

SAMUEL B. ARENTZ - OPERATOR
ESCALANTE SILVER MINES

[illegible] BANK OF UTAH
[illegible]

⑆1240-0059⑆ 61 01650 1⑈

[illegible] DEPOSITING CHECK SAMUEL B. ARENTZ - OPERATOR ESCALANTE SILVER MINES

[illegible]	[illegible]	[illegible]	[illegible]	AMOUNT	[illegible]	NET AMOUNT

Ivin E. Hunt

[illegible]	[illegible]	[illegible]	GROSS AMOUNT	[illegible]	FEDERAL [illegible]	[illegible] TAX	[illegible]	[illegible]	NET AMOUNT
[illegible] 65	96	2.50	260.00	9.43	15.60	2.34			232.63
	16								

[illegible] DEDUCTIONS [illegible] THIS FOR [illegible]

Note: September 27 to 30, 32 hours @ $2.50 - $80.00 chargeable to September labor on O.M.E. Contract for this payroll period.

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[illegible] EAST 4[illegible] SOUTH
SALT LAKE CITY, UTAH September 15 1965 No 797

AY - - - - Three hundred Thirty Nine and 22/100 Dollars - - - - 339.22

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES

GEORGE F. ZERFOSS

Frank H Anderson

[illegible] SECURITY BANK OF UTAH

⑆1240⑈0059⑈ 6⑆ 01650 1⑈

SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

George F. Zerfoss

745	800.00	400.00	14.50	38.00	8.28	339.22

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES

31-59
1240

SALT LAKE CITY, UTAH September 30 19 65 № 803

PAY - - - - Three Hundred Thirty Nine and 22/100 Dollars - - - - $ 339.22

TO THE ORDER OF GEORGE F. ZERFOSS

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES

FIRST SECURITY BANK OF UTAH

⑆1240-0059⑆ 61 01650 11⑈

SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DESCRIPTION	AMOUNT		NET AMOUNT
George F. Zerfoss			
800.00 400.00 14.50 38.00 8.28			339.22

DIAMOND CORE DRILLING
DIAMOND DRILLING EQUIPMENT
GROUTING
FOUNDATION TESTING
MINING
CARVING

Boyles Bros. DRILLING COMPANY

CONTRACTORS ENGINEERS GEOLOGISTS

General Offices and Plant
Flower Road Phone 467-2535
SALT LAKE CITY, UTAH

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
SANTIAGO, CHILE
LIMA, PERU

[illegible]
[illegible]
NUMBER
CONTRACT 1-375
TERMS Net 30 days
LOCATION Enterprise, Utah

Enterprise Sewer Company
[illegible] East [illegible] South
Salt Lake City, Utah

[illegible]							
[illegible]	NX	[illegible]	250	250		[illegible].75	$1,437.50
		250	285	35		6.10	231.50
	LX	278	500	212		[illegible].80	1,229.60
		500	614	114		6.10	695.40
[illegible]				7 bags		[illegible].83	61.[illegible]1
[illegible] setting and drilling cement - 18 hrs. 1/2				19 hrs.		14.00	266.00
[illegible] 23 hrs. 1/2				11-1/2 hrs.		14.00	161.00
[illegible]				14 bags		4.50	63.00
[illegible]		250	343	93		[illegible].20	179.00
[illegible]				10 [illegible]		2.00	1[illegible].00
[illegible]	LX	294	500	206		[illegible].80	1,194.80
		500	601	101		6.10	616.10
[illegible]		[illegible]	270	25		3.20	80.00
[illegible] Mud				3 bags		4.50	13.50
[illegible]				22		1.00	22.00
							$6,257.51

[illegible]

UNION ASSAY OFFICE, INC.

P. O. BOX 1528
SALT LAKE CITY 10, UTAH

CHARGE TO [illegible] DATE Sept. 30, 1965

DATE	NAME	LOT NUMBER		
[illegible]	[illegible]	6	[illegible]	
	[illegible]	10	[illegible]	
	[illegible]	4	[illegible]	
	[illegible]	11	[illegible]	
	[illegible]	3	[illegible]	
		50		
September [illegible] A/C [illegible] Approved [illegible]				$1[illegible]

To insure proper credit please return one copy with payment

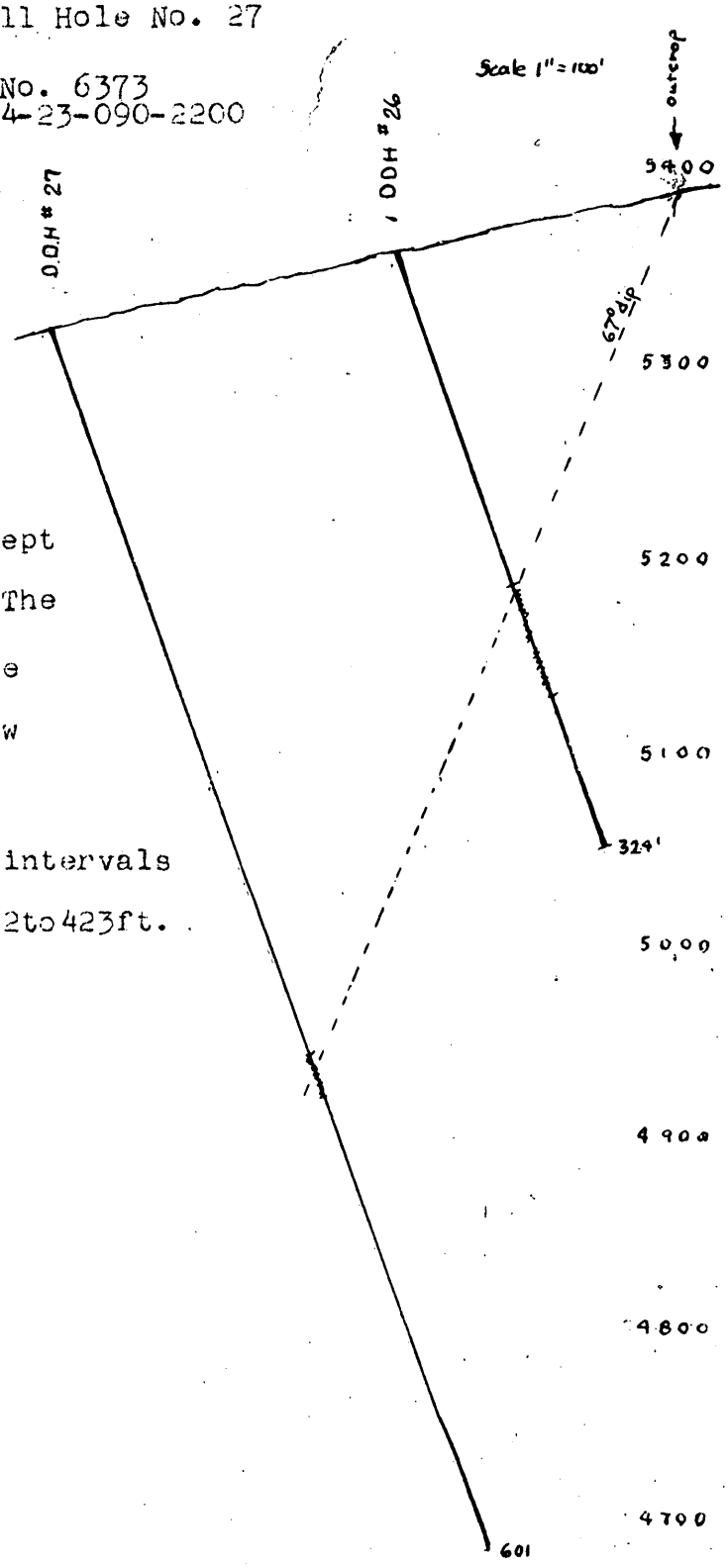
ESCALANTE SILVER MINE

Log of Diamond Drill Hole No. 27

O.M.E. Hole No. 10

O.M.E. Docket No. 6373
Contract No. 14-23-090-2200

Coordinates 15395.16N
12970.98E
Elevation 5309.79ft.
Course and Dip S64E - 70 degrees
Depth of Hole 601ft.
Driller- Boyles Bros.
Size of Hole NX*BX



This Hole was drilled to intercept the vein down dip 250ft. from D.D.H.#26. The vein material proved to be black calcite mostly crystaline and as the assays show low in silver content.

The core was split on one foot intervals from 398 to 406ft., 416 to 419ft. and 422to423ft.

Assays are as follows:

Feet From	Depth To	Assay oz.ag/ton
398	399	0.18
399	401	0.28
401	402	0.20
402	403	0.24
403	404	0.12
404	405	0.53
405	406	0.38
416	417	0.32
417	418	0.84
418	419	1.30
422	423	0.36

5
193
N 628
2.4

Scale 1" = 100'

ESCALANTE SILVER MINE

Log of Diamond Drill Hole #28

O.M.E. #11 O.M.E. Docket # 6373

Contract #14-23--090-2200

Coordinates 15810.99N
13253.04E

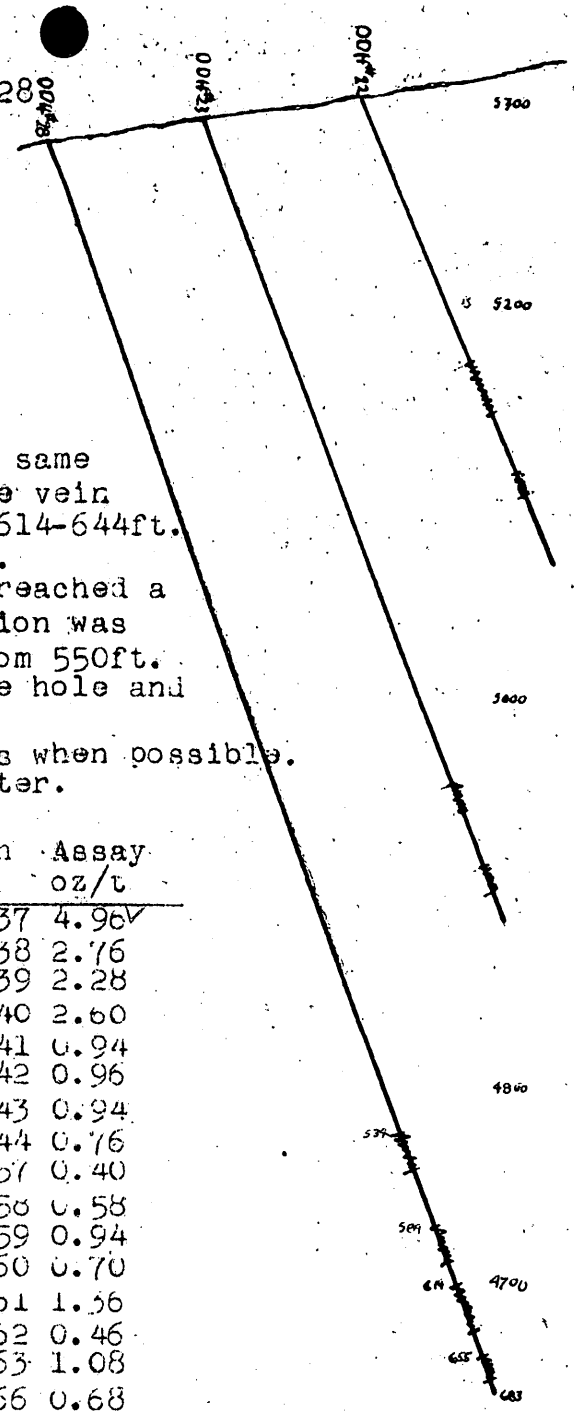
Elevation Collar 5282.45ft.

Course and Dip S64E - 70 degrees

Depth of Hole 683ft.

Driller Boyles Bros.

Size of Hole Nx-Bx



This hole was drilled below D.D.H.#23 on the same course to intercept the fissure 250ft. down dip. The vein material was encountered from 524-558ft, 589-606ft, 614-644ft. and 655-666ft. as the assays for silver show below.

The hole was caving badly when the drillers reached a depth of 600ft. The core recovery dropped. A decision was made to lower the NX casing and cement the hole from 550ft. to 600ft. In redrilling the cement the bit left the hole and recored the area where the core recovery was poor.

Core was split and sampled on 1 ft. intervals when possible. The area above 200ft sampled is carbonate vein matter.

Depth ft.	Assay oz/t	Depth ft.	Assay oz/t	Depth ft.	Assay oz/t	Depth ft.	Assay oz/t
121-122	0.04	548-549	0.38	603-604	1.24	636-637	4.96
122-123	0.04	549-550	0.42	604-605	1.42	637-638	2.76
123-124	0.02	550-551	0.36	605-606	2.90	638-639	2.28
124-125	0.08	553-554	0.14	614-615	0.86	639-640	2.60
125-126	0.08	554-555	0.22	615-616	1.36	640-641	0.94
130-131	0.04	557-558	0.68	616-617	1.34	641-642	0.96
138-139	0.02	568-569	0.06	617-618	3.72	642-643	0.94
166-167	0.12	574-575	0.27	618-619	1.88	643-644	0.76
462-463	0.10	584-585	0.34	619-620	1.14	655-657	0.40
524-525	0.54	585-586	0.28	622-623	1.42	657-658	0.58
534-535	1.04	586-587	0.28	627-628	1.44	658-659	0.94
535-536	0.92	587-589	0.16	628-629	2.81	659-660	0.70
536-537	0.96	589-591	1.34	629-630	1.20	660-661	1.36
537-538	0.70	591-592	1.28	630-631	0.98	661-662	0.46
538-539	0.56	592-594	1.48	631-632	2.66	662-663	1.08
541-542	0.62	594-598	1.30	632-633	5.70	663-666	0.68
542-543	0.98	598-600	1.66	633-634	8.80	672-673	0.30
543-544	0.75	600-602	1.60	634-635	6.62		
544-545	0.50	602-603	1.44	635-636	8.86		

The vein from 631 to 640 ft. averages 5.05 oz/ton silver

MME FORM 60
SEPT. 1959

OFFICIAL CODE O. M. E. RECEIVED NOV 23 1965 INITIALS CODE Case 210 (N) 120

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6373
Contract No. 14-23-090-2200
Contract Amount $49,780
Gov't. Participation % 75 $ 37,335.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of August, 1965

Operator's Name Escalante Silver Mines Company, Inc.
Address 520 East 4th South, Salt Lake City, Utah 84102

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Mobilization	---	200.00	200.00			
Drilling Non - core	150.00	425.00	575.00			
Core Drilling NX 0-500	2,370.75	7,063.20	9,433.95			
Core Drilling BX 0-500	3,383.55	4,980.05	8,363.60			
Core Drilling BX 500 - 1000	---	1,627.20	1,627.20			
(2) Personal Services:						
Supervision & Technical	800.00	1,600.00	2,400.00			
Outside Consultants						
Labor	570.00	1,050.00	1,620.00			
(3) Operating Mat'l. & Supplies:						
Drill Mud	33.60	7.00	40.60			
Core Boxes	13.00	179.00	192.00			
Plugging Cement	588.00	168.00	756.00			
Casing Lost	23.36	23.26	46.62			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	492.25	266.50	758.75			
Payroll Taxes	119.99	171.15	291.14			
Employee's Liability Ins.						
Fixed Unit Cost	235.62	553.56	789.18			
TOTALS	8,780.12	18,313.92	27,094.04			

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

Date October 26, 1965 Payee Escalante Silver Mines Co., Inc.

Per Sam S. Arentz Manager

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

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

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 6581.20

Signature 14X0804
(Authorized Certifying Officer)

Date NOV 23 1965 Vou. No. 3865

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2200

Signature Hugh M. Connors Title _____ Date _____

Approved by OME Executive Officer or Alternate:

Signature Hugh M. Connors Title Field Officer Date 11-12-65

OPERATOR'S MONTHLY REPORT

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

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

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

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

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of August, 1965 Docket No. 6373

Operator's Name Escalante Silver Mines Company, Inc. Contract No. 14-23-090-2200

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Cementing	Hour	49	63	$756.00			
Casing	Feet	10	20	46.62			
Raising							
Shafts							
Mobilization	Job			200.00			
Other Underground							
Drilling, Core-Diamond							
0-500 Nx	Feet	435	1731	9,433.95			
Drilling, Non-core-Diamond	Feet	30	115	575.00			
0-500 Bx	Feet	657	1624	8,363.60			
500-1000 Bx	Feet	---	288	1,627.20			
Percussion							
Miscellaneous Drill Mud	Bag	29	29	40.60			
Core Boxes	Each	13	192	192.00			
Roads and Trails							
Engineer-Geol.	Mo.	1	3	2,400.00			
Labor	Hour	212	648	1,620.00			
Payroll Tax	%			291.14			
Allowance	Feet	1122	3758	789.18			
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				758.75			
TOTAL TO DATE (per MME Form 60)				27,094.04			$27,088.85

REMARKS

(Continue on back)

REMARKS

Disallow $5.19 - error in payroll taxes

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date October 26, 1965 Operator Escalante Silver Mines Co., Inc.

Per Sam S. Arentz Title Manager

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

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature Hugh M. Connors

Title Field Officer
Government Representative

Date 11-12-65

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

INT.DUP.,D.C.59— 27168

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: Escalante Silver Mines Company, Inc.
312 Kearns Building
Salt Lake City, Utah 84101

Amount Claimed:	Differences (Explained Below)	Amount Approved
$8,780.12	$5.19	$8,774.93 Govt. Share $6,581.20
Bu. Voucher No.	**Payee's Invoice No.**	**Period**
	ONE - 6373	August, 1965

EXPLANATION

~~[illegible]~~

$5.19 Disallowance, error in payroll tax, per notation by Hugh M. Connors, Field Officer.

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

Branch of Budget and Finance

Escalante Silver Mines Company, Inc.
312 Kearns Building
Salt Lake City, Utah 84101

November 10, 1965

Mr. J. William Hasler
Office of Minerals Exploration
U.S. Geological Survey
Denver Federal Center - Bldg. 20
Denver, Colorado 80225

Re: O.M.E. 6373 (Silver)
Escalante Silver Mine
Iron County, Utah
Contract 2200

Dear Mr. Hasler:

I am attaching the original and three copies of the Operator's reports, Vouchers, and drill logs covering operations under the subject contract for the month of August, 1965. The August Voucher has been revised in line with your letter of October 8, 1965.

Amendments will be submitted for your approval as outlined in your letter covering adjustable costs relative to the contract.

Very truly yours,

Frank H. Anderson

Frank H. Anderson
Office Manager

FHA:sa

Attachments

OPERATOR'S MONTHLY REPORT

August - 1965

OME Contract No. 14-23-090-2200

Escalante Silver Mines Company, Inc.

Work continued on the subject contract during August. OME Drill Holes Nos. 7, 8, and 9 were completed and No. 10 was advanced to 294 feet. Footage drilled during August totaled 1122 feet as compared with 1425 feet during July and 1209 feet during June, for a total through August of 3756 feet out of the 5400 feet covered by the contract.

OME Hole No. 7 (Escalante drill hole No. 24) was drilled to intercept the footwall of the fissure 250' south of OME Hole No. 5. The hole intercepted vein material from 74 to 81'; from 133 to 159' and from 180 to 185'. The hole was bottomed at 211'. The vein intercepts showed scattered silver mineralization, but the results were disappointing after the good mineralization intercepted in OME Hole No. 5. The several veins intercepted may indicate that the Escalante vein is branching to the south.

OME Hole No. 8 (Escalante Drill Hole No. 25) was drilled to intercept the footwall of the fissure 300' down dip from OME Hole No. 7. The hole intercepted the vein from 394 to 442' and was bottomed at 445'. There were two bands of silver mineralization within the vein. A band extending from 412 to 418', indicating 4' of vein, averaged 5.70 ounces of silver per ton and a second band extending from 421 to 434', indicating 8' of vein, averaged 5.01 ounces of silver per ton. This hole did not show the branching or horsetailing indicated by OME Hole No. 7, up dip from this hole. The core indicates that the vein is thoroughly oxidized and it is possible that silver minerals could have leached out during some prior period when the water level was lower than it is now.

OME Hole No. 9 (Escalante Drill Hole No. 26) was drilled 250' south of OME Hole No. 7. The hole intercepted vein material from 128 to 133'; from 146 to 154'; from 194 to 242' and from 296 to 298'. The hole was bottomed at 324'. The vein intercepts were predominately black, manganese stained calcite instead of quartz and the several intercepts indicated additional branching or horsetailing to the south.

OME Hole No. 10 (Escalante Drill Hole No. 27) was drilled to intercept the footwall of the vein 300' down dip from OME Hole No. 9. The hole advanced to 294' at the end of August.

Escalante Silver Mines Company, Inc.
312 Keams Building
Salt Lake City, Utah 84101

Certified Transcript of Payroll
Months of June, July, & August, 1965
as Corrected

June, 1965

Employee	Days Worked	Job Classification	Total Wage
Ivin E. Hunt	26 Days & O.T. - 224 hrs. @ $2.50/hour	Laborer	$ 560.00
Philip C. Hulse	26 Days	Superintendent	800.00
	Total Wages		$ 1,360.00
Payroll Taxes	$ 1,360.00 @ 7.885%		107.24
	Total June		$ 1,467.24

July, 1965

Ivin E. Hunt	25 Days & O.T. - 212 hrs. @ $2.50/hour	Laborer	$ 530.00
Philip C. Hulse	26 Days	Superintendent	800.00
	Total Wages		$ 1,330.00
Payroll Taxes	$ 530.00 @ 4.725%	$ 25.04	
Payroll Taxes	1,330.00 @ 3.61%	48.01	
	Payroll Taxes	$ 73.05	73.05
	Total July		$ 1,403.05

Note: Effective July 1, 1965 Industrial Insurance
Rate Increased from 3.16% to 3.61%

August, 1965

Ivin E. Hunt	25 Days & O.T. - 212 hrs. @ $2.50/hour	Laborer	$ 530.00
George F. Zerfass	26 Days	Superintendent	800.00
	Total Wages		$ 1,330.00
Payroll Taxes	$ 1,330.00 @ 8.325%		110.85
	Total August		$ 1,440.85

Recapitulation

Total Wages - June, July & August	$ 4,020.00
Total Payable Taxes	291.14
Total Chargeable To O.M.E.	$ 4,311.14

Note: Ivin E. Hunt, laborer is paid on a Bi-Weekly payroll basis, The superintendent on the project is paid on a semi-monthly basis

I am attaching Thermo-Fax copies of all payroll checks issued covering wages paid for the months of June, July, and August, 1965.

Frank H. Anderson
Office Manager

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
330 EAST 4TH SOUTH
SALT LAKE CITY, UTAH June 8 19 65 № 721

PAY - - - - One Hundred Sixty One and 26/100 Dollars - - - - $ 161.26

TO THE ORDER OF IVIN E. HUNT

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H. Anderson

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
SALT LAKE CITY, UTAH

⑆1240⑈0059⑆ 61 01650 11⑈

DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME Ivin E. Hunt

DATE PERIOD ENDING	HOURS		RATE	GROSS EARNINGS	DEDUCTIONS FICA	FEDERAL INC. TAX	STATE INC. TAX				NET EARNINGS PAID
6/6/65	REG. TIME	64	2.50	170.00	6.16	2.30	0.28				161.26
	OVERTIME	8									

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.

Note: June 1 through 6, 1965, 48 hours plus 8 hours overtime equals 52 hours @ $ 2.50 $ 130.00 chargeable to June labor on O.M.E. Contract for this payroll period.

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
820 EAST 4TH SOUTH
SALT LAKE CITY, UTAH June 16 19 65 No 732

PAY Three Hundred Thirty Four and 07/100 Dollars 334.07

TO THE ORDER OF PHILIP C. HULSE

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H. Anderson

FIRST SECURITY BANK OF UTAH

⑆1240⑈0055⑈ 61 01650 11⑈

DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	NET AMOUNT

NAME Philip C. Hulse

DATE	HOURS	RATE	GROSS EARNINGS	FICA	FEDERAL INC TAX	STATE INC TAX	DEDUCTIONS	NET EARNINGS
6/15/65	BEGIN TIME CODE TIME	800.00	400.00	14.50	41.80	9.63		334.07

HERE IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD

31-32
1240

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[illegible] EAST 4[illegible] SOUTH
SALT LAKE CITY, UTAH June 22 19 65 No 733

PAY - - - - Two Hundred Thirty Two and 63/100 Dollars - - - - $ 232.63

TO THE ORDER OF IVIN E. HUNT

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H. Anderson

NOT NEGOTIABLE

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY, UTAH

⑆1240⑈0059⑆ 61 01650 11⑈

PAYEE DETACH THIS STATEMENT BEFORE DEPOSITING CHECK. SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	DISC'T. OR DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME Ivin E. Hunt

PAY PERIOD ENDING	HOURS	RATE	GROSS EARNINGS	DEDUCTIONS F.I.C.A.	FEDERAL INC. TAX	STATE INC. TAX				NET EARNINGS PAID
6/20/65	REG. TIME 96 OVERTIME	2.50	260.00	9.43	15.60	2.34				232.63

EMPLOYEE THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
530 EAST 4th SOUTH
SALT LAKE CITY, UTAH June 30 19 65 NO 738

PAY - - - - Three Hundred Thirty Four and 07/100 Dollars - - - - 334.07

TO THE ORDER OF PHILIP C. RULSE

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H Anderson

NOT NEGOTIABLE

FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY, UTAH

⑆124000059⑆ 61 01650 11⑈

DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	DEDUCTIONS	NET AMOUNT

NAME Philip C. Rulse

DATE	HOURS	RATE	GROSS EARNINGS	FICA	FEDERAL INC TAX	STATE INC TAX	DEDUCTIONS			NET EARNINGS PAID
6/30/65	REG TIME	800.00	400.00	14.50	41.80	9.63				334.07
	OVERTIME									

THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED KEEP THIS FOR YOUR PERMANENT RECORD

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
330 EAST 4TH SOUTH
SALT LAKE CITY, UTAH July 7 1965 No 746

PAY - - - - Two Hundred Eight and 70/100 Dollars - - - - $208.70

TO THE ORDER OF IVIN E. HUNT

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H. Lindsay

NOT NEGOTIABLE

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY UTAH

⑆1240⑈0059⑆ 61 01650 11⑈

PAYEE - DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	DIRECT DEPOSIT DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME Ivin E. Hunt

DAY PERIOD ENDING	HOURS		RATE	GROSS EARNINGS	DEDUCTIONS FICA	FEDERAL INC. TAX	STATE INC. TAX				NET EARNINGS PAID
7/4/65	REG. TIME	88	2.50	230.00	8.34	11.40	1.56				208.70
	OVERTIME	8									

EMPLOYEE - THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED KEEP THIS FOR YOUR PERMANENT RECORD

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
320 EAST 4TH SOUTH
SALT LAKE CITY, UTAH July 19 19 65 № 757

PAY - - - - Three Hundred Forty Eight and 57/100 Dollars - - - - $348.57

TO THE ORDER OF PHILIP C. HULSE

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES

Frank H Anderson

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY UTAH

⑆124000059⑆ 61 01650 11⑈

DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	REAL PROPERTY DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME Philip C. Hulse

PAY PERIOD ENDING	HOURS	RATE	GROSS EARNINGS	DEDUCTIONS FICA	FEDERAL INC TAX	STATE INC TAX			NET EARNINGS PAID
7/15/65	REG TIME	800.00	400.00	—	41.80	9.63			348.57
	OVERTIME								

DETACH THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED KEEP THIS FOR YOUR PERMANENT RECORD

31-52
1240

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[illegible] EAST [illegible] SOUTH
SALT LAKE CITY, UTAH July 19 19 65 No 758

PAY - - - - Two Hundred Eight and 70/100 Dollars - - - - $ 208.70

TO THE ORDER OF IVIN E. HUNT

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H Anderson

NOT NEGOTIABLE

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY UTAH

⑆1240⑈0059⑈ ⑆1 0⑆50 ⑆⑈

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	DISCT. OR DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME Ivin E. Hunt

PAY PERIOD ENDING	HOURS		RATE	GROSS EARNINGS	DEDUCTIONS: F.I.C.A.	FEDERAL INC. TAX	STATE INC. TAX				NET EARNINGS PAID
7/18/65	REG. TIME	88	2.50	230.00	8.34	11.40	1.56				208.70
	OVERTIME	8									

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD

SAMUEL B. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[illegible] EAST 4TH SOUTH
SALT LAKE CITY, UTAH July 31 1965 № 762

31-50
24C

PAY - - - - Three Hundred Forty Eight and 57/100 Dollars - - - - $ 348.57

TO THE ORDER OF PHILIP C. HULSE

SAMUEL B. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H. Anderson

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY UTAH

⑆1240-0059⑆ 61 01650 11⑈

DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL B. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME Philip C. Hulse

PERIOD ENDING	HOURS	RATE	GROSS EARNINGS	DEDUCTIONS FICA	FEDERAL INC. TAX	STATE INC. TAX				NET EARNINGS PAID
7/31/65	REG. TIME	800.00	400.00	—	41.80	9.63				348.57
	OVERTIME									

THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED KEEP THIS FOR YOUR PERMANENT RECORD

31-59
1240

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
880 EAST 4TH SOUTH
SALT LAKE CITY, UTAH August 4 19 65 No 764

PAY - - - - Two Hundred Thirty Two and 63/100 Dollars - - - - $ 232.63

TO THE ORDER OF IVIN E. HUNT

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H. Anderson

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY, UTAH

⑆124000059⑆ 61 01650 11⑈

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	DISC'T OR DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME Ivin E. Hunt

PAY PERIOD ENDING	HOURS		RATE	GROSS EARNINGS	DEDUCTIONS						NET EARNINGS PAID
					F.I.C.A.	FEDERAL INC. TAX	STATE INC. TAX				
8/1/65	REG. TIME	96	2.50	260.00	9.43	15.60	2.34				232.63
	OVERTIME	16									

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
860 EAST 4th SOUTH
SALT LAKE CITY, UTAH August 17 19 65 No 777

PAY - - - - Two Hundred Thirty Two and 63/100 Dollars - - - - $232.63

TO THE ORDER OF IVIN E. HUNT

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H Anderson

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY, UTAH

⑆1240⑈0059⑈ 61 01650 11⑈

DETACH THIS STATEMENT BEFORE DEPOSITING CHECK. SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	OTHER DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME Ivan E. Hunt

PAY PERIOD ENDING		HOURS	RATE	GROSS EARNINGS	DEDUCTIONS F.I.C.A.	FEDERAL INC. TAX	STATE INC. TAX			NET EARNINGS PAID
8/15/65	REG. TIME	96	2.50	260.00	9.43	15.60	2.34			232.63
	OVERTIME	16								

NOTE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
820 EAST 4TH SOUTH
SALT LAKE CITY, UTAH August 17 19 65 № 778

PAY - - - - Three Hundred Thirty Nine and 22/100 Dollars - - - - $ 339.22

TO THE ORDER OF GEORGE F. ZERFOSS

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H Anderson

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY, UTAH

⑆1240⑈0059⑇ 61 01650 11⑈

KEEP DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME George F. Zerfoss

PAY PERIOD ENDING	HOURS	RATE	GROSS EARNINGS	DEDUCTIONS FICA	FEDERAL INC TAX	STATE INC TAX			NET EARNINGS
8/25/65	REG TIME	800.00	800.00	14.50	38.00	8.28			339.22
	OVERTIME								

MAILED TO YOU A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED KEEP THIS FOR YOUR PERMANENT RECORD

31 30
1240

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[illegible] EAST 4TH SOUTH
SALT LAKE CITY, UTAH August 31 19 65 № 784

PAY - - - - Two Hundred Eight and 70/100 Dollars - - - - $ 208.70

TO THE ORDER OF IVIN E. HUNT

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES

NOT NEGOTIABLE

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY, UTAH

⑆1240⑈00596 ⑆ 01650 ⑈⑈

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	EARNINGS OR DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME Ivin E. Hunt

PAY PERIOD ENDING	HOURS		RATE	GROSS EARNINGS	DEDUCTIONS						NET EARNINGS PAID
					F.I.C.A.	FEDERAL INC. TAX	STATE INC. TAX				
8/29/65	REG. TIME	88	2.50	220.00	8.34	11.40	1.56				208.70
	OVERTIME	8									

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD

21-59
1240

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[illegible]
SALT LAKE CITY, UTAH August 31 19 65 № 785

PAY * * * * Three Hundred Thirty Nine and 22/100 Dollars * * * * $ 339.22

TO THE ORDER OF GEORGE F. ZERFOSS

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[signature]

NOT NEGOTIABLE

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY UTAH

⑆1240⑈0059⑆ 61 01650 11⑈

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	DISC'T. OR DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME George F. Zerfoss

PAY PERIOD ENDING	HOURS	RATE	GROSS EARNINGS	DEDUCTIONS F.I.C.A	FEDERAL INC. TAX	STATE INC. TAX				NET EARNINGS PAID
8/31/65	REG. TIME	800.00	400.00	24.50	38.00	8.28				339.22
	OVERTIME									

EMPLOYEE THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
[illegible] EAST 4[illegible] SOUTH
SALT LAKE CITY, UTAH September 15 19 65 № 796

PAY - - - - Two Hundred Eight and 70/100 Dollars - - - - $208.70

TO THE ORDER OF Ivin E. Hunt

SAMUEL S. ARENTZ - OPERATOR
ESCALANTE SILVER MINES
Frank H Anderson

FOURTH SOUTH OFFICE
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
SALT LAKE CITY UTAH

⑆1240-0059⑆ 61 01650 61⑈

PAYEE DETACH THIS STATEMENT BEFORE DEPOSITING CHECK SAMUEL S. ARENTZ - OPERATOR ESCALANTE SILVER MINES

DATE	DESCRIPTION	AMOUNT	DISC'T. OR DEDUCTION	NET AMOUNT

EMPLOYEE'S NAME Ivin E. Hunt

PAY PERIOD ENDING	HOURS		RATE	GROSS EARNINGS	DEDUCTIONS F.I.C.A	FEDERAL INC. TAX	STATE INC. TAX				NET EARNINGS PAID
9/12/65	REG. TIME	88	2.50	230.00	8.3%	11.40	1.5%				208.70
	OVERTIME	8									

EMPLOYEE THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR THE PERIOD INDICATED KEEP THIS FOR YOUR PERMANENT RECORD

Note: August 30 and 31, 1965, 16 hours @ $ 2.50 $40.00 chargeable to August labor on O.M.E. Contract for this payroll period.

Escalante Silver Mines Company, Inc.
720 East 4th South
Salt Lake City, Utah 84102

OME - 6373 (Silver)
Escalante Mine
Iron County, Utah
Contract 2200

Month of August, 1965

Independent Contractors - Category (1)

1. Bulldozing Roads and Drill Sites — $ 150.00

2. Drilling

DDH No. 7

BX Core	152' - 211'	59' @ $ 5.15	303.85

DDH No. 8

Non Core	0' - 10'	10' @ 5.00	50.00
NX Core	10' - 127'	117' @ 5.45	637.65
BX Core	127' - 445'	318' @ 5.15	1,637.70

DDH No. 9

Non Core	0' - 10'	10' @ 5.00	50.00
NX Core	10' - 143'	133' @ 5.45	724.85
BX Core	143' - 324'	181' @ 5.15	932.15

DDH No. 10

Non Core	0' - 10'	10' @ 5.00	50.00
NX Core	10' - 195'	185' @ 5.45	1,008.25
BX Core	195' - 294'	99' @ 5.15	509.85

3. Reaming — None

4. Hours of Cementing, etc. — 49 hours @ 12.00 — 588.00

5. Feet of Casing left in hole	10' @ $ 2.336			$ 23.36
6. Drilling Mud and Supplies				
Drilling Mud	24 bags @	1.40	$ 33.60	
Luminite Cement	13 bags @	7.83	101.79	
Cal Seal	8 bags @	8.92	71.36	
Portland Cement	1 bag @	2.50	2.50	209.25
7. Personal Services - Category (2)				
1 - Supervisor -Geologist - Engineer				800.00
1 - Laborer				530.00
8. Miscellaneous - Category (7)				
1. Payroll Taxes			110.85	
2. 13 Cardboard Core Boxes	@	1.00	13.00	
3. 179 Silver Assays	@	2.75	492.25	
4. Fixed Unit Costs	1122' @	.21	235.62	851.72
Total - August, 1965				$9,066.63
Government Participation @ 75%				$6,792.47

Escalante Silver Mines Company, Inc.
520 East 4th South
Salt Lake City, Utah 84102

CERTIFIED TRANSCRIPT OF PAYROLL

Month of August, 1965

Employee	Days Worked	Job Classification	Total Wages
Ivin E. Hunt	25 days & O.T. - 212 Hrs. @ $2.50	Laborer	$ 530.00
George F. Zerfoss	26	Superintendent	800.00
Total Wages			$ 1,330.00

Payroll Taxes	Taxable Wages			
F,I,C,A, Taxes	$ 1,330.00	@	3.625%	$ 48.21
Unemployment Tax	1,330.00	@	1.10%	14.63
Industrial Insurance	1,330.00	@	3.61%	48.01
				$ 110.85
Total Labor and Insurance				$ 1,440.85

Frank H. Anderson
Frank H. Anderson
Office Manager

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

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
AUBURN, CALIF
ST. LOUIS

INVOICE DATE: 8/31/65
ORDER NUMBER:
INVOICE NUMBER:
CONTRACT: 1-375
TERMS: Net 10 prox
LOCATION: Enterprise, Utah

Mr. Samuel Arentz
530 East 4th South
Salt Lake City, Utah

CORRECTED INVOICE

HOLE NO.		FROM	TO	FOOTAGE	RATE	TOTAL
#7	BX	152	211	59	5.50	$ 324.50
#8	NC	0	10	10	5.75	57.50
	NX	10	127	117	5.75	672.75
	BX	127	250	123	5.50	676.50
	BX	250	445	195	5.80	1,131.00
Lumnite Cement				9 bags	7.83	70.47
Cal Seal				8 "	8.92	71.36
Cementing & Drilling Cement				49 hrs.	14.00	686.00
Drill Mud Used				17 bags	4.50	76.50
Core Boxes used				2	1.00	2.00
10' length NX Casing left in hole					80% list	23.36
#9	NC	0	10	10	5.75	57.50
	NX	10	143	~~135~~ 133	5.75	764.75
	BX	143	250	107	5.50	588.50
		250	324	74	5.80	429.20
Lumnite Cement				2 bags	7.83	15.66
Portland Cement				1 "	2.50	2.50
Drilling Mud				7 "	4.50	31.50
Core Boxes				11	1.00	11.00

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

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
AUBURN, CALIF.
ST. LOUIS

INVOICE DATE: 8/31/65
ORDER NUMBER:
INVOICE NUMBER:
CONTRACT: 1-375
TERMS:
LOCATION:

Mr. Samuel Arentz

Page #2

HOLE NO.		FROM	TO	FOOTAGE	RATE	TOTAL
#10	NC	0	10	10	5.75	$ 57.50
	NX	10	195	185	5.75	1,063.75
	BX	195	250	55	5.50	302.50
		250	294	44	5.80	255.20
Lumn ite Cement				2 bags	7.83	15.66
						$7,387.16

NX 0-500	BX 0-500
117	59
133	123
185	195
	107
	74
	55
	44
435	657

UNION ARMY OPTICAL INC.

[illegible]

Attention To [illegible]

From [illegible]

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

ESCALANTE SILVER MINE

Log of Drill Hole No. 24

O.M.E. No.7

O.M.E. Docket #6373
Contract # 14-23-090-2200

Coordinates 15502.56N
13326.56E

Elevation Collar 5352.07
Course and Dip. S64E -- 70 degrees
Depth Hole 211ft.
Size Hole NX-BX
Driller Boyles Bros.

The Hole was drilled to intercept the vein 250ft. SouthWest of DDH#22 and 170 ft. down dip from the outcrop on the surface.

The vein material was first encountered at a depth of 74-81 ft, next at 133-158ft. and finally at 180-185ft.

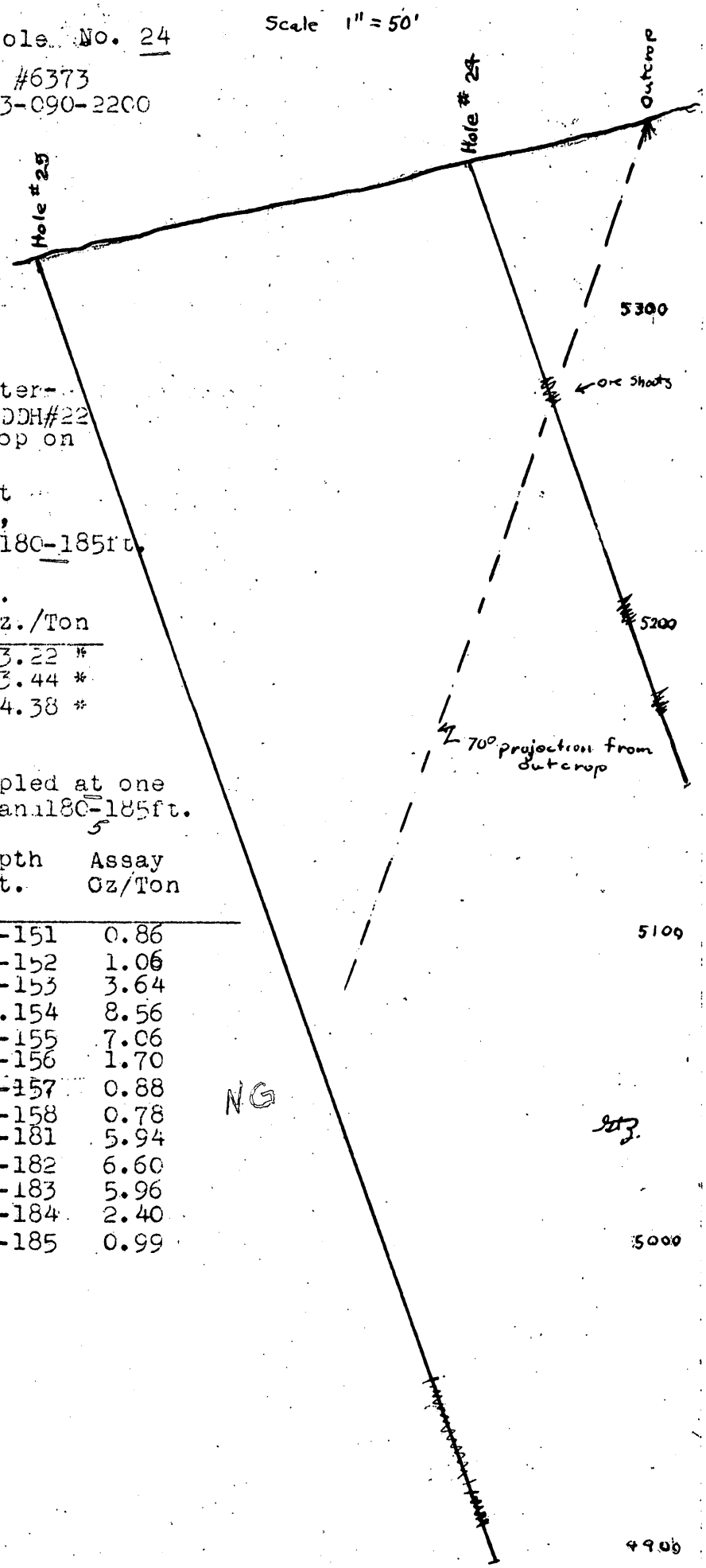
Silver Assays show three Ore Shoots.

Hole Depth	Vein Width	Ag.Oz./Ton
74-81ft.	4.5 ft.	3.22 *
149-156	4.5	3.44 *
180-185	3.2	4.38 *

-*-average

The core was split and sampled at one foot intervals from 74-81, 133-158 and 180-185ft.

Depth Ft.	Assay Oz/Ton	Depth Ft.	Assay Oz/Ton	Depth Ft.	Assay Oz/Ton
74-75	0.94	138-139	0.46	150-151	0.86
75-76	0.96	139-140	1.26	151-152	1.06
76-77	2.34	140-141	0.60	152-153	3.64
77-78	12.92	141-142	0.58	153.154	8.56
78-79	2.34	142-143	0.82	154-155	7.06
79-80	1.80	143-144	1.56	155-156	1.70
80-81	1.25	144-145	1.89	156-157	0.88
133-134	0.56	145-146	0.84	157-158	0.78
134-135	0.52	146-147	0.54	180-181	5.94
135-136	0.50	147-148	0.98	181-182	6.60
136-137	0.98	148-149	0.90	182-183	5.96
137-138	0.82	149-150	1.22	183-184	2.40
				184-185	0.99



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ESCALANTE SILVER MINE

Log of Drill Hole No. 25
O.M.E. Docket #6373
O.M.E. #8 Contract #14-23-090-2200

Scale 1" = 50"

Coordinates 15564.23N
13197.24E
Elevation Collar 5319.22ft.
Course and Dip S64E -70degrees
Depth Hole 445ft.
Driller-Boyles Bros.
Size Hole -NX-BX

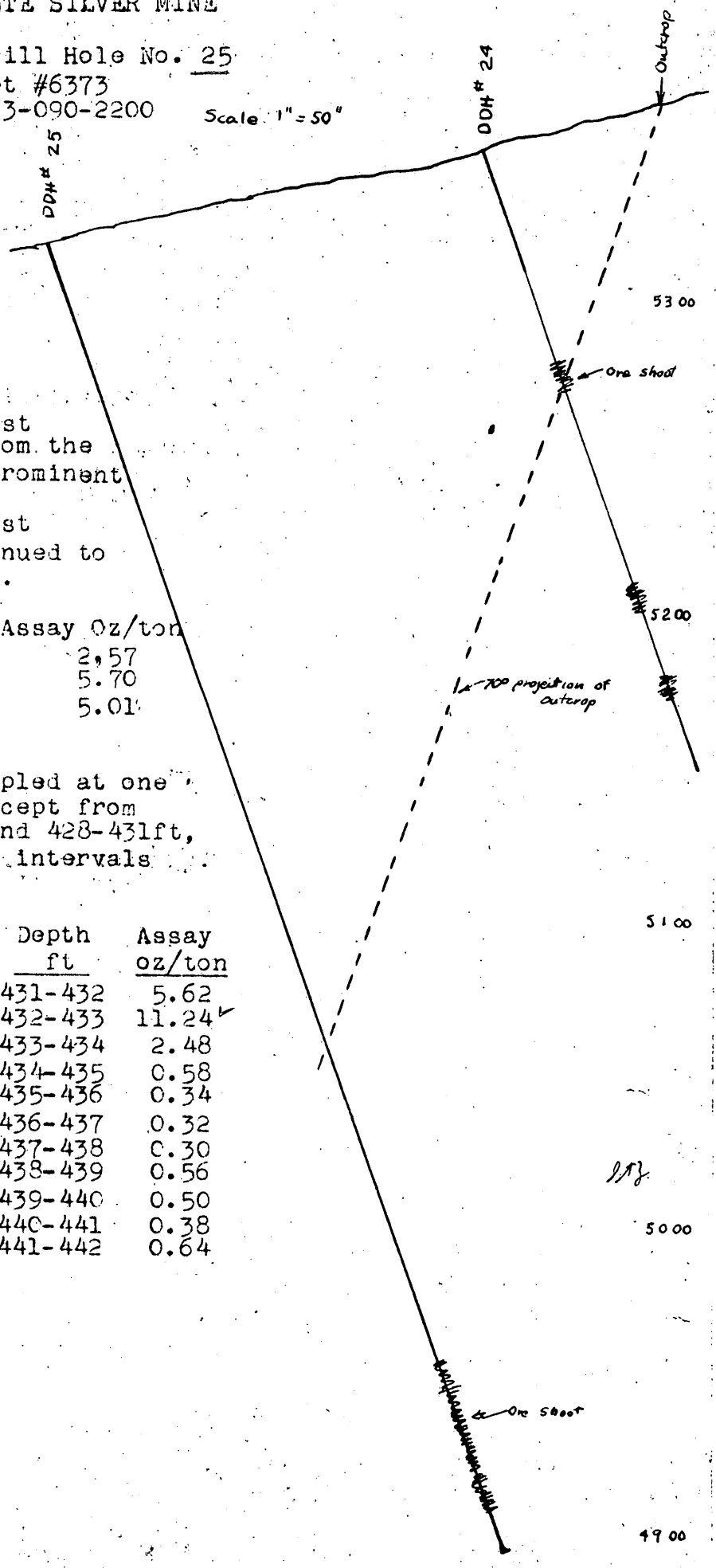
This Hole was drilled to intercept the vein 250 ft. SouthWest of DDH.# 23 and 300ft. down dip from the outcrop. The outcrop is not very prominent on the surface.

The vein material was first encountered 394 ft.depth and continued to 442ft. Two ore shoots are apparent.

Hole Depth	Vein Width	Assay Oz/ton
383-418ft.	14ft.	2.57
Or 412-418ft.	4ft.	5.70
421-434ft.	8ft.	5.01

The core was split and sampled at one foot intervals from 383-442 ft. except from 404-408ft., 422-425ft, 425-428ft. and 428-431ft, where core loss made longer sample intervals necessary.

Depth Ft.	Assay oz/ton	Depth Ft	Assay oz/ton	Depth ft	Assay oz/ton
394-395	0.46	411-412	0.56	431-432	5.62
395-396	0.48	412-413	2.74	432-433	11.24
396-397	0.82	413-414	1.02	433-434	2.48
397-398	1.76	414-415	12.20	434-435	0.58
398-399	0.74	415-416	14.48	435-436	0.34
399-400	1.18	416-417	1.97	436-437	0.32
400-401	0.44	417-418	1.40	437-438	0.30
401-402	1.00	418-419	0.52	438-439	0.56
402-403	0.76	419-420	0.70	439-440	0.50
403-404	1.22	420-421	0.66	440-441	0.38
404-408	1.61	421-422	5.52	441-442	0.64
408-409	4.56	422-425	6.76		
409-410	1.30	425-428	2.80		
410-411	1.68	428-431	3.88		



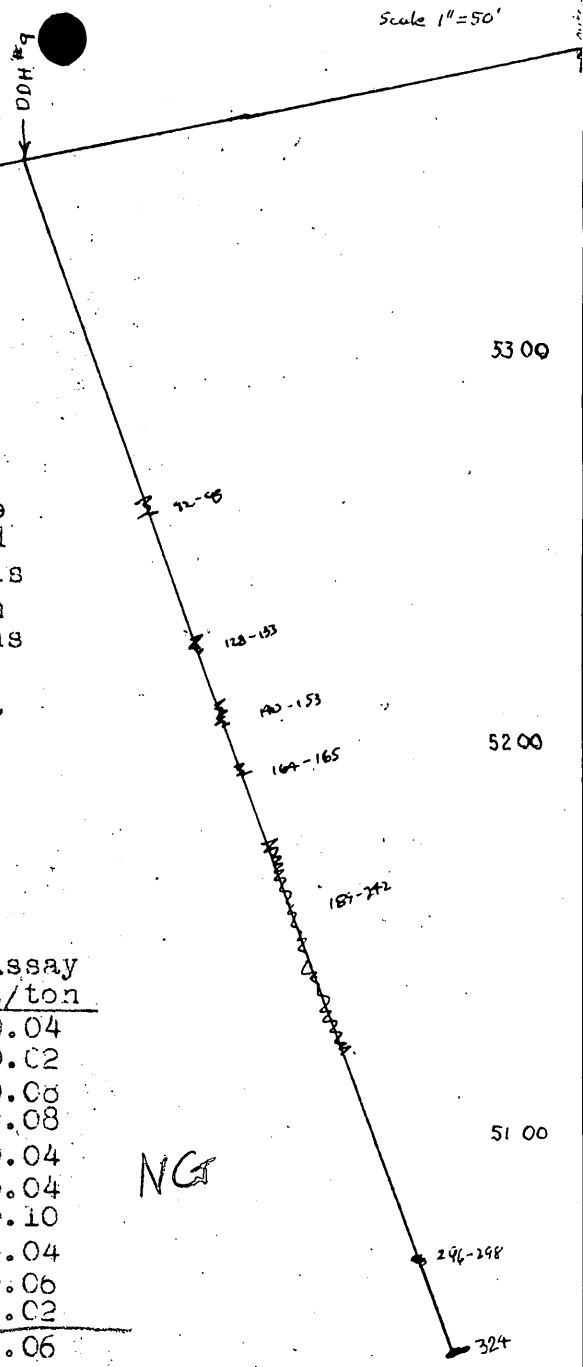
ESCALANTE SILVER MINE

Log of D.D.H. No. 26
O.M.E. Hole No. 9 O.M.E. Docket #6373
Contract # 14-23-090-2200

Coordinates 15318.06N
13136.06E
Colar Elevation- 5349.63
Course and Dip S64E - 70 degrees
Driller-Boyles Bros.
Size of Hole- NX-BX

This hole was drilled to intercept the fissure 250ft. below the Surface Outcrop. It did encounter crystaline calcite tinted black at this point. The carbonate vein matter along with iron Oxides did not accompany silver mineralization as the assays show.

Core was split and sampled in one foot intervals in the mineralized zone. The sketch shows where these intervals were.



Assays were as follows:

SILVER

Depth ft.	Assay oz/ton	Depth ft.	Assay oz/ton	Depth ft.	Assay oz/ton
128-129	0.06	206-207	0.18	222-223	0.04
129-130	0.04	207-208	0.08	223-224	0.02
130-131	0.08	208-209	0.10	224-227	0.08
131-132	0.10	209-210	0.20	227-230	0.08
132-133	0.08	210-212	0.34	230-234	0.04
146-148	0.12	212-214	0.22	234-236	0.04
148-150	0.10	214-216	0.26	236-238	0.10
150-152	0.06	216-218	0.08	238-240	0.04
152-154	0.15	218-219	0.04	240-241	0.06
194-204	0.16	219-220	0.02	241-242	0.02
204-205	0.16	220-221	0.02	296-297	0.06
205-206	0.22	221-222	0.04	297-298	0.37

NG

OFFICIAL
COPY
O. M. E.
RECEIVED
NOV 17 1965

INITIALS	CODE
	~~1320~~
	120

November 12, 1965

Mr. Samuel Arentz, Operator
Escalante Silver Mines Co., Inc.
520 East 4th South
Salt Lake City, Utah 84102

Re: OME-6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

Attached is the suspension statement included with your August voucher. Please save and return it with your first voucher after the Amendment is signed. We will be looking for your request for the Amendment and will forward it to the Washington OME office as soon as it is received here.

For your information the August voucher has been passed on to Washington for payment.

Sincerely yours,

Hugh M Connors by JKH

Hugh M. Connors, Field Officer
OME, Region III

HMC 11-12-65

cc: Chief, OME
2200
chron

OFFICIAL COPY
OCT 11 1965
INITIALS
120 m
120

October 8, 1965

Mr. Samuel Arentz, Operator
Escalante Silver Mines Co., Inc.
520 East 4th South
Salt Lake City, Utah 84102

Re: OME 6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

Our Washington office has outlined the following procedure for you to use for amending the subject contract and reclaiming the June and July disallowances, as follows:

Basically, each expense item that you claim should be supported by an invoice. Review of the June voucher shows that $128.90, in accordance with your instructions, was disallowed. This involved mud additives and reaming (see your Administrative Suspension Statement of August 20, 1965). A disallowance of $581.95 was made on the July voucher which involved bulldozing for both months, reaming, and salary and tax differences (see your Administrative Suspension Statement of September 23, 1965).

Without having the invoices at hand, it may be that the same reaming item may have been disallowed twice as, seemingly, it would be a coincidence to have 26 feet of reaming in each month. In order that reimbursement may be made for the reaming, we would have to have an invoice from the independent contractor which indicates the size of hole reamed as we informed you in our letter of August 16, 1965.

To amend the contract for bulldozing, you should submit an estimate in the same manner as is done in an application. The size of the bulldozer would have to be given, the length of time that it is to be used, and the monthly rental thereof. In addition, the amount of labor needed and the hourly rate to drive the bulldozer and the amount of operating materials and supplies should be included under the appropriate items under 7. Estimate of Costs of the application form. When we have this material,

we can amend the contract, changing it from an independent contract item to actual cost items under three or more categories. After the contract is amended, then you can claim your costs, supporting each item by an invoice or payroll sheet. As the work is soon to be finished, it is suggested that you recalculate monthly costs and then submit a supplemental voucher only for those items which have been disallowed as shown by the Administrative Suspension Statements. The originals of such statements must be submitted with any reclaim of disallowed items. Each item claimed under the supplemental voucher should be supported by an invoiced item if not previously submitted. This should also include the adjustment of prices of mud additives as mentioned in your letter of September 17, 1965, to Mr. Hasler.

The contract cannot be amended in regard to water supply because the incidental cost covers all other items other than those set out in the contract.

In order to amend the contract for changing the sites and attitudes of the last three holes, will you please furnish us with the approximate direction, inclination, and length of each hole.

We are returning your August voucher for revision for compliance with the above outlined procedure.

Sincerely yours,

J. William Hasler

J. William Hasler

JWH 10-8-65

cc: Chief, OME
2200
chron

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

TO:	DATE	INITIALS
1. OME Region III		
2.		
3.		
4.		
5.		

FROM: George C. Selfridge, OME

FOR: Check items for action desired

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

REMARKS: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

In accordance with Mr. Hasler's request of October 6, 1965, enclosed are the originals of Samual E. Arentz's letters, both dated September 17, 1965. We have substituted copies in our file for the originals.

M56300-62

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO

October 6, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 7 1965

INITIALS	CODE
	120
	12007

Memorandum

To: Chief, Office of Minerals Exploration

From: J. William Hasler

Subject: OME 6373 (Silver)
Contract 2200
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

Do you have the originals of the enclosed correspondence.

If you do, please return them to us immediately.

J. William Hasler

J. William Hasler

JWH 10-6-65

cc: OME 6373
Contract 2200
chron

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/1	Selfridge	130
10/4	Johnson	110
		220
		120M

OCT 4 1965

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Reference is made to your memorandum of September 21, 1965, transmitting the various letters of September 17 by the Operator, and to the June and July vouchers of the Operator.

Basically, each expense item that the Operator claims should be supported by an invoice. Review of the June voucher shows that $128.90, in accordance with your instructions, was disallowed. This involved mud additives and reaming (see enclosed Administrative Suspension Statement of August 20, 1965). A disallowance of $581.95 was made on the July voucher which involved bulldozing for both months, reaming, and salary and tax differences (see enclosed Administrative Suspension Statement of September 23, 1965).

Without having the invoices at hand, it may be that the same reaming item may have been disallowed twice as, seemingly, it would be a coincidence to have 26 feet of reaming in each month. In order that reimbursement may be made for the reaming, we would have to have an invoice from the independent contractor which indicates the size of hole reamed as you informed the Operator in your letter of August 16, 1965.

To amend the contract for bulldozing, the Operator should submit an estimate in the same manner as is done in an application. The size of the bulldozer would have to be given, the length of time that it is to be used, and the monthly rental thereof. In addition, the amount of labor needed and the hourly rate to drive the bulldozer and the amount of operating materials and supplies should be included under the appropriate items under 7. Estimate of Costs of the application form. When we have this material , we can amend the contract, changing it from an independent contract item to actual

23263

cost items under three or more categories. After the contract is amended, then the Operator can claim its costs, supporting each item by an invoice or payroll sheet. As the work is soon to be finished, it is suggested that the Operator recalculate monthly costs and then submit a supplemental voucher only for those items which have been disallowed as shown by the Administrative Suspension Statements. The originals of such statements must be submitted with any reclaim of disallowed items. Each item claimed under the supplemental voucher should be supported by an invoiced item if not previously submitted. This should also include the adjustment of prices of mud additives as mentioned in the Operator's letter of September 17, 1965, to Mr. Hasler.

The contract cannot be amended in regard to water supply because the incidental cost covers all other items other than those set out in the contract.

As written you on September 2, 1965, the contract need not be amended to cover mud additives, cement, et cetera.

In order to amend the contract for changing the sites and attitudes of the last three holes, will you please furnish us with the approximate direction, inclination, and length of each hole.

If there are any questions, perhaps it would be best that you call Mr. Selfridge.

(signed) FRANK E. JOHNSON

Frank E. Johnson

Enclosures

GCSelfridge/gla (10-1-65)
cc to: Director's Reading File
Division File
Economic Geology File
Budget & Finance, Rm. 5408, w/ 1 cy ea. 2 letrs. dtd 9/17/65 from Samuel A. Arentz
OME File✓
OME Reading File
Mr. Selfridge (2)

September 24, 1965

OFFICIAL
COPY
O. M. E.
RECEIVED
OCT 4 1965

INITIALS	CODE
	120 M
	120

Mr. Samuel Arentz, Operator
Escalante Silver Mines Co., Inc.
520 East 4th South
Salt Lake City, Utah 84102

Re: OME 6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Dontract 2200

Dear Mr. Arentz:

This is to verify a telephone message to you on 9-24-65 giving you verbal approval to proceed with proposed OME drill hole No. 12 upon completion of OME drill hole No. 11. I received approval after having conferred with George Selfridge in Washington. Your requested amendments are in the mill and should be completed the latter part of next week.

Very truly yours,

J. William Hasler

J. William Hasler

J.W.H. 9-24-65

cc: Chief, OME
2200
chron

OFFICIAL
COPY
O. M. E.
RECEIVED
OCT 11 1965
INITIALS | CODE
120
120

September 24, 1965

To: File

Subject: Re: OME 6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Mr. Sam Arentz called relative to his proposed amendments (his letter Sept. 17) as well as how to reclaim disallowed costs. I informed him to itemize in detail the disallowed item and support them with bills or statements, or refer to previously billed items on his June voucher.

He also reported on the progress of OME drill hole #11, a verbally approved hole, stating that this one intercepts and structure lines up nicely with OME holes 5 & 6. Hole #11 penetrated gauge and mineralized material between 560-580', the same penetrated in OME holes 5 & 6. A 6-10' interval containing primary sulfides was penetrated between 580-590', showing red and yellow oxides.

Core at 614 feet was ground up near footwall of the fissure which should be between 615-620'. He will cement and deflect the hole to obtain deeper data, but would be finished with Hole #11 by Tuesday. He asked for possitive approval on one of the other holes requested in his amendment and recommended by us.

I called George Selfridge and obtained permission to give verbal approval on another hole. I then informed Sam Arentz of the verbal approval to drill OME hole #12 as shown on map accompanying request for amendment.

J. William Hasler

J. William Hasler

JWH 10-6-65
Chief, OME
Denver

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO

September 21, 1965

OFFICIAL COPY
O. M. E.
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Memorandum

To: Chief, Office of Minerals Exploration
U.S. Geological Survey
Washington, D. C.

From: Acting Field Officer, OME

Subject: Re: OME 6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Attached is the subject operators request for an amendment to bulldozing roads and drill sites, providing water for drilling, approval of OME drill hole #11, as well as drill holes #12 and #13 as shown on the map accompanying.

A field examination was made September 15, 1965. The vein appears to be splitting southward, and some faulting appears to be in evidence on the surface that has definitely effected the vein. It would be unwise at this point to explore further southeast than OME drill holes Nos. 9 and 10. Detailed geologic mapping should be done, and was recommended, in the area from the saddle northeast of OME drill hole No. 1 southeastward before any further underground exploration is contemplated.

I recommend the contract amendment be approved to cover the items suggested by the operator in his request dated September 17, 1965

J. William Hadon for
Hugh M. Connors

J.W.H. 9/21/65

cc: file
chron

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September 21, 1965

Mr. Sam Arentz, Operator
Escalante Silver Mines Co., Inc.
520 East 4th South
Salt Lake City, Utah 84102

Re: OME 6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

This letter is in reply to your letter dated September 17, 1965 relative to proposed amendments to contract 2200, as well as recovery of disallowed items on earlier expenditures.

The portion of your letter claiming the disallowed expenditures on your June and July vouchers should accompany your August or September voucher with the required copies of billing, etc. For example, the claimed item on Reaming should be accompanied by a bill from Boyles Bros., charging you for 26 feet of reaming at $3.00.

The portion of your letter under item 4 referring to the probability that evidence to date would not warrant a certification of discovery, is not necessarily true. My statement to Mr. Osterstock, your geologic consultant on the project, referred to a few low-grade assays and not to the project as a whole. A complete review of the entire project will be made at the completion of the contract and will be submitted to Washington with pertinent recommendations. They (Washington) will then evaluate the data and notify you relative to the merits of your project.

Yours very truly,

J. W. Hasler

J. W. Hasler

J.W.H. 9/21/65

cc: Chief, OME
2200
chron

ADDITIVES

Product	Size	List Price
AM-9 Chemical Grout		1.15 per lb.
Ammonium Persulphate		.45 per lb.
Ammonium Nitrate	80#	4.70
Aquagel	100#	4.50
Barafos	100#	43.15
Baroid	100#	8.00
Bicarbonate of Soda	100#	9.25
Bran		6.23
Cal Seal	100#	8.92
Calcium Chloride	100#	7.21
[illegible], High Viscosity	50#	84.45
[illegible], Tec. Grade	50#	48.06
[illegible]t, Portland		2.15
Caustic Soda Flake	25#	5.75
Caustic Soda Flake	50#	8.72
Caustic Soda Flake	100#	13.57
Cellophane	25#	10.12
Condet	5 gal. can	21.25
Cottonseed Hulls	100#	8.28
Defoamer	75#	30.75
Detergent Soap	25#	6.66
Dextrate	50#	28.20
Dextride	50#	29.85
DMAPN Catalyst		1.35 per lb.
Dow Flake (Caustic Soda)		
Driscose Tee	50#	46.25
Fibertex	40#	6.35
HySeal	50#	9.80
Impermex	50#	11.45
Impermex Preservative	50#	35.00
JelFlake	25#	11.53
Lime, Dehydrated	50#	1.30
Le Loss	50#	52.50
Lubeflow	50#	8.35
Lumnite	100#	7.83
Micatex (Fine or Regular)	50#	6.48
Mud Kill, Yellow	6 oz.	.50
Mud Kill, White	10 oz.	.75
Oakite #268	50 gal. drum	107.50
Plaster, Casting	100#	3.15
Q-Broxin	50#	21.50
Quebracho	100#	37.00
Salt, Solar	100#	1.90
Soda Ash	80#	10.75
Sodium Bichromate	100#	43.90
Soltex	50#	25.00
Tannex	50#	21.70
Walnut Shells	50#	7.00
Zeogel	100#	6.44

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

September 17, 1965

Mr. William Hasler
Office of Minerals Exploration
U.S. Geological Survey
Bldg. 20 - Denver Federal Center
Denver, Colorado 80225

Re: OME-6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200
(Amendment to Contract)

Dear Mr. Hasler:

I request approval of the following amendments to the above captioned contract. The proposed amendments do not change the total footage nor the total costs as set out in the original contract, but are designed to clarify certain items in the contract and to change the location of several drill holes as set out below:

1. Under the original contract there is a provision for 500 bags of drilling mud @ $1.40 per bag for a total of $700.00. There is also a provision for 100 hours of plugging, conditioning, and for cementing drill holes @ $12.00 per hour for a total of $1200.00. Through an oversight, there is no provision for mud additives for conditioning the mud nor for cement for cementing the holes. We request that the contract be amended to include the cost of mud additives and cement at the posted rates charged by the contractor up to the total amount set out in the contract for drilling mud.

2. The contract provides for up to 130 hours for bulldozing roads and drill sites @ $15.00 per hour for a total of $1930.00. We were unable to locate an independent contractor in the area with a D-7 or equivalent bulldozer ~~who~~ who was available to move in and out as required to prepare roads and drill sites without incurring very substantial charges for moving. We were able to locate a D-6 bulldozer locally which we were able to rent at $150.00 per month to be operated as required by the laborer we already had employed on the project under the terms of the contract. This has greatly added to the flexibility of the work and has resulted in a substantial saving in cost as the maximum charge will be $900.00 to completion of the project instead of the

estimated $1930.00 provided by the contract.

3. The matter of providing drilling water for the project was inadvertently omitted from the contract. If the drilling contractor hauled water from the closest producing well the cost would have amounted to $25.00 per day or nearly $3000.00 over the life of the contract. We equipped a well on the property with a pump and have supplied water to the drilling contractor at an average monthly cost of $100.00 for power and maintenance. Over the life of the contract this will total an estimated maximum of $600.00. We request that up to $600.00 of the $1030.00 saved on the bulldozing be made available to cover the cost of providing drilling water.

4. The contract provides for a total of 13 diamond drill holes for a total footage of 5400 feet.

We have completed 10 of the holes to an aggragate ~~depth~~ footage of 3765'. The 10 drill holes completed have been drilled on 5 sections normal to the strike of the vein at 250' intervals extending south of our original DDH #4 as provided in our contract, and as shown on the accompanying map. The remaining three holes were to have been drilled from locations 250 feet and 500 feet south of OME Holes 9 and 10.

The drill results to date have been disappointing. Only OME Hole #5 has intercepted a minable thickness of ore grade mineralization in the Escalante vein. OME Hole #6, drilled down dip from Hole #5, intercepted a wide zone of mineralized vein material, but the assays were below ore grade. The core from Hole #6 shows signs of extensive leaching and it appears possible that the vein may have originally contained ore grade mineralization and that any silver leached out of this area may be redeposited down dip. On September 3, 1965, I called Mr. Hugh Connors of OME and received verbal approval to drill OME Hole #11 to intercept the vein approximately 200' down dip from OME Hole #6. This hole will be approximately 600' deep and was at 200' at the time of your visit on September 15th.

Hasler called Sept 24 on #12

The drilling results to date will not warrant the Escalante Silver Mines Company, Inc. proceeding with the development of the area covered by the exploration contract and it is doubtful that they will warrant OME in certifying a discovery.

We have no present information which could reasonably indicate that continued drilling to the south at the locations specified in the contract will yield more favorable results. The results of OME Hole #5 were encouraging and if they could be supported by comparable results in additional holes, they could warrant certification and subsequent development. We discussed various alternatives while you were at the property.

At this time I request amendment of the contract to provide for drilling OME Holes #11, #12 and #13 from the locations indicated on the accompanying map. OME Hole #11 is designed to intercept the footwall of the vein at 600' down dip from Holes No. 5 and 6. This hole is now being drilled pursuant to the verbal approval received from Mr. Connors. OME Holes 12 and 13 will be drilled to intercept the footwall of the vein at 200 to 250 ft and will be drilled from locations 125' northeast and southwest of OME Hole No. 5, as shown on the accompanying map. These holes could indicate the extension of the ore grade mineralization intercepted in OME Hole #5 to a point where the indicated ore block will warrant development.

If the proposed drill holes are approved, there will still be an estimated 500' of drill hole remaining to complete the contract. We propose to leave the allocation of this footage until we have the results from the proposed holes.

Very truly yours,

Samuel S. Arentz, Operator
Escalante Silver Mines Co., Inc.

SSA:ba

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

September 17, 1965

Mr. William Hasler
Office of Minerals Exploration
U.S. Geological Survey
Bldg. 20 - Denver Federal Center
Denver, Colorado 80225

Dear Mr. Hasler:

I enjoyed meeting you during your trip to the Escalante Mine on Wednesday, and appreciated your constructive suggestions regarding the exploration project.

Attached are letters covering differences in the totals approved on the June and July Operator's vouchers which I believe are self-explanatory. As set out in the letters, we believe that the totals approved should be increased as follows:

June	$ 204.19
July	98.86

I have also attached a letter and map covering proposed amendments to the contract. The proposed amendments cover relocation of three holes as discussed with you during your visit to the mine. I have also proposed amendments covering the bulldozer, the mud additives and cement, and water supply which clarify the proper allocation of charges without adding to the cost or changing the scope of the contract.

Should additional information be required covering any of the subjects discussed in the attached letter, I shall appreciate your letting me know.

With kindest regards to you and Mr. Connors.

Sincerely yours,

Samuel S. Arentz

SSA:ba
Enc.

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

September 17, 1965

Mr. William Hasler
Office of Minerals Exploration
U.S. Geological Survey
Bldg. 20 - Denver Federal Center
Denver, Colorado 80225

Re: OME-6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200
(July Voucher)

Dear Mr. Hasler:

With reference to the Operator's voucher for the month of July, 1965, an extra copy of which you left with me during your recent trip to the Escalante Mine, I have the following:

1. Your disapproval of the reported expenditures for bulldozer rental in the amount of $450.00 for the months of June and July is covered in my accompanying letter requesting an amendment to the contract.

2. Your disapproval of the $7.00 charged for drilling mud on the June voucher, which was paid, is not clear. The contractor used and charged us for 5 bags of drilling mud during June @ $4.50 per bag. The contract provides for an allowance of $1.40 per bag or $7.00 which was the amount included on our voucher for June. There was no drilling mud charged for July.

3. The $78.00 charged on our July voucher for reaming was in accord with the instructions set out in Mr. Connors' letter of August 16th. This charge was actually incurred in June and was inadvertently left off our June voucher. This is covered in my accompanying letter on the June voucher.

4. We left off the charges for mud additives and cement used during the month of July from our July voucher. In going over the bill from Boyles Drilling Company, there appeared to be some errors in pricing the cement as set out in the July statement. Boyles have agreed to adjust the prices

Original rec'd to R-III 10/8/65
per Hasler's memo
10/6/65

set out in the attached price list.

The July voucher should be increased by the following amounts.

Lumnite Cement - 12 bags @ $7.83	$93.96
Portland Cement - 2 bags @ $2.50	5.00
	$98.96

Very truly yours,

Samuel S. Arentz, Operator
Escalante Silver Mines Co., Inc.

SSArbo

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

September 17, 1965

Mr. William Hasler
Office of Minerals Exploration
U.S. Geological Survey
Bldg. 20 - Denver Federal Center
Denver, Colorado 80225

Re: OME-6373 (Silver)
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract 2200
(June Voucher)

Dear Mr. Hasler:

With reference to the letter from Mr. Frank E. Johnson to Acting Field Officer, Region III, on the above subject, a copy of which you left with me, I have the following:

1. The amount of $171.87 by which the Operator's June voucher was reduced when approved and transmitted to Washington, appears to have been made up of the following items:

a) Drilling mud additives	$ 84.87
b) Reaming - 26' @ $3.00	78.00
c) A mistake on the Operator's part in the inclusion of 20' of non-cored hole with ~~8~~x cored hole @ 45¢	9.00
Total	$ 171.87

2. The cost of drilling mud, mud additives and cement used as submitted in the Operator's June voucher was in error as indicated in the following cost breakdown:

Orig. rec'd to R-III 10/8/65
Per Hasler's memo 10/6/65 gla

Drilling Mud	As Submitted in June Voucher	Corrected Amount on Boyles Statement
5 bags were used. Boyles charged $4.50 per bag. The amount allowed under the OME Contract was $1.40 per bag - 5 @ $1.40	$ 7.00	$ 7.00
Mud Additives and Cement		
1 bag Cellex @ $54.45	54.45	54.45
1 bag Quebracho @ $19.01	19.01	19.01
1 bag Caustic Soda @ $5.75	5.75	5.75
6 bags Lumnite Cement @ $7.83	15.66	46.98
	$ 84.87 ++	$ 126.19

++ The total as reported should have been $94.87, but the correct total for June was $126.19, exclusive of the $7.00 charge for drilling mud.

3. With reference to the charges for bulldozing and the Operator's use of a rented D-6 dozer instead of hiring an independent contractor with a D-7 dozer or equivalent, the matter is included in the Operator's request for an amendment to the contract which is submitted in an accompanying letter.

4. The reference to sample length taken for assay is noted.

5. With reference to the contractor's charges for mud and mud additives, I am enclosing a copy of the pricing sheet furnished by Boyles Brothers Drilling Company which shows the breakdown of the costs charged the customer.

In summary, the June vouches as approved for payment should be corrected as follows:

1. Reaming - 26' @ $3.00	$ 78.00
2. Mud additives and cement	126.19
Total	$204.19

Very truly yours,

Samuel S. Arentz, Operator
Escalante Silver Mines Co., Inc.

SSA:ba

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

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September 23, 1965

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: Escalante Silver Mines Company, Inc.
520 East 4th South
Salt Lake City, Utah 84102

Amount Claimed:	Differences (Explained Below)	Amount Approved $9,332.57
$9,914.52	$581.95	Gov't Share $6,999.43
Bu. Voucher No.	Payee's Invoice No.	Period
	OME - 6373	July, 1965

EXPLANATION

Disallowances:

$150.00	Bulldozing	
78.00	Reaming NX	
50.00	Salary	Difference between Statement of Earnings and Certified Transcript of Payroll for Ivin E. Hunt
3.95	Tax	
$281.95		
300.00	Paid in error on voucher submitted for June, 1965	
$581.95		

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

Branch of Budget and Finance

MME FORM 60
SEPT. 1959

Gabon
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UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6373
Contract No.
14-23-090- 2200
Contract Amount $ 49,780.00
Gov't. Participation % 75 $ 37,335.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of July, 1965

Operator's Name ~~Escalante Silver Mines Company, Inc.~~
Address ~~520 East 4th South, Salt Lake City, Utah 84102~~

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
~~Bulldozing~~ Mobilization		200.00	200.00			200.00
~~Drilling~~ Road-Trails	150.00	300.00	450.00			— 0 —
~~Drilling~~ Non-core	200.00	225.00	425.00			425.00
Core Drilling 0-500 NX	3,095.60	3,967.60	7,063.20			7,063.20
Core Drilling 0-500 BX	3,780.10	1,199.95	4,980.05			4,980.05
Core Drilling 500-1000BX	468.95	1,158.25	1,627.20			1627.20
(2) Personal Services:						
Supervision & Technical	800.00	800.00	1,600.00			1600.00
Outside Consultants						
Labor	540.00	560.00	1,100.00			1050.00
(3) Operating Mat'l. & Supplies:						
~~Timber~~ Drill Mud	---	7.00	7.00			— 0 — 7.00
~~Explosives~~ Core Boxes	95.00	84.00	179.00			179.00
~~Bits~~ Plugging & Cement	168.00	---	168.00			168.00
~~Rail~~ Casing Lost	23.26	---	23.26			23.26
~~from last month~~						
~~Reaming NX~~	78.00		78.00			— 0 —
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	148.50	118.00	266.50			266.50
Payroll Taxes	67.86	107.24	175.10			171.15
Employee's Liability Ins.						
~~Fixed unit cost~~	299.25	254.31	553.56			553.56
TOTALS	9,914.52	8,981.35	18,895.87			18,313.92

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

Date ~~August 26, 1965~~ * Payee ~~Escalante Silver Mines Co., Inc.~~

Per [signature] Title ~~Manager~~

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

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

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

P 9/28/65

$ 6,999.43

14X0804

Signature [signature]
(Authorized Certifying Officer)

Date 9/24/65 Vou. No. 2277

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2200

Signature Hugh M. Connors Title _____ Date _____

Approved by OME Executive Officer or Alternate:

Signature Hugh M. Connors Title Acting Field Officer Date 9-14-65

OPERATOR'S MONTHLY REPORT

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

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

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

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

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of July, 1965 Docket No. 6373

Operator's Name Escalante Silver Mines Company, Inc. Contract No. 14-23-090- 2200

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
~~Drilling~~ Cementing	Hour	14	14	168.00			
~~Casing~~ Casing	Feet	10	10	23.26			
~~Reaming~~ Reaming NX	Feet	26	26	78.00			— 0 —
Shafts							
Winzes							
~~Other Underground~~ Mobilization	Job			200.00			
Drilling, Core-Diamond 0-500 NX	Feet	568	1,296	7,063.20			
Rotary							
Drilling, Non-core-Diamond	Feet	40	85	425.00			
0-500 ~~Rotary~~ BX	Feet	734	967	4,980.05			
500-1,000 ~~Rotary~~ BX	Feet	83	288	1,627.20			
Percussion							
Miscellaneous Drill Mud	Bag		5	7.00			— 0 —
Core Boxes	Each	95	179.	179.00			
Roads and Trails	Hour	10	30	450.00			— 0 —
~~Shipping~~ Engineer-Geol.	Mo.	1	2	1,600.00			
~~Supervision~~ Labor	Hour	216	440	1,100.00			
~~Payroll Taxes~~ Payroll Tax	%			175.10			
~~Miscellaneous~~ Incidental Allowance	Feet	1425	2,636	553.56			
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				266.50			
TOTAL TO DATE *(per MME Form 60)*				18,895.87			18,360.87

REMARKS

(Continue on back)

REMARKS

Disallow as noted above

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date August 26, 1965 Operator Escalante Silver Mines Co., Inc.

Per [signature] Title Manager

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

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature Hugh M. Connors

Title Acting Field Officer
Government Representative

Date 9-24-65

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

INT.DUP.,D.C.59- 27162

OPERATOR'S MONTHLY REPORT

July - 1965

OME Contract No. 14-23-090-2200

Escalante Silver Mines Company, Inc.

Drilling continued on the subject contract during July. OME drill holes No. 4, 5 and 6 were completed during the month, and drill hole No. 7 was advanced to 152 feet. A plan map showing the locations of the drill holes and logs and sections of each hole are attached. Total footage completed during July was 1425 feet as compared with 1209 feet completed during June. Good core recovery was obtained from all holes.

Mr. Hugh Connors of OME spent July 7th at the property going over the project.

OME Hole No. 4 (Escalante Hole No. 21) was drilled to intercept the footwall of the vein at 400 feet. The hole encountered a condition similar to that found in OME Hole No. 2, and instead of intercepting a strong fissure down dip from the strong fissure intercepted in OME Hole No. 3, it intercepted a series of mineralized quartz stringers. The hole was continued to a total depth of 578 feet in case the main fissure had steepened, but it is apparent that the hole traversed the fissure zone, and that the series of quartz stringers represent the vein in this area.

OME Hole No. 5 (Escalante Hole No. 22) was drilled to intercept the footwall of the vein at 200 feet. Vein material was first intercepted at 138' and continued to 170'. A second vein was intercepted between 221' and 228'. The hole was bottomed at 255'. The two feet from 138 to 140' assayed 35.30 ounces silver per ton. The 25 feet from 145 to 170' averaged 12.39 ounces silver per ton, and the 8 feet from 220 to 228' averaged 10.43 ounces silver per ton. The results on this hole were the most encouraging to date, and were similar to the results obtained in the earlier drilling north of the shaft.

OME Hole No. 6 (Escalante Hole No. 23) was drilled to intercept the vein down dip from the good mineralization intercepted in drill hole No. 5. In the two previous deeper holes (#2 and #4) the fissure was represented by a zone of quartz stringers. In OME Hole No. 6 a narrow vein was intercepted between 337 and 341', and the main fissure was intercepted between 349 and 408'. The main fissure appeared to be well mineralized, but showed signs of extensive leaching with many vugs and cavities in the ore. The assay results on the split core were very disappointing in view of the mineralized appearance of the core and the favorable results obtained in OME Hole No. 5 up dip from this intercept.

OME Hole No. 7 (Escalante Hole No. 24) was drilled 250' south of OME Hole No. 5, and had been advanced to a depth of 152 feet at the end of July.

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

General Offices and Plant

1624 Pioneer Road P. O. Box 58 HUnter 7-7595

SALT LAKE CITY 10, UTAH

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
AUBURN, CALIF.
ST. LOUIS

INVOICE DATE: 7/31/65
ORDER NUMBER:
INVOICE NUMBER:
CONTRACT: 1-375
TERMS: Net 10 prox
LOCATION: Enterprise, Utah

Escalante Silver Mines, Inc.
Mr. Samuel Arentz
530 East 4th South
Salt Lake City, Utah

HOLE NO.		FROM	TO	FOOTAGE	RATE	TOTAL
#4	NC	0	10	10'	5.75	$ 57.50
	NX	10	195	185'	5.75	1,063.75
	BX	195	250	55'	5.50	302.50
		250	500	250'	5.80	1,450.00
		500	583	83'	6.10	506.30
Core Boxes				58'	1.00	58.00
Lumnite Cement				2 bags	9.50	19.00
#5	NC	0	10	10'	5.75	57.50
	NX	10	105	95'	5.75	546.25
	BX	105	250	145'	5.50	797.50
		250	255	5'	5.80	29.00
Lumnite Cement				4 bags	9.50	38.00
Cementing and drilling cement				5 hrs.	14.00	70.00
Core Boxes				23'	1.00	23.00
#6	NC	0	10	10'	5.75	57.50
	NX	10	249	239'	5.75	1,374.25
	BX	249	250	1'	5.50	5.50
		250	435	185'	5.80	1,073.00
Lumnite Cement				4 bags	9.50	38.00
Luminate Cement				2 "	2.50	5.00

99

NX 0-500
185
95
239
49
568

BX 0-500
55
250
145
5
1
185
93
734

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

General Offices and Plant

1624 Pioneer Road P. O. Box 58 HUnter 7-7595

SALT LAKE CITY 10, UTAH

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
AUBURN, CALIF.
ST. LOUIS

INVOICE DATE: 7/31/65
ORDER NUMBER:
INVOICE NUMBER:
CONTRACT: 1-375
TERMS:
LOCATION:

Escalante Silver Mines, Inc.
Mr. Samuel Arentz

Page #2

HOLE NO.		FROM	TO	FOOTAGE	RATE	TOTAL
#6 continued:						
Cementing and drilling cement				9 hrs.	14.00	$ 126.00
Core Boxes				14	1.00	14.00
10' length NX Casing				1		23.26
#7	NC	0	10	10	5.75	57.50
	NX	10	59	49	5.75	281.75
Lumnite Cement				2 bags	9.50	19.00
	BX	59	152	93	5.50	511.50
						$8,604.56

July Distribution
A/C 415 - Diamond Drilling $8,604.56

Approved:

Check #782
8-19-65

9

UNION ASSAY OFFICE, INC.

P. O. BOX 1528
SALT LAKE CITY 10, UTAH

CHARGE TO: Escalante Silver Mine S.S. Arents operator
520 East 4th So.
Salt Lake City, Utah

DATE: July 30, 1965

DATE		NAME	LOT NUMBER				
July	20	551 to 570		60.00			
	20	571 to 590		60.00			
	27	591 to 604		42.00			
July Distribution						$162.00	
A/C 441 - Assaying $162.00							
Approved:							

Check #773
8-5-65

To insure proper credit please return one copy with payment

POSTED AUG 5 1965

Escalante Silver Mines Company, Inc.
520 East 4th South
Salt Lake City, Utah 84102

OME - 6373 (Silver)
Escalante Mine
Iron County, Utah
Contract 2200

Month of July, 1965

Independent Contractors - Category (1)

1. Bulldozing Roads and Drill Site $150.00

2. Drilling

DDH No. 4

Non-Core	0'-10'	10' @ $ 5.00	50.00
NX Core	10'-195'	185 @ 5.45	1,008.25
BX Core	195'-500'	305' @ 5.15	1,570.75
BX Core	500'-583'	83' @ 5.65	468.95

DDH No. 5

Non Core	0'-10'	10' @ 5.00	50.00
NX Core	10'-105'	95' @ 5.45	517.75
BX Core	105'-255'	150' @ 5.15	772.50

DDH No. 6

Non-Core	0'-10'	10' @ 5.00	50.00
NX Core	10'-249'	239' @ 5.45	1,302.55
BX Core	249'-435'	186' @ 5.15	957.90

DDH No. 7

Non-Core	0'-10'	10' @ 5.00	50.00
NX Core	10'-59'	49' @ 5.45	267.05
BX Core	59'-152'	93' @ 5.15	478.95

3. Feet of Reaming for Casing 26' NX @ $3.00 78.00

4. Hours of Cementing 14 Hours @ $12.00 168.00

5. Feet of Casing lost in Hole 10' @ $2.326 23.26

6. Drilling Mud		None
Other Drilling Supplies Charged by Contractor:		
12 Bags of Luminite Cement @ $9.50	$114.00	
2 Bags of Luminite Cement @ $2.50	5.00	$ 119.00
Personal Services - Category (2)		
1 - Superviser - Geologist - Engineer		800.00
1 - Laborer - 216 Hours @ $2.50		540.00
7. Miscellaneous - Category (7)		
1. Payroll Taxes $1,340.00 @ 5.064%		67.86
2. 95 Cardboard Core Boxes @ $1.00		95.00
3. 54 Silver Assays @ $2.75		148.50
4. Fixed Unit Costs - 1425 Feet @ 0.21		299.25
Total July		$10,033.52
Government Participation @ 75%		7,525.14

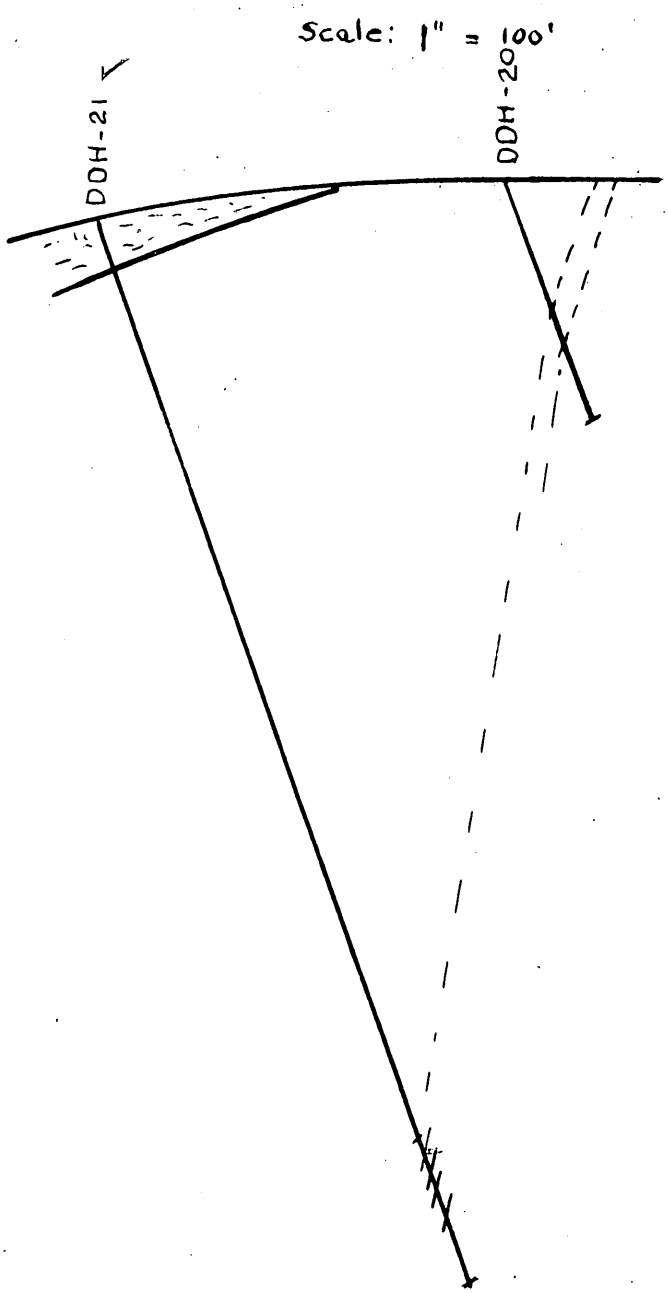
Escalante Silver Mines, Inc.
Log of Diamond Drill Hole No. 21

O.M.E. Hole #4

O.M.E Docket #6373
Contract #14-23-090-2200

Co-ordinates 16020.78N
13394.92E

Elevation Collar: 5261.69 ft.
Course and Dip: S 64 E - 70 degrees
Depth of Hole 578 ft.
Driller: Boyles Bros.
Size of Hole: NX-BX



The hole was drilled to intercept the vein 250 ft. southwest of D.D.H. #19 and 380 ft. down dip from the surface.

Based on the data obtained from D.D.H. #19 and #20 the vein was determined to dip at an angle of around 80 degrees.

The vein was not definitely located. Small quartz stringers in the Country Rock were encountered in the hole at depths of 349 to 355 ft., 361-362 ft., 501-502 ft., and 537-542 ft. They averaged less than an inch in thickness. These stringers were sampled by spliting the core at one foot intervals. The Assay results are given below.

Depth (ft.)	Oz. Silver
349-350	0.08
350-351	0.10
351-352	0.09
352-353	0.22
353-354	0.18
354-355	0.16
361-363	0.08
437-438	0.20
501-502	2.02
538-539	0.12
539-540	0.14
540-541	0.07
541-542	0.04
542-543	0.22

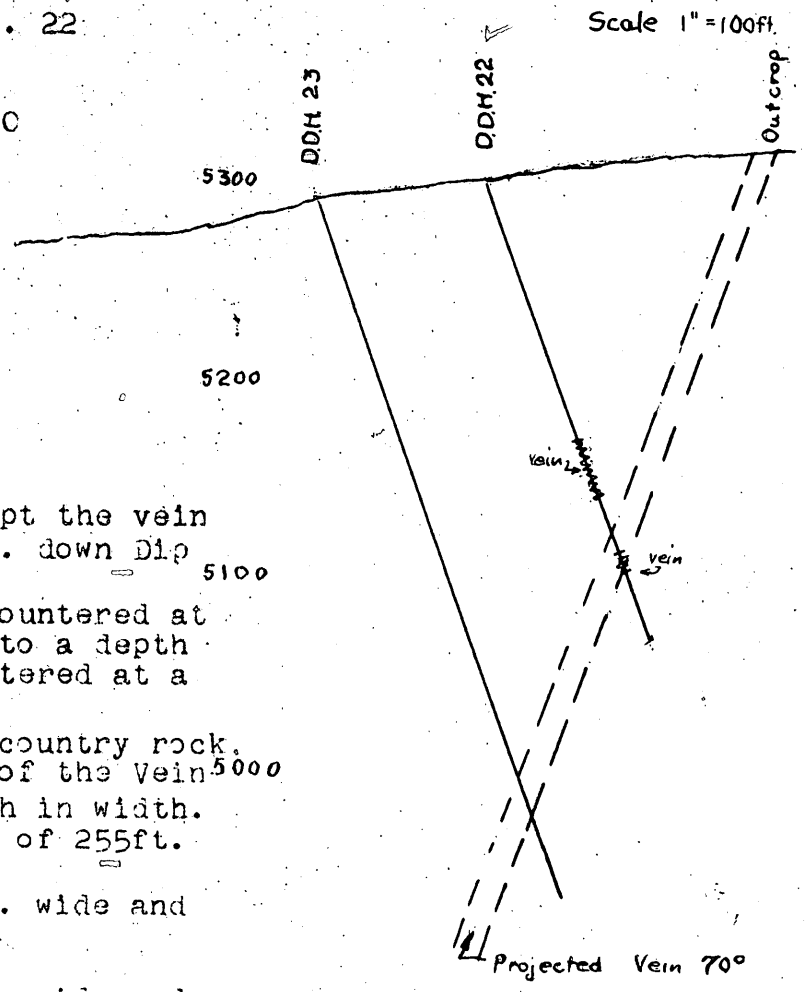
Escalante Silver Mine

Log of Drill Hole No. 22

O.M.E. #5 O.M.E. Docket#6373
Contract #14-23-090-2200

Co-ordinates 15742.68 N
13404.73 E

Elevation Collar 5306.03
Course and Dip S64E - 70 degrees
Depth of Hole 255 ft.
Driller Boyles Bros.
Size Hole NX - BX



The hole was drilled to intercept the vein 250ft. Southwest of DDH.#20 and 190ft. down Dip from the surface.

The Vein material was first encountered at a hole depth of 138ft. and continued to a depth of 170ft. A secondary Vein was encountered at a hole depth of from 221 to 228ft.

Small Quartz stringers ,in the country rock, were found in fractures on each side of the Vein material. They seldom reached a ½ inch in width.

The hole was stopped at a depth of 255ft.

The first vein would be 20 ft. wide and average 14.10 Oz. Silver per Ton

The Second vein would be 5ft. wide and average 10.43 Oz. Silver per ton.

Core was split and sampled at one foot intervals from 138-140,145-170,and 220-228 ft. depths. The assays are listed below.

Depth -ft.	Assay Oz/ton	Depth ft.	Assay Oz/ton	Depth ft.	Assay Oz/ ton
138-139	38.84	155-156	0.54	167-168	66.33
139-140	31.76	156-157	1.14	168-169	33.92
145-146	8.86	157-158	0.60	169-170	1.54
146-147	3.54	158-159	1.30	220-221	5.68
147-148	2.58	159-160	13.10	221-222	28.96
148-149	5.56	160-161	6.98	222-223	19.80
149-150	19.92	161-162	12.76	223-224	10.94
150-151	32.82	162-163	25.48	224-225	6.86
151-152	16.00	163-164	2.70	225-226	5.48
152-153	25.74	164-165	1.06	226-227	3.42
153-154	1.98	165-166	12.18	227-228	2.32
154-155	2.46	166-167	11.08		

Escalante Silver Mine

Log of Drill Hole No. 23

O.M.E. Hole No. 6

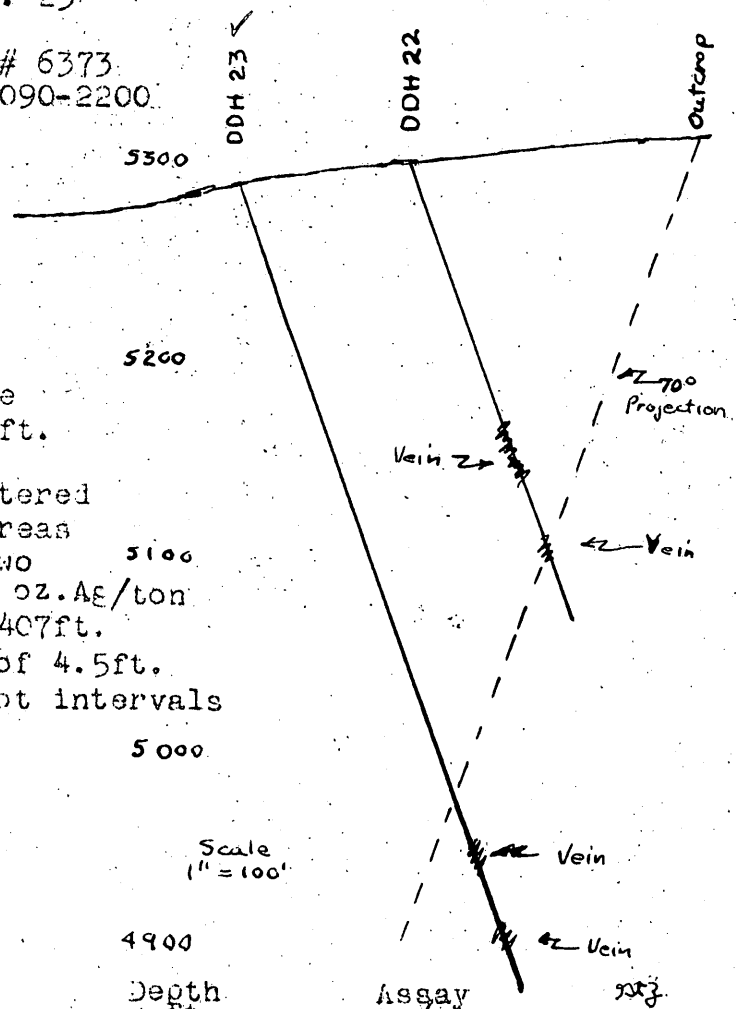
O.M.E. Docket # 6373
Contract # 14-23-090-2200

Coordinates 15779.64 N
13324.56 E
Elevation Collar 5291.81
Course and Dip S64E -- 70 degrees
Depth of Hole 435 ft.
Driller Boyles Bros.
Size Hole NX-BX

The Hole was drilled to intercept the Vein 250ft. Southwest of D.D.H.#21 and 320 ft. down Dip from the surface.

The Fisure material was first encountered at 337 to 341ft. then 349 to 408ft. These areas in which Quartz was injected only yielded two ore shoots from 361 to 369ft. averaged 5.50 oz.Ag/ton over a vein width of 5ft. and from 400 to 407ft. averaged 4.65 oz.Ag./ton over a vein width of 4.5ft.

Core was split and sampled at one foot intervals from 337 to 341ft., and 349 to 408 ft.



Silver Assays

Depth ft.	Assay oz/ton	Depth ft.	Assay oz/ton	Depth ft.	Assay oz/ton
337-338	1.49	366-367	3.24	387-388	1.68
338-339	2.72	367-368	4.74	388-389	1.66
339-340	2.28	368-369	2,80	389-390	2.98
340-341	2.58	369-370	1.46	390-391	0.73
349-350	0.26	370-371	1.06	391-392	0.40
350-351	0.54	371-372	0.76	392-393	0.32
351-352	0.32	372-373	1.00	393-394	0.48
352-353	0.60	373-374	0.78	394-395	0.46
353-354	1.10	374-375	0.68	395-396	0.22
354-355	0.97	375-376½	2.66	396-397	0.60
355-356	0.32	376½-378	0.88	397-398	3.32
356-357	0.58	378- 379	0.94	398-399	0.64
357-358	0.48	379-380	0.32	399-400	1.00
358-359	0.86	380-381	0.50	400-401	1.52
359-360	0.80	381-382	0.40	401-402	2.02
360-361	0.64	382-383	0.46	402-403	5.96
361-362	3.84	383-384	0.22	403-404	8.08
362-363	12.96	384-385	0.58	404-405	6.66
363-364	10.72	385-386	0.90	405-406	6.88
364-365	4.14	386-387	0.72	406-407	1.44
365-366	1.56			407-408	0.16

Bldg. 20, Denver Federal Center
Denver, Colo. 80225
GEOLOGICAL SURVEY

September 3, 1965

Mr. Sam S. Arentz, Vice President
Escalante Silver Mines Company, Inc.
320 East Fourth South
Salt Lake City, Utah 84102

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 7 1965

INITIALS	CODE
	120
	120

Re: OMK-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

I have been unable to reach you by telephone today. I talked to the Washington Office and they informed me that a letter is on the way to me regarding mud additives. I will show you how to reclaim it on your next voucher.

Either Mr. Hasler or I will probably see you sometime during the week of September 12 and we will advise you in advance.

Yours very truly,

ORIGINAL SIGNED BY

Hugh M. Connors
Acting Field Officer, OMK
Region III

HMC 9-3-65

cc: Chief, OMK
2200
Chron

MML Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/2	[illegible]	130
"	[illegible]	110
9/2	[illegible]	220
		120M

SEP 2 1965

AIRMAIL

Memorandum

To: Acting Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Please refer to the subject Operator's June voucher which was reduced in the amount of $171.87 when approved and transmitted to Washington for reimbursement to the Operator of the Government's share of the approved costs.

The Branch of Budget and Finance processed the voucher as indicated but was unable to determine exactly what was involved as there were no notations on the lists of drilling and drilling supplies. They considered that the amount of $84.87 for mud additives was involved which left $87.00 for drilling with no such item appearing. Your letter of August 16, 1965, to the Operator, a copy of which they did not receive, indicates that the reaming was involved. This item amounts to $78.00, leaving $9.00 disallowance unaccounted for.

As submitted by the Operator, the cost of the mud additives is shown as $84.87 instead of $94.87, a $10.00 error. In addition, the cost of six bags of Lumnite cement is shown as $15.66, or $2.61 a bag. The drill contractor charged the Operator for six bags at $7.83 each. The $15.66 represents two bags which may be all that was used.

The subject contract was based on the Joy Manufacturing bid of December 9, 1964, which quotes drilling mud at $1.40 a 50-lb. bag. Boyles Brothers charged $4.50 a bag. Can you inform us of what might have been involved for the difference of the two prices?

23263

Ordinarily our contracts provide for drilling mud, drill mud additives, et cetera. As this contract did provide for drilling mud and the additives were necessary for using the mud, and as they are usually quoted in drill bids, their cost can be included under the drilling mud item in keeping with our general practice under specific cases such as this.

The contract provides for bulldozing by only an independent contractor using at least a D-7 Caterpillar dozer or equivalent unit of any other make. The Operator rented a D-6 dozer, supplied the labor and materials, and charged the contract 20 hours at the maximum of $15.00 an hour, stating that it was used considerably more than 20 hours. As no provision was made for the Operator to do the work, the bulldozing item should have been a disallowance and it will be until such a time as an amendment is executed providing for the rental of the bulldozer /Category (4)/ and inclusion of Category (3) for Operating Materials and Supplies . An adjustment of labor may have to be made as the labor presently provided was for only engineering help, et cetera. Will you please secure an estimate from the Operator and give us your recommendations.

We have also noted that the Operator is assaying the vein material in one-foot lengths. With the steep dip of the vein and the angles of the holes, each sample represents only about½-foot of the true width of the vein. This procedure hardly seems worthwhile considering the nature of the vein material and the minimum width that one can stope. The maximum sample length provided in the contract is 5 feet.

(signed) FRANK E. JOHNSON

Frank E. Johnson

GCSelfridge/gla (9-2-65)
cc to: Director's Reading File
Division File
Economic Geology File
Branch of Budget and Finance, Rm. 5408 w/cy R-III letr. 8/16/65
OME File
OME Reading File
Mr. Selfridge (2)

Escalante Silver Mines Company, Inc.
520 East 4th South
Salt Lake City, Utah 84102

OME
DEPARTMENT OF THE INTERIOR
SEP 2 1965
REGION III
DENVER, COLORADO

August 30, 1965

Mr. Hugh M. Connors
Office of Minerals Exploration, Region III
U.S. Geological Survey
Denver Federal Center - Bldg. 20
Denver, Colorado 80225

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 7 1965
INITIALS CODE
120
120

Re: OME 6373 (Silver)
Escalante Silver Mines
Iron County, Utah
Contract 2200

Dear Mr. Connors:

Attached hereto are the operator's reports, vouchers and drill logs covering operations under the subject contract for the month of July, 1965.

I am also enclosing a letter requesting your approval of including the cost of cement and drilling mud additives as allowable costs under the contract.

I hope that you will be able to visit the property early in September, as it now appears that it will be desirable to change the location of one or two of the remaining drill holes.

With kindest regards.

Sincerely yours,

Sam S. Arentz

SSA:ba

Enc.

Copy to W.O.

Escalante Silver Mines Company, Inc.
520 East 4th South
Salt Lake City, Utah 84102

OME
DEPARTMENT OF THE INTERIOR
SEP 2 1965
REGION III
DENVER, COLORADO

August 30, 1965

Mr. Hugh M. Connors
Office of Minerals Exploration, Region III
U.S. Geological Survey
Denver Federal Center - Bldg. 20
Denver, Colorado 80225

Re: OME 6373 (Silver)
Escalante Silver Mines
Iron County, Utah
Contract 2200

Dear Mr. Connors:

Under the subject contract there is an allowance of $700.00 for drilling mud and an allowance of $1200.00 for plugging, cementing and/or conditioning holes, but there is no allowance specifically stated for mud additives or for cement.

After two months of drilling during which we have completed approximately 50% of the total drilling covered by the contract, we have been charged for a total of five bags of drilling mud which at the price allowed under the contract totals $7.00. During this period we have been charged a total of $84.87 in June and $119.00 in July for cement and drilling mud additives. Since these items were necessary to complete the project as planned, and the totals charged are substantially less than the total amount allowed for drilling mud alone, we believe that these amounts should be approved as coming under the costs of the project included in the contract.

I shall appreciate your consideration of this request.

Very truly yours,

Sam S. Arentz, Operator
Escalante Silver Mines Co., Inc

SSA:ba

Copy to W.O.

Bldg. 20, Denver Federal Center
Denver, Colo. 80225
GEOLOGICAL SURVEY

August 16, 1965

Mr. Sam S. Arentz, Vice President
Escalante Silver Mines Company, Inc.
320 East Fourth South
Salt Lake City, Utah 84102

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 17 1965

INITIALS	CODE
	~~120~~
	120
	110
	120

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

I am forwarding your June 1965 voucher by airmail today to Washington for payment as shown on the attached MME Form 61.

If the Finance Officer makes no further disallowances please use the attached Form 61 as a guide in submitting your next voucher.

On your next voucher you should claim 26 feet of reaming shown on the Boyles Bros. bill, but the size must be stated. The contract specifies NX reaming at $3.00/ft. and BX at $2.75/ft. The contractor billed you at $3.20/ft.

Yours very truly,

ORIGINAL SIGNED BY
Hugh M. Connors
Acting Field Officer, OME
Region III

H.M.C. (8-16-65)
cc: Chief OME
2200
Chron

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of June 1965 Docket No. 6373

Operator's Name Escalante Silver Mines Co., Inc. Contract No. 14-23-090- 2200

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Mobilization	Job			200.00			
Drilling, Core-Diamond 0-500 NX	Feet	728	728	3,967.60			
Rotary							
Drilling, Non-core-Diamond	Feet	45	45	225.00			
0-500 BX	Feet	233	233	1,199.95			
500-100 BX	Feet	205	205	1,158.25			
Percussion							
Miscellaneous Drill Mud	Bag	5	5	7.00			
Core Boxes	Each	84	84	84.00			
Roads and Trails	Hour	20	20	300.00			
Engineer-Geol.	Mo.	1	1	800.00			
Laborer	Hour	224	224	560.00			
Payroll Tax	%			107.24			
Incidental Allowance	Feet	1211	1211	254.31			
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				118.00			
TOTAL TO DATE *(per MME Form 60)*				$ 8,981.35			

REMARKS

(Continue on back)

REMARKS

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date _____ Operator _____

Per _____ Title _____

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

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature _____

Title _____
Government Representative

Date _____

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

INT.DUP.,D.C.59- 27168

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

OME
DEPARTMENT OF THE INTERIOR

August 10, 1965

Mr. Hugh M. Connors
Acting Field Officer, Region III
Office of Minerals Exploration
Building 20, Denver Federal Center
Denver, Colorado 80225

Docket No. 6373
Escalante Silver Mines

Dear Mr. Connors:

Attached hereto are the original bills for all work under the heading Actual Costs Category (1) as requested in your letter of August 2, 1965.

On the road work and drill site preparation, we were unable to obtain a D-7 or larger tractor locally, and the cost of bringing one in was prohibitive. We worked out an arrangement with Mr. Ivan E. Hunt covering the use of his D-6 tractor on a monthly rental basis which will cost substantially less than the amount allowed in the contract with OME. We had to make an initial payment for two months at $150.00 per month or $300.00. Since the contract was on an hourly basis of $15.00 per hour, I entered it as 20 hours at the $15.00 per hour rate. We actually used it considerably more than 20 hours for the total cost of $300.00.

Very truly yours,

Samuel S. Arentz

SSA:ba

Enc.

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

August 20, 1965

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: Escalante Silver Mines Company, Inc.
529 East 4th South
Salt Lake City, Utah 84102

Amount Claimed:	Differences (Explained Below)	Amount Approved
$9153.22	$ 171.87	$6981.35 Government Share 6864.91 Less Amt. Disallowed 128.90 This Payment 6736.01
Bu. Voucher No. 1400	Payee's Invoice No. OME 6373	Period June 1965

EXPLANATION

Disallowance of $128.90 made per note of Hugh M. Connors on Operator's Progress Report.

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

Branch of Budget and Finance

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6373
Contract No. 14-23-090-2200
Contract Amount $ 49,780.00
Gov't. Participation % 75 $ 37,335.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of June, 1965

Operator's Name Escalante Silver Mines Company, Inc.
Address 520 East 4th South, Salt Lake City, Utah 84102

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	$ 300.00	---	$ 300.00			
Drifting						
Crosscutting						
Drilling	6,637.80	---	6,637.80			6550.80
Mobilization	200.00	---	200.00			
Drilling Supplies	91.87		91.87			7.00
(2) Personal Services:						
Supervision & Technical	800.00	---	800.00			
Outside Consultants						
Labor	560.00	---	560.00			
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	118.00	---	118.00			
Payroll Taxes	107.24	---	107.24			
Employee's Liability Ins.						
Core Boxes	84.00	---	84.00			
Fixed Unit Cost	254.31	---	254.31			
8,981.33						
TOTALS	$9,153.22		$ 9,153.22			

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

Date July 16, 1965 *Payee Escalante Silver Mines Co., Inc.

Per [signature] Title Vice-President

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

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

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

6,864.91
128.90
6736.01

$ 6736.01

Signature [signature]
(Authorized Certifying Officer)

Date AUG 20 1965 Vou. No. 1400

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2200

Signature Hugh M. Connors Title _____ Date _____

Approved by OME Executive Officer or Alternate:

Signature Hugh M. Connors Title Acting Field Officer Date 8-16-65

OPERATOR'S MONTHLY REPORT

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

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

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

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

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of June, 1965 Docket No. 6373

Operator's Name Escalante Silver Mines Co., Inc Contract No. 14-23-090-2200

OPERATION	UNITS	FOR OPERATOR'S USE			FOR GOVERNMENT USE		
		UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond	Feet	1211	1211	8,735.22			
Rotary							
Churn							
Percussion							
Miscellaneous							
Roads and Trails				300.00			
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				118.00			
TOTAL TO DATE *(per MME Form 60)*				9,153.22			$8,981.35

REMARKS

(Continue on back)

REMARKS Dissallowance as noted on drilling and drilling supplies

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date July 16, 1965 Operator Escalante Silver Mines

Per [illegible] Title Manager

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

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature Hugh M. Lemons

Title Acting Field Officer
Government Representative

Date 8-16-65

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

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The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

OPERATOR'S MONTHLY REPORT

June - 1965

OME Contract No. 14-23-090-2200

Escalante Silver Mines Company, Inc.

Iron County, Utah

The drilling contract was awarded to Boyles Brothers Drilling Company of Salt Lake City. That company delivered drilling equipment to the property on May 31st. Bulldozer work was completed on site preparation and roads for the first four drill sites; a water line was run from the mine water supply tank; the drilling equipment was assembled and drill crews were organized during the period June 1 through 5th. Drilling started on OME Hole No. 1 on June 6th.

During June OME Drill Holes Nos. 1, 2 and 3 (Escalante Silver Mine Drill Holes 18, 19 and 20) were completed through the target vein structure as specified in the contract. All holes were drilled on an approximate bearing of S65° E and on inclination of approximately -70°. The holes were drilled NX and BX wire line to completion. Logs and assays of split core from each of the holes are detailed on the attached sheets. Core recovery was from 90 to 100%. All assaying was done by the Union Assay Office of Salt Lake City, Utah, and the core from all holes is stored in a secure building at the mine property.

OME Hole #1 (Escalante Hole No. 18) intercepted the vein between 342 and 371 feet, and the hole was stopped in footwall material at 373 feet. The hole was designed to intercept the footwall at 250' based on a projected dip of 70°. The vein steepened to 80 to 85° and the hole was necessarily extended. The core appeared to be well mineralized, but the assays were dissappointingly low.

OME Hole #2 (Escalante Hole No. 19) was drilled to 705 feet. The hole intercepted a series of mineralized stringers which undoubtedly represent the downward extension of the vein from OME Hole #1. A similar condition was encountered in Escalante Drill Hole No. 13 several years ago.

OME Hole #3 (Escalante Hole No. 20) was drilled to intercept the vein at 150' based on the 80 to 85° dip indicated by drill holes 1 and 2. The vein apparently flattened slightly to its regular 70-75' dip and the hole intercepted the vein from 73' to 92'. The hole was continued to 133 feet to make sure that the footwall had been intercepted. Assays of the split core through the vein intercept were low grade.

July 16, 1965

OME - 6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

Month of June, 1965
Actual Costs

Independent Contractors - Category I

1. Bulldozing roads and drill sites
   20 Hours @ $15.00 — $ 300.00

2. Drilling
   a) Mobilization — 200.00
   b) Wire Line Drilling

DDH #1			
Roller Bit	0 - 10	10' @ 5.00	50.00
NX Core	10 - 373	363 @ 5.45	1,978.35
DDH #2			
Roller Bit	0 - 15	15' @ 5.00	75.00
NX Core	15 - 350	335' @ 5.45	1,825.75
BX Core	350 - 500	150' @ 5.15	772.50
BX Core	500 - 705	205' @ 5.65	1,158.25
DDH #3			
NX	0 - 50	50' @ 5.45	272.50
BX	50 - 133	83' @ 5.15	427.45

3. Feet of Reaming for Casing - 26' @ 3.00 — 78.00

4. Hours of Plugging, etc — None

5. Feet of Casing Lost in Hole — None

6. Drilling Mud - 5 Bags @ 1.40 — 7.00
   Mud Additives Charged by Contractor

1 Bag Cellex	54.45	
1 Bag Quebracho	19.01	
25# Caustic Soda	5.75	
6 Lumnite Cement	15.66	84.87

7. Personal Services - Category II

1 - Supervisor - Geologist - Engineering @ $800.00	$ 800.00
1 - Laborer - 224 Hours @ $2.50	560.00

Miscellaneous - Category VII

1. Payroll Taxes $1,360.00 @ 7.885	107.24
2. 84 Cardboard Core Boxes @ $1.00	84.00
3. 46 Silver Assays @ $2.57	118.00
4. Fixed Unit Cost - 1211 Feet @ 21¢	254.31
Total	$ 9,153.22
75% $ 6,864.91	

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

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
AUBURN, CALIF.
ST. LOUIS

INVOICE DATE: 6/30/65
ORDER NUMBER:
INVOICE NUMBER:
CONTRACT: 1-375
TERMS: Net 10 prox
LOCATION: Enterprise, Utah

Escalante Silver Company
520 East 4th South
Salt Lake City, Utah
Att'n: Mr. Sam Arentz

HOLE NO.	FROM	TO	FOOTAGE	RATE	TOTAL
Mobilization					$ 200.00
#1 R.B.4-1/4"	0	10	10'	5.75	57.50
NC	10	15	5'	5.75	28.75
NX	15	250	235'	5.75	1,351.25
	250	373	123'	6.10	740.30
Drilling Mud			3 bags	4.50	13.50
Cellex			1 "	54.45 ✓	54.45
Quebracho			1 "	19.01 ✓	19.01
Caustic Soda			25 lbs.	5.75 ✓	5.75
#2 R.B. 4-3/4"	0	15	15'	5.75	86.25
NC	15	20	5'	5.75	28.75
NX	20	250	230'	5.75	1,322.50
	250	350	100'	6.10	610.00
BX	350	500	150'	5.80	870.00
	500	705	205'	6.10	1,250.50
Drilling Mud			2 bags	4.50	9.00
Lumnite Cement			3 "	7.83	23.49
Core Boxes			70'	1.00	70.00
#3 NC	0	10	10'	5.75	57.50
NX	10	50	40'	5.75	230.00
BX	50	133	83'	5.50	456.50
Lumnite Cement			3 bags	7.83	23.49

99

NX 0-500
235
123
230
100
40
728

BX 0-500
150
83
233

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

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
AUBURN, CALIF.
ST. LOUIS

INVOICE DATE: 6/30/65
ORDER NUMBER:
INVOICE NUMBER:
CONTRACT: 1-375
TERMS:
LOCATION:

Escalante Silver Company

Page #2

HOLE NO.	FROM	TO	FOOTAGE	RATE	TOTAL
#3 cont'd.					
Core Boxes			14	1.00	$ 14.00
Reaming	50	76	26	3.20	83.20
					$7,605.69

June Distribution
A/C 415 - Diamond Drilling $7,605.69

Approved:

Check #753
7-13-65

RECD JUL 9 1965

UNION ASSAY OFFICE, INC.

P. O. BOX 1528
SALT LAKE CITY 10, UTAH

CHARGE TO S.S. Arentz- Operator
Escalante Silver Mine
520 East 4th So. Salt Lake City, Utah

DATE June 30, 1965

DATE		NAME	LOT NUMBER				
June	18	505 to 528		60.00			
	18	529 to 550		55.00			
June Distribution							
A/C 411 - Assaying $115.00						$115.00	
Approved:			+3.00 OK Hme				

Check #748
7-9-65

To insure proper credit please return one copy with payment.

REC'D JUL 8 1965

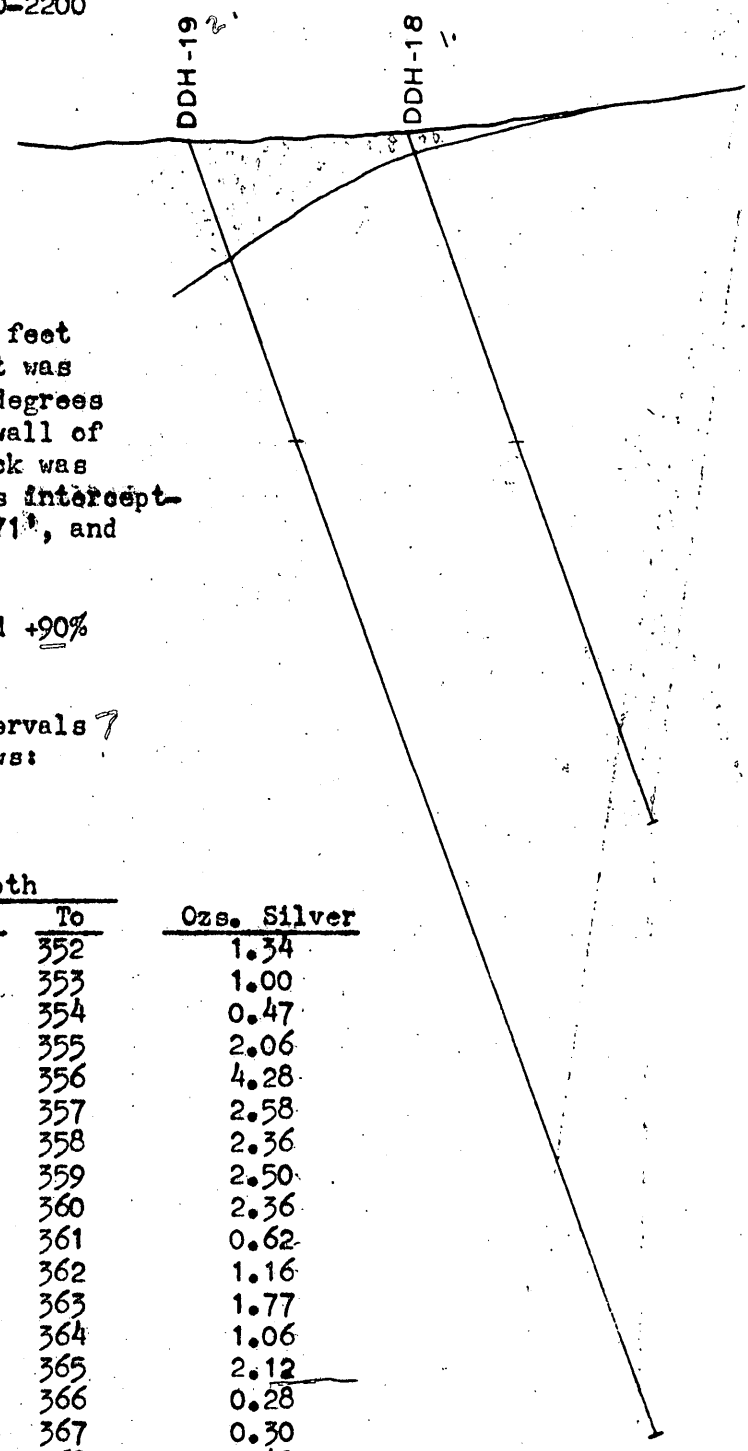
ESCALANTE SILVER MINE
Log of Diamond Drill Hole No. 18

Drawn by: Phil Kulse
Scale: 1" = 100'

O.M.E. Hole #1

O.M.E. Docket #6373
Contract # 14-23-090-2200

Co-ordinates 16187.28N
13625.82E



Collar Elevation: 5258.89
Course and Dip: S64E -70 degrees
Depth of Hole: 373'
Driller: Boyles Bros.
Size of Hole: NX Wireline

The hole was drilled to intercept the vein 250 feet southwest of DDH #4 at a depth of 250 feet. It was found the fissure vein was dipping -80 to -85 degrees instead of the projected -70, and the hanging wall of the vein was encountered at 323 feet. Wall rock was drilled again at 329', and the main fissure was intercepted at 342'. The footwall was encountered at 371', and the hole was stopped at 373 feet.

Core Recovery was 100% in the Country Rock, and +90% in the Fissure vein.

The core was split and sampled on one foot intervals from 318 to 373, and the results were as follows:

Depth From	Depth To	Ozs. Silver	% Lead
318	319	0.38	
319	320	3.26	
320	321	3.60	
321	322	3.44	
322	323	3.98	
323	324	1.40	
324	325	0.82	
325	326	1.28	
326	327	2.32	
327	328	2.64	
328	331	0.72	
331	334	0.74	
334	337	0.70	
337	341	0.94	
341	342	2.26	
342	343	10.44	
343	344	5.56	
344	345	4.92	
345	346	2.84	
346	347	6.24	
347	348	6.20	
348	349	4.58	
349	350	2.18	
350	351	1.64	

Depth From	Depth To	Ozs. Silver
351	352	1.34
352	353	1.00
353	354	0.47
354	355	2.06
355	356	4.28
356	357	2.58
357	358	2.36
358	359	2.50
359	360	2.36
360	361	0.62
361	362	1.16
362	363	1.77
363	364	1.06
364	365	2.12
365	366	0.28
366	367	0.30
367	368	0.48
368	369	0.46
369	370	0.46
370	371	0.24
371	372	0.15
372	373	4.60

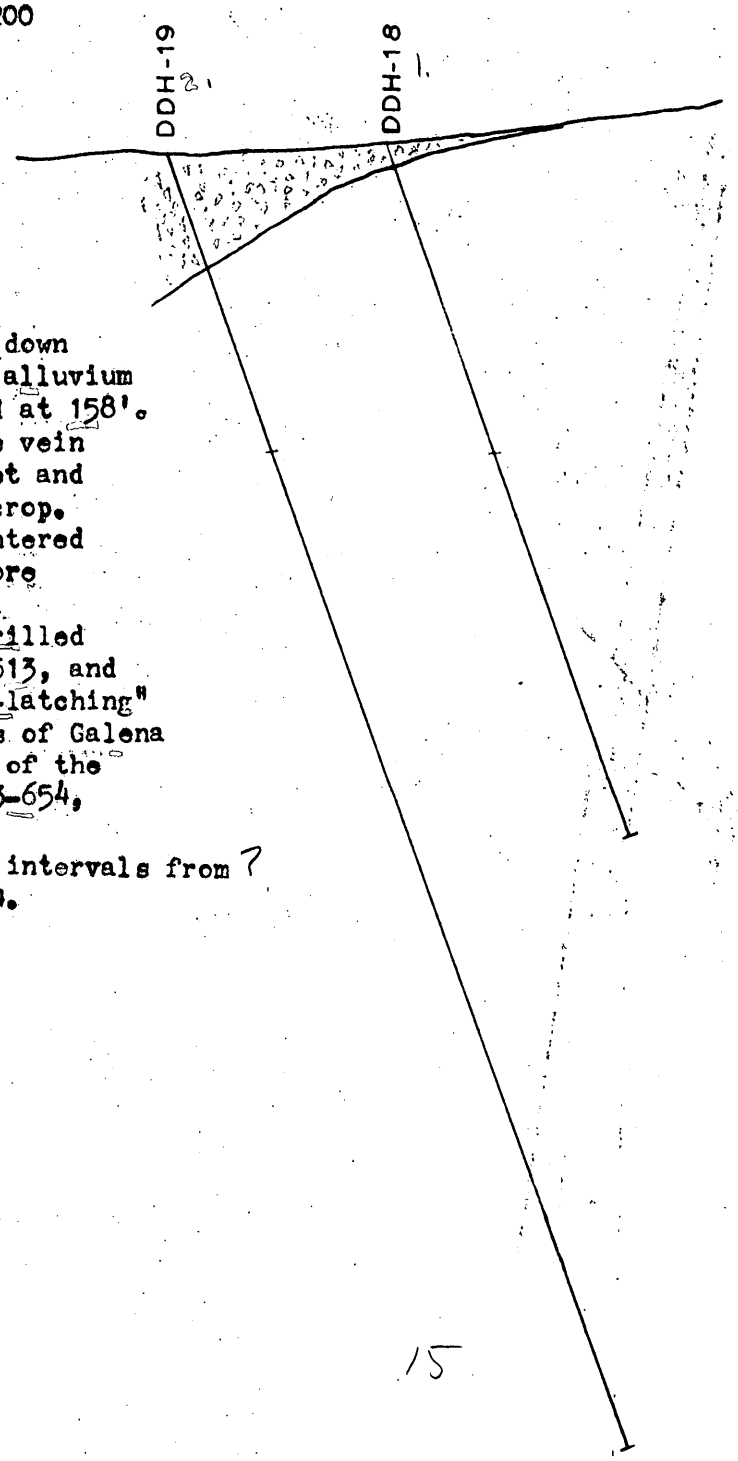
The total vein interecpt from 342' to 365' repesents 12.5 feet of vein width averaging 3.06 ounces silver per ton. The intercept from 342' to 349' repesents 3.8' feet of vein assaying 5.82 ounces Silver.

ESCALANTE SILVER MINE
Log of Diamond Drill Hole No. 19

Drawn by: Phil Hulse
Scale: 1" = 100'

O.M.E. Hole #2 O.M.E. Docket #6373
Contract # 14-23-090-2200

Co-ordinates 16233.92N
13525.71E



Collar Elevation: 5255.17
Course and Dip: S64E -70 degrees
Depth of Hole: 705'
Driller: Boyles Bros.
Size of Hole: NX - BX

The hole was drilled to intercept the vein down dip from DDH No. 18. The hole was through alluvium to 60 feet, and the water level was reached at 158'. Based on data obtained from DDH No. 18, the vein was projected to be encountered at 550 feet and was collared 290 feet from the surface outcrop. Small quartz veinlets and seams were emcountered from 530 feet to 680 feet, but the only core whiched resembled mineralized vein material was found from 653 to 656. The hole was drilled to 705'. Core was lost between 503 and 513, and between 533 and 543 due to mechanical "mis-latching" of the wireline core barrel. Small amounts of Galena was found in the caved material in the end of the core barrel after the vein intercept at 653-654.

The core was split and sampled on one foot intervals from 552 to 559, 652 to 656, and from 670 to 674.

Assays were as follows:

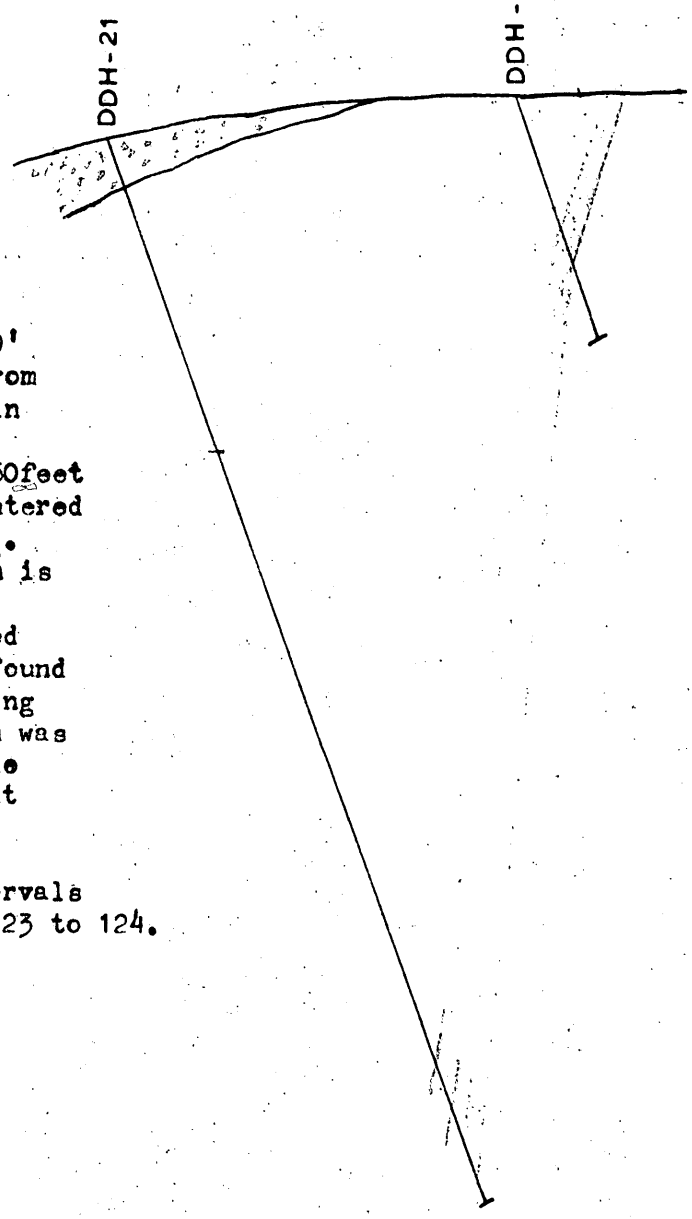
Depth From	To	Ozs. Silver	% Lead
552	553	0.16	
553	554	0.17	
554	555	0.18	
555	556	0.18	
556	557	0.22	
557	558	0.12	
558	559	0.10	
652	653	0.06	
653	654	0.42	
654	655	0.40	
655	656	0.40	
670	671	0.36	
671	672	0.14	
672	673	0.12	
673	674	0.18	

15

ESCALANTE SILVER MINE
Log of Diamond Drill Hole No. 20

Drawn by: Robert Hoke
Scale: 1" = 100'

O.M.E. Hole #3 O.M.E. Docket #6373
Contract # 14-23-090-2200
Coordinates 15933.23N
13584.82E



Collar Elevation: 5279.47
Course and Dip: S64E -70 degrees
Depth of Hole: 133'
Driller: Boyles Bros.
Size of Hole: NX -BX

The hole was drilled to intercept the vein 250' southwest of DDH #18, and 130 feet down dip from surface outcrop. Based on the data obtained in DDH #18, the vein was projected to be dipping -80 to -85 degrees and the hole was collared 50feet from the outcrop. The hanging wall was encountered at 73'and the footwall wall was reached at 92'. This vein intercept indicates the fissure vein is dipping -70 degrees as noted in earlier holes. Several Quartz seams and stringers were drilled in the hanging wall country rock, and it was found to be silificied from the surface to the Hanging wall contact. Only about a foot of overburden was encountered. A small quartz seam about 4" wide was found at 122 feet. The hole was stopped at 133 feet.

The Core was split and logged on one foot intervals from 47 to 50, 56 to 57, 73 to 93, and from 123 to 124.

The assays were as follows:

Depth From	Depth To	Ozs. Silver	% Lead
47	48	0.32	
48	49	0.26	
49	50	0.14	
56	57	8.78	
73	74	0.53	
74	75	0.72	
75	76	1.08	
76	77	1.82	
77	78	0.90	
78	79	1.22	
79	80	2.56	
80	81	2.76	
81	82	5.24	
82	83	4.00	
83	84	7.46	

Depth From	Depth To	Ozs. Silver	% Lead
84	85	7.14	
85	86	4.72	
86	87	3.46	
87	88	3.20	NG
88	89	2.14	
89	90	6.64	
90	91	3.38	1936
91	92	6.41	047
92	93	4.00	
123	124	3.96	

OFFICIAL
COPY
O. M. E.
RECEIVED
AUG 27 1965

INITIALS	CODE

Bldg. 20, Denver Federal Center
Denver, Colo. 80225
GEOLOGICAL SURVEY

OFFICIAL COPY

August 2, 1965

Mr. Sam S. Arentz, Vice President
Escalante Silver Mines Company, Inc.
520 East Fourth South
Salt Lake City, Utah 84102

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

I received your first voucher today but I cannot process it for payment because you did not present the original bills for all of the work under the heading Actual Costs Category (1) Independent Contracts.

The only thing that you do not have to document is the Incidental allowance, which is a fixed unit cost.

All items under Actual Cost must be documented by attaching the original bills to the original MME Forms 60 and 61 and these are forwarded by me to the Fiscal Section in Washington who will mail you a check.

I will hold your voucher pending receipt of the original bills.

Yours very truly,

ORIGINAL SIGNED BY
Hugh M. Connors
Acting Field Officer, OME
Region III

HMC (8-2-65)
cc: Chief, OME
File
Chron

Escalante Silver Mines, Inc.
520 East 4th South
Salt Lake City, Utah 84102

OME
DEPARTMENT OF THE INTERIOR
AUG 2 1965
REGION III
DENVER, COLORADO

July 30, 1965

Mr. Hugh M. Connors
Acting Field Officer, Region III
Office of Minerals Exploration
Building 20 - Denver Federal Center
Denver, Colorado 80225

Re: Docket No. 6373
Escalante Silver Mines

Dear Mr. Connors:

Enclosed are the original and four copies of the Operator's Monthly Report covering work on OME Contract No. 14-23-090-2200.

The work is proceeding on schedule since your visit on July 7th, and the results of recently completed holes appear more favorable.

I am late in getting this report off to you, and will greatly appreciate anything you can do to expedite clearing the voucher for payment.

With kindest regards and looking forward to having you join me in another flight to the property, I remain

Sincerely yours,

Samuel S. Arentz

SSA:ba

Enclosures

Copy to Chief, OME

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Bldg. 20, Denver Federal Center
Denver, Colo. 80225
GEOLOGICAL SURVEY

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 20 1965

INITIALS	CODE
	~~120~~
	~~120~~

July 19, ~~1965~~

1-cy 120
2 cys EEO

Memorandum

To: Compliance Officer

From: Acting Field Officer, Region III

Subject: Equal Employment Opportunity Under Government Contracts
OME-6373
Escalante Silver Mines Co., Inc.
Escalante Mine
Iron County, Utah
Contract No. 2200

I have obtained the following information from my visit to the operating project under the subject contract:

1. Number of all employees 8
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? no
6. Distance to the closest union headquarters 200 miles
7. Are the discrimination posters prominently displayed? yes
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? Men seeking employment

10. Acts of intimidation matter has been discussed with Sam Arentz - President, Escalante Mines Co., Inc.

11. Boyles Brothers are the diamond drill contractors and they have six of the eight employees listed above.

Hugh M. Connors

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/14	[illegible]	120
"	Johnson	110
7/15	CAC	220
		120M

File OME-6373
Escalante

JUL 15 1965

Memorandum

To: Acting Field Officer, Region III

From: Compliance Officer, Office of Minerals Exploration

Subject: Equal Employment Opportunity Under Government Contracts

Please refer to my memoranda of September 3, 1964, January 29 and March 2, 1965, and submit a report in keeping with the memoranda. The report sent us is enclosed.

George C. Selfridge (gla)

George C. Selfridge

Enclosure

GCSelfridge/gla (7-14-65)
cc to: Director's Reading File
Division File
Economic Geology File
OME File 6373
OME Reading File
George C. Selfridge (2)

23263

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

July 2, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 6 1965

INITIALS	CODE
	120
	120

Mr. Samuel S. Arentz
Mining Engineer
520 East 4th South
Salt Lake City, Utah 84102

Re: OME-6373 (Silver)
Escalante Mine
Contract 2000

Dear Mr. Arentz:

Thank you for your letter of July 1, 1965. I will be happy to fly to the mine with you July 7.

Yours very truly,

ORIGINAL SIGNED BY
Hugh M. Connors
Acting Field Officer, OME
Region III

cc: G. C. Selfridge
2000
Chron

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

July 1, 1965

Mr. Hugh M. Connors
Acting Field Officer, OME
Building 20, Denver Federal Center
Denver, Colorado 80225

Re: OME-6373 (Silver)
Escalante Mine
Contract 2000

Dear Mr. Connors:

I will look forward to meeting you at the Newhouse Hotel in Salt Lake City on the morning of July 7th, for the purpose of proceeding to the Escalante Mine. Will you have any objection to flying down with me?

Very truly yours,

Samuel S. Arentz, Operator
Escalante Silver Mine

SSA:ba

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

June 29, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 2 1965

INITIALS	CODE
	120
	120

Mr. Samuel S. Arentz
Escalante Silver Mines Company, Inc.
520 East Fourth South
Salt Lake City, Utah 84102

Re: OME-6373 (Silver)
Escalante Mine
Iron County, Utah
Contract 2200

Dear Mr. Arentz:

I would like to inspect progress on the captioned contract July 7, 1965. I plan to stop at the Newhouse Hotel and would like to get an early morning plane to Cedar City.

If this date is satisfactory for you will you please advise by return mail.

Yours very truly,

Hugh M. Connors
Acting Field Officer, OME
Region III

H.M.C.(6-29-65)
cc: G. C. Selfridge
2200
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Bldg. 20, Denver Federal Center
Denver, Colo. 80225

June 7, 1965

Memorandum

To: George C. Selfridge, Chief
Division of Exploration Operations
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: OME-6373 (Silver)
Contract 2200
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 9 1965

INITIALS	CODE
	120
	120
	110
	120

Enclosed are the Government's, Fiscal Section's, and Audit's copies of Exploration Contract 14-23-090-2200, which have been duly executed by the Operator. The fourth (Field Office) copy is being retained in our files.

R. L. Bolmer
for Hugh M. Connors

R.L.Bolmer (6-7-65)
cc: OME-6373
Contract 2200
Chron

ESCALANTE SILVER MINES COMPANY, INC.
520 East Fourth South
Salt Lake City, Utah 84102

June 2, 1965

OME
DEPARTMENT OF THE INTERIOR
JUN 4 1965
REGION III
DENVER, COLORADO

Mr. Hugh M. Connors
Acting Field Officer - Region III
Office of Minerals Exploration
Building 20 - Denver Federal Center
Denver, Colorado 80225

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

Dear Mr. Connors:

Enclosed is the original and three copies of the OME contract duly executed.

We have retained the Operator's copy for our file.

Very truly yours,

Richard R. Knobler
Vice President

/ama

Enclosures (4)

cc: Mr. Samuel S. Arentz

SAMUEL S. ARENTZ
MINING ENGINEER
520 East 4th South
Salt Lake City, Utah 84102

OME
DEPARTMENT OF THE INTERIOR
MAY 6 1965
REGION III
DENVER, COLORADO

May 5, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 10 1965
INITIALS | CODE
120 MW
120

Mr. Hugh M. Connors
Acting Field Officer, OME
Region III
Building 20 - Denver Federal Center
Denver, Colorado 80225

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Iron County, Utah

Dear Mr. Connors:

Thank you for your letter of May 3rd. We shall be ready to complete the proposed contract and to proceed with the project within the coming two or three weeks.

Very truly yours,

ESCALANTE SILVER MINES COMPANY, INC.

by Sam S. Arentz
Sam S. Arentz, Vice President

SSA;ba

Copy to G.C. Selfridge

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

May 3, 1965

OFFICIAL
OMR
O. M. E.
RECEIVED
MAY 5 1965
INITIAL | CODE
120
120

Mr. Sam S. Arentz
Vice President
Escalante Silver Mines Company, Inc.
520 East Fourth South
Salt Lake City, Utah 84102

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

Dear Mr. Arentz:

The original and four copies of a proposed contract on the subject property was forwarded you for signature on March 26, 1965.

Will you please advise by return mail the present status of this proposed contract.

Yours very truly,

ORIGINAL SIGNED BY

Hugh M. Connors
Acting Field Officer, OME
Region III

H. M. Connors (5/3/65)

cc: G. C. Selfridge
6373
Chron

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

March 26, 1965

Mr. Sam S. Arentz
Vice President
Escalante Silver Mines Company, Inc.
520 East Fourth South
Salt Lake City, Utah 84102

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

Dear Mr. Arentz:

Enclosed are the original and four copies of a proposed contract for the subject mine. The contract consists of MME Form 50 (7 pages), Annex I (1 page), Exhibit A (5 pages), Exhibit B (1 page), and one map (Fig. 1). All copies have been signed by the Acting Director for the Government. The date for commencement of the work has been inserted.

If the proposed contract is satisfactory to you, all five copies should be signed by an authorized representative of your company. Retain the Operator's copy and return the original and other copies to this office.

The 6-1/4 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, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Yours very truly,

ORIGINAL SIGNED BY

Hugh M. Connors
Acting Field Officer, OME
Region III

H. M. Connors (3-26-65)
cc: G. C. Selfridge
6373
Chron

OFFICIAL
COPY
O. M. E.
RECEIVED
MAR 29 1965
INITIALS COLE

MME

OFFICIAL FILE COPY

Date	Surname	Code
3/19	Murphy	120 m
		130
3/22	Johnson	110
		100
3/22	Case	220
		120 m

Memorandum MAR 2 2 1965

To: Acting Field Officer, Region III

From: Chief, Division of Exploration Operations

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

Enclosed are the original and four copies of a proposed contract for the subject mine. The contract consists of MME Form 50 (7 pages), Annex I (1 page), Exhibit A (5 pages), Exhibit B (1 page), and one map (Fig. 1). An extra copy of the contract is also enclosed for field use. All copies have been signed by the Acting Director for the Government. The date for commencement of the work has been inserted.

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

Please advise the Applicant 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 Applicant 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.

In a letter dated February 20, 1965, the Applicant explained its reasons for closer (150-foot) drill hole intercepts; however, we consider such close intercepts development drilling and limited the distance to 250 feet. Also, you will note in the proposed contract that supervision and labor are under actual costs and hence must be vouchered.

George C. Selfridge (gla)

Enclosures

FMMurphy/mm(3/19/65)
cc: Director's Reading File
Review Committee
Docket

23263

Retyped

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 -6373	**Silver**	14-23-090-	**Iron**	**Utah**

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

Escalante Silver Mines Company, Inc., a Utah corporation

_____,

whose mailing address is **520 East Fourth South, Salt Lake City, Utah 84102**, 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 June 1, 1965 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 8 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 $50,780.00 (49,780). The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $38,090.00 (37,335.00) 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 _____ 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).)

Estimated Costs of the Work

Actual Costs

Category (1) Independent Contracts

130 hours bulldozing roads and drill sites @ $15.00/hr.	$1,950.00	
Drilling		
Mobilization and demobilization of personnel and drilling equipment	500.00	
5,400 feet of overburden and core drilling	~~30,630.00~~ 29,630.	
Overburden non-core drilling including the setting of casing @ $5.00/ft.		
Core drilling:		
0 to 500-foot depths		
NX wireline @ $5.45/ft.		
BX wireline @ $5.15/ft.		
500 to 1000-foot depths		
NX wireline @ $5.95/ft.		
BX wireline @ $5.65/ft.		
600 feet reaming for casing	1,800.00	
NX casing @ $3.00/ft.		
BX casing @ $2.75/ft.		
100 hours of plugging, conditioning, and/or cementing drill holes @ $12.00/hr.	1,200.00	
600 feet casing lost in holes 3/	1,752.00	
NX casing @ $2.92/ft.		
BX casing @ $2.16/ft.		
500 bags drilling mud @ $1.40/bag	700.00	$38,532.00
		37,532.00

Category (2) Personal Services

Subcategory (a) Supervision and Technical Services

1 Supervisor-geologist-engineer 6 months @ $800.00/month	$4,800.00	
1 Outside consultant 10 days @ $65.00/day	650.00	
Subcategory (b) Labor		
1 Laborer, 1,296 hours @ $2.50/hr.	3,240.00	$ 8,690.00
Category (7) Miscellaneous		
None except:		
Payroll taxes $8,690.00 @ 10%	$ 869.00	
Consultant's per diem 10 days @ $15.00/day	150.00	
305 cardboard core boxes @ $1.00 each	305.00	
400 assays for silver @ $2.75/assay[1]	1,100.00	$ 2,424.00
Total Estimated Actual Costs		$49,646.00 48,646.00
Fixed Unit Costs[2]		
Incidental allowance for each foot of drilling completed		
5,400 feet @ $0.21/ft.	$1,134.00	
Total Estimated Fixed Unit Costs		$ 1, 134.00
		48,780.00
Total Estimated Costs of the Work		$50,780.00
Government Participation @ 75% (~~rounded~~)		$38,090.00 37,335.00

MME FORM 6
REV. 2-5

REFERENCE SLIP
OFFICE OF MINERALS EXPLORATION

TO:

	DATE	INITIALS
1. ~~Associate Solicitor, 6042~~		
2. ~~F. M. Murphy, 4455~~	3/18	FMM
3.		
4.		
5.		
FROM: George C. Selfridge	3/12/65	

FOR: Check items for action desired

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

REMARKS:

Claim Maps in envelope in docket.

RECEIVED
MAR 15 1964
Division of Mineral Resources
and General Legal Services

C-65-2099.11

INTERIOR DEPT.
MAR 15 1965
SOLICITOR

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

M56300-62

12/2/64

4:20 PM

OME-6273

A Mr. Feely of Minerals & Chemicals-Phillips, and a Mr. Knorbler (Geologist) talked to me on the phone regarding Escalante Silver Mines application.

They said the Phillips Company had advanced $200,000 to Escalante for an option on 75 percent of Escalante stock but would not put any more money into the venture until they show some results.

They were familiar with our request for a letter from them about further financing the exploration and were preparing a letter. I told them about our letter of November 30, and that we were awaiting a reply. They thought our proposal for D.D. was O.K. and asked how soon we could let them know about our decision. I told them if we received the necessary data it would be only a short time until we could offer a contract to Escalante. They thought that was O.K.

FEJohnson

NOTE:
In covering letter mention holes at 150' intercepts are considered development drilling.

FMMurphy

DRAFT 2/26/65
FMMurphy/mm

~~Contract~~ Docket
Rewrite
draft below

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-6373	Silver	14-23-090-	Iron	Utah

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

Escalante Silver Mines Company, Inc., a Utah corporation

_____,

whose mailing address is **520 East Fourth South, Salt Lake City, Utah, 84102**, 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 June 1, 1965 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 8 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 $~~47,072.00~~ 49,780.00. The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $~~35,304.00~~ 37,335.00 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 _____ 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~~ fifteen 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

Escalante Silver Mines Company, Inc.
(Operator)

By _____

By _____

Title _____

Acting Director, Office of Minerals Exploration

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]

SECOND DRAFT
3/11/65
FMMurphy/mm

Docket

EXPLORATION CONTRACT
ESCALANTE SILVER MINES COMPANY, INC.
CME-6373

ANNEX I

The land referred to in Article 2 of the contract consists of three (3) patented and six (6) unpatented lode mining claims, including all rights pertaining thereto, in secs. 2 and 11, T. 36 S., R. 17 W., Iron County, Utah.

The patented claims are as follows:

Claim	Patent U.S. Survey No.
Black Beauty	6213
Silver Top	6213
Hyland	6213

The unpatented claims are recorded in the office of the Iron County Recorder at Parowan, Utah, as follows:

Claim	Book	Page
Enterprise No. 1	Q	43
Black Beauty No. 2	Q	42
Hyland No. 2	Q	40
Hyland No. 5	Q	41
Extension	Q	26
Silver Top No. 2	Q	41

The Operator is the owner of the above-listed patented and unpatented claims.

The outer boundary of the above-listed claims is shown in green on Fig. 1, entitled "Enterprise Silver Mines, Inc., Claim Map . . .," attached hereto and made part hereof.

SECOND DRAFT
FMMurphy/mm
3/11/65

EXPLORATION CONTRACT
ESCALANTE SILVER MINES COMPANY, INC.
OME-6373

EXHIBIT A

The purpose of this project is to explore by wireline core drilling from the surface for deposits of silver ore in a fissure vein traversing water-lain volcanic sediments consisting of interbedded tuffaceous sandstone and tuffaceous conglomerate.

General Provisions

All holes shall be drilled on an approximate bearing of S. 65° E. at an inclination of approximately -70 degrees. Below the overburden all holes shall be drilled NX wireline core size (core diameter 1-23/32 inches) as deeply as practical and then may be reduced to BX wireline core size (core diameter 1-5/16 inches). The Government will not contribute to the cost of a hole which does not traverse the target vein structure nor to a hole completed less than BX wireline core size.

Mineralized core shall be split and one split assayed for silver. The other split shall be stored in proper sequence with the unsampled core. No sample shall represent a hole length of greater than five feet.

Facilities shall be provided for recovering diamond drill sludge and such sludge 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 and the results combined according to standard practice to form a representative sample.

The core from diamond drilling shall be stored in boxes identified as to hole number with markers in the core sections to indicate the depths represented. Splits of the sludge and core segment samples shall be stored in suitable containers properly identified as to source and location.

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

True copies of all sample assay certificates shall be submitted with the Operator's monthly report, which shall also include maps or sketches showing the work completed during the reporting period. The maps shall show the access roads to the drilling areas, the formations and structures traversed by the drill holes, and the locations and values of the samples assayed.

The Operator shall provide such supervision, labor, and technical services as may be required to complete the work in a satisfactory manner. The Government will contribute only to that portion of monthly salaries or daily wages representing the time spent on the project work by the various employees.

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

Description of the Work

The work shall consist of bulldozing access roads to and the leveling of a maximum of 13 drill sites on 7 lines using not less than a D-7 Caterpillar dozer or an equivalent unit of any other make.

Two holes shall be drilled along each line except the sixth where only one hole shall be drilled. The first line shall be approximately 500 feet southerly and parallel to the north end line of Enterprise No. 1 claim and the other lines shall be parallel to the first line at intervals of approximately 250 feet southerly. Not in excess of 5,400 feet of drilling shall be performed under this contract.

The holes shall be drilled to traverse the target vein structure at intervals of approximately 250 feet along the strike of the vein and shall bottom not closer than approximately 250 feet along the dip of the vein to the other hole drilled on the same line.

The approximate locations of the drill sites, the bearings of the holes, and the estimated required depths of the holes to traverse the vein structure are shown on Fig. 1, referred to in Annex I of this contract.

Estimated Costs of the Work

Actual Costs

Category (1) Independent Contracts

130 hours bulldozing roads and drill sites @ $15.00/hr.	$1,950.00
Drilling	
Mobilization and demobilization of personnel and drilling equipment	500.00
5,400 feet of overburden and core drilling	29,630.00
Overburden non-core drilling including the setting of casing @ $5.00/ft.	

Core drilling:

0 to 500-foot depths

NX wireline @ $5.45/ft.

BX wireline @ $5.15/ft.

500 to 1000-foot depths

NX wireline @ $5.95/ft.

BX wireline @ $5.65/ft.

600 feet reaming for casing	1,800.00	
NX casing @ $3.00/ft.		
BX casing @ $2.75/ft.		
100 hours of plugging, conditioning, and/or cementing drill holes @ $12.00/hr.	1,200.00	
600 feet casing lost in holes 3/	1,752.00	
NX casing @ $2.92/ft.		
BX casing @ $2.16/ft.		
500 bags drilling mud @ $1.40/bag	700.00	$37,532.00

Category (2) Personal Services

Subcategory (a) Supervision and Technical Services

1 Supervisor-geologist-engineer		
6 months @ $800.00/month	$4,800.00	
1 Outside consultant		
10 days @ $65.00/day	650.00	

Subcategory (b) Labor

1 Laborer, 1,296 hours @ $2.50/hr.	3,240.00	$ 8,690.00

Category (7) Miscellaneous

None Except

Payroll taxes

$8,690.00 @ 10%	$ 869.00	
Consultant's per diem		
10 days @ $15.00/day	150.00	
305 cardboard core boxes @ $1.00/each	305.00	
400 assays for silver @ $2.75/assay 1/	1,100.00	$ 2,424.00
Total Estimated Actual Costs		$48,646.00

Fixed Unit Costs 2/

Incidental allowance for each foot of drilling completed		
5,400 feet @ $0.21/ft.	$1,134.00	
Total Estimated Fixed Unit Costs		$ 1,134.00
Total Estimated Costs of the Work		$49,780.00
Government Participation @ 75% (rounded)		~~$37,335~~.00 37,335.00

1/ Includes freight and postage for samples.

2/ Includes all costs such as power, field transportation, drafting and hole surveying supplies, prints, etc. which would otherwise be allowable under Categories (3), (4), and (7) of the contract.

3/ The Government will not contribute to the cost of casing left in place at the request of the Operator.

DRAFT FHMurphy/mm
2/26/63

Dave Ott

EXPLORATION CONTRACT
ESCALANTE SILVER MINES COMPANY, INC.
ORE-6373

ANNEX I

The land referred to in Article 2 of the contract consists of three (3) patented and ~~nine (9)~~ six (6) unpatented lode mining claims, including all rights pertaining thereto, in secs. 2 and 11, T. 36 S., R. 17 W., Iron County, Utah.

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Hyland	6213

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Hyland No. 2	Q	40
~~Hyland No. 4~~	~~Q~~	~~40~~
Hyland No. 5	Q	41
Extension	Q	26
Silver Top No. 2	Q	41
~~Valley View No. 1~~	~~Q~~	~~39~~
~~Valley View No. 2~~	~~Q~~	~~39~~

The Operator is the owner of the above-listed patented and unpatented claims.

~~Minerals & Chemicals Phillip Corporation holds an encumbrance against the claims listed in Annex I of the contract. [illegible] Lien by Subordination Agreements executed by this corporation and attached hereto and made part hereof.~~ 007

The outer boundary of the above-listed claims is shown in green on Fig. 1, entitled "Enterprise Silver Mines, Inc., Claim Map . . . .," attached hereto and made part hereof.

final draft

Rewrite Docket

EXPLORATION CONTRACT
EXCALANTE SILVER MINES COMPANY, INC.
OME-6373

EXHIBIT A

The purpose of this project is to explore by wireline core drilling from the surface for deposits of silver ore in a fissure vein traversing ~~[illegible]~~ water-lain volcanic sediments consisting of interbedded tuffaceous sandstone and tuffaceous conglomerate.

General Provisions

All holes shall be drilled on an approximate bearing of S. 65° E. at an inclination of approximately -70 degrees. Below the overburden all holes shall be drilled NX wireline core size (core diameter 1-23/32 inches) as deep as practical and then may be reduced to BX wireline core size (core diameter 1-5/16 inches). The Government will not contribute to the cost of a hole which does not traverse the target vein structure nor to a hole completed less than BX wireline core size.

Mineralized core shall be split and one split assayed for silver. The other split shall be stored in proper sequence with the unsampled core. No sample shall represent a hole length of greater than five feet.

Facilities shall be provided for recovering diamond drill sludge and such sludge 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 and the results combined according to standard practice to form a representative sample. ~~A split of [illegible]~~

Insert ①

The Operator shall provide such supervision, labor, and technical services as may be required to complete the work in a satisfactory manner. The Government will contribute only to that portion of monthly salaries or daily wages representing the time spent on the project work by the various employees.

The core from diamond drilling shall be stored in boxes identified as to hole number with markers in the core sections to indicate the depths represented. Splits of the sludge and core segment samples shall be stored in suitable containers properly identified as to ~~[illegible]~~ source and location.

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

True copies of all sample assay certificates shall be submitted with the Operator's monthly report, which shall also include maps or sketches showing the work completed during the reporting period. The maps shall show the access roads to the drilling areas, ~~[illegible]~~ the formations and structures traversed by the drill holes, ~~and~~ the locations and values of the samples assayed.

Insert ① The Operator shall provide one full-time supervisor-geologist-engineer and one full-time laborer to assist him. If these men are used to perform work not pertinent to the subject project, their salary or wage during the period of such work will not be contributed to by the Government.

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

Description of the Work

The work ~~will~~ shall consist of bulldozing access roads to and ~~EX~~ the leveling of a maximum of 13 drill sites on 7 lines using not less than a D-7 Caterpillar dozer or an equivalent unit of any other make.

insert 2 pages

Two holes shall be drilled along each line except the sixth where only one hole shall be drilled. The first line shall be approximately 500 feet southerly and parallel to the north end line of Enterprise No. 1 claim and the other lines shall be parallel to the first line at intervals of approximately 250 feet southerly. Not in excess of 5-400 feet of drilling shall be performed under this contract.

Insert (2) Rewrite From the drill sites 13 holes shall be drilled along 7 lines. The first line shall be approximately 500 feet southerly and parallel to the north end line of Enterprise No. 1 claim and the others parallel to the first line at intervals of approximately 250 feet southerly. Two holes shall be drilled along each line except the sixth where only one hole shall be drilled.

The holes shall be drilled to traverse the target vein structure at intervals of approximately 250 feet along the strike of the vein and shall bottom not closer than approximately 250 feet along the dip of the vein to the other hole drilled on the same line.

The approximate locations of the drill sites, the bearings of the holes, and the estimated required depths of the holes to traverse the vein structure are shown on Fig. 1, referred to in Annex I of this contract.

Estimated Costs of the Work

Actual Costs

Category (1) Independent Contracts

130 hours bulldozing roads and drill sites @ $15.00/hr.	$1,950.00
Drilling	
Mobilization and demobilization of personnel and drilling equipment	500.00
5,400 feet of overburden and core drilling	30,630.00
Overburden non-core drilling including the setting of casing @ $5.00/ft.	

Core drilling:

0 to 500-foot depths

NX wireline @ $5.45/ft.

BX wireline @ $5.15/ft.

500 to 1000-foot depths

NX wireline @ $5.95/ft.

BX wireline @ $5.65/ft.

600 feet reaming for casing 1,800.00

NX casing @ $3.00/ft.

BX casing @ $2.75/ft.

set in line
100 hours of Plugging, conditioning, and/or [redacted]

cementing drill holes @ $12.00/hr. 1,200.00

600 feet casing lost in holes 3/ 1,752.00

NX casing @ $2.92/ft.

BX casing @ $2.16/ft.

500 bags drilling mud @ $1.40/bag 700.00 $38,532.00

Category (2) Personal Services

Subcategory (a) Supervision and Technical Services

1 supervisor - Geologist-Engineer

6 months @ $800.00/month $4,800.00

1- Outside Consultant - 10 days @ $65.00/day 650.00

Subcategory (b) Labor

1 Laborer, 1296 hours @ $2.50/hr. 3,240.00 $ 8,690.00

Category (7) Miscellaneous

Payroll taxes
$8,670.00
~~$5,360.00~~ @ 10% $ 869.00
Consultant's per diem, 10 days @ $15.00/day 150.00
305 core cardboard/boxes @ $1.00/each 305.00

400 assays for silver @ $2.75/assay 1/ 1,100.00 $2,424.00

Total Estimated Actual Costs $49,646.00

2/

Fixed Unit Costs

Incidental allowance for each foot of drilling completed

5,400 feet @ $0.21/ft. $1,134.00

Total Estimated Fixed Unit Costs $ 1,134.00

Total Estimated Costs of the Work 50,780.00

Government Participation @ 75% (rounded) 38,090.00

1/ Includes freight and postage for samples.

2/ Includes all costs such as power, field transportation, drafting and hole surveying supplies, prints, etc. which would otherwise be allowable under Categories (3), (4), and (7) of the contract.

3/ The government will not contribute to the cost of moving rigs on pads at the request of the Operator.

DRAFT FMMurphy:m
2/26/65

EXPLORATION CONTRACT
ESCALANTE SILVER MINES COMPANY, INC.
OME-6373

ANNEX I

The land referred to in Article 2 of the contract consists of three (3) patented and ~~nine~~ six (6) unpatented lode mining claims, including all rights pertaining thereto, in secs. 2 and 11, T. 36 S., R. 17 W., Iron County, Utah.

The patented claims are as follows:

Claim	Patent U.S. Survey No.
Black Beauty	6213
Silver Top	6213
Hyland	6213

The unpatented claims are recorded in the office of the Iron County Recorder at Parowan, Utah, as follows:

Claim	Book	Page
Enterprise No. 1	Q	43
Black Beauty No. 2	Q	42
Hyland No. 2	Q	40
~~Hyland No. 4~~	Q	40
Hyland No. 5	Q	41
Extension	Q	26
Silver Top No. 2	Q	41
~~Valley View No. 1~~	Q	39
~~Valley View No. 2~~	Q	39

The Operator is the owner of the above-listed patented and unpatented claims.

Minerals & Chemicals Phillip Corporation holds an encumbrance against the claims listed in Annex I of the contract. A Lien ~~or~~ and Subordination Agreement executed by this corporation is attached hereto and made part hereof.

The outer boundary of the above-listed claims is shown in green on Map Fig. 1, entitled "Enterprise Silver Mines, Inc., Claim Map . . . .," attached hereto and made part hereof.

EXPLORATION CONTRACT
EXCALANTE SILVER MINES COMPANY, INC.
OME-6373

EXHIBIT A

The purpose of this project is to explore by wireline core drilling from the surface for deposits of silver ore in a fissure vein traversing water-lain volcanic sediments consisting of interbedded tuffaceous sandstone and tuffaceous conglomerate.

General Provisions

All holes shall be drilled on an approximate bearing of S. 65° E. ~~and~~ ahead inclined ~~at~~ above of approximately -70 degrees. Below the overburden all holes shall be drilled NX wireline core size (core diameter 1-23/32 inches) as deep as practical and then may be reduced to BX wireline core size (core diameter 1-5/16 inches). The Government will not contribute to the cost of a hole which does not traverse the target vein structure nor to a hole completed less than BX wireline core size.

Mineralized core shall be split and one split assayed for silver. The other split shall be stored in proper sequence with the unsampled 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 and the results combined according to standard practice to form a representative sample. ~~A split of such samples shall be assayed as indicated above.~~ ?

The core from diamond drilling shall be stored in boxes identified as to hole number with markers in the core sections to indicate the depths represented. Splits of the sludge and core segment samples shall be stored in suitable containers properly identified as to ~~XXXXXXXX~~ source and location.

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

True copies of all sample assay certificates shall be submitted with the Operator's monthly report, which shall also include maps or sketches showing the work completed during the reporting period. The maps shall show the access roads to the drilling areas, the general ~~rock~~ formations, and structures traversed by the drill holes; ~~also~~ and the locations and values of the samples assayed.

The Operator shall provide ~~one~~ full-time supervisor-geologist-engineer and one full-time laborer to assist him. If these men are used to perform work not pertinent to the subject project, their salary or wage during the period of such work will not be contributed to by the Government.

replace

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

Description of the Work

The work ~~will~~ should consist of bulldozing access roads to and ~~xx~~ the leveling of a maximum of 13 drill sites on 7 lines using not less than a D-7 Caterpillar dozer or an equivalent unit of any other make.

~~From the drill sites 13 holes shall be drilled along 7 lines.~~ The first line shall be approximately 500 feet southerly and parallel to the north end line of Enterprise No. 1 claim and the others lines shall be parallel to the first line at intervals of approximately 250 feet southerly. Two holes shall be drilled along each line except the sixth where only one hole shall be drilled.

The holes shall be drilled to traverse the target vein structure at intervals of approximately 250 feet along the strike of the vein and shall bottom not closer than approximately 250 feet along the dip of the vein to the other hole drilled on the same line.

The approximate locations of the drill sites, the bearings of the holes, and the estimated required depths of the holes to traverse the vein structure are shown on Fig. 1, referred to in Annex I of this contract.

Estimated Costs of the Work

Actual Costs

Category (1) Independent Contracts

130 hours bulldozing roads and drill sites @ $15.00/hr.	$1,950.00
Drilling	
Mobilization and demobilization of personnel and drilling equipment	500.00
5,400 feet of overburden and core drilling	~~30,630.00~~ 29,630.00
Overburden and core drilling including the setting of casing @ $5.00/ft.	

Core drilling:

0 to 500-foot depths

NX wireline @ $5.45/ft.

BX wireline @ $5.15/ft.

500 to 1000-foot depths

NX wireline @ $5.95/ft.

BX wireline @ $5.65/ft.

600 feet reaming for casing	1,800.00	
NX casing @ $3.00/ft.		
BX casing @ $2.75/ft.		
set in line 100 hours of plugging, conditioning, and/or ~~100 hrs.~~		
~~of~~ cementing drill holes @ $12.00/hr.	1,200.00	
600 feet casing lost in holes	1,752.00	
NX casing @ $2.92/ft.		
BX casing @ $2.16/ft.		
500 bags drilling mud @ $1.40/bag	700.00	37,532.00 $38,532.00

Category (2) Personal Services

Subcategory (a) Supervision and Technical Services

supervision

1 Geologist-Engineer

outside consultants

4 months @ $800.00/month $3,200.00

Subcategory (b) Labor

1 Laborer, 864 hours @ $2.50/hr. 2,160.00 $ 5,360.00

Category (7) Miscellaneous

Payroll taxes		
$5,360.00 @ 10%	$ 536.00	
302 cardboard/core boxes @ $1.00/each	302.00	
400 assays for silver @ $2.75/assay 1/	1,100.00	$ 1,938.00
Total Estimated Actual Costs		$45,830.00
Fixed Unit Costs 2/		
Incidental allowance for each foot of drilling completed		
5,400 feet @ $0.23/ft.	$1,242.00	
Total Estimated Fixed Unit Costs		$ 1,242.00
Total Estimated Costs of the Work		$47,072.00
Government Participation @ 75%		$35,304.00

1/ Includes freight and postage for samples.

2/ Includes all costs such as power, transportation, drafting and hole surveying supplies, prints, etc. which would otherwise be allowable under Categories (3), (4), and (7) of the contract.

OME - 6373

Costs

5400' overburden and core drilling

over 500' - #2 - 100'

#6 - 100'

#10 - 100'

#13 - 100'

400'

5000' @ $5.45 (NX core) $27,250.00

400' @ $5.95 (NXWL core) $2380.00

$29,630.00

Incidental allowance 1¢ of drilling

Operating Mat. & supplies

Power for drilling water 6 months @ $50.00/mth $300.00

Drafting supplies - blueprints 6 mo @ $40.00/mth 240.00

Hole surveying supplies 100.00

Field Transportation (24 days/mth. x 6 months)

144 days average 16 miles/day

= 2304 miles @ $0.15/mile 345.60

Telephone - 6 months @ $25.00/mth 150.00

$1135.60

5400'

= $0.21/ft.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	120
1/6	Johnson	110
		100
1/6		220
		120 M

JAN 6 1965

Mr. Sam S. Arentz
Vice President
Escalante Silver Mines Company, Inc.
520 East Fourth South
Salt Lake City, Utah 84102

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

Dear Mr. Arentz:

To date, we have not received a reply to our letter of November 30, 1964, to you.

Will you please inform us whether or not you wish to continue with the application approximately along the lines suggested in our letter and as was discussed with Mr. Johnson on the telephone in December. If so, about when may we expect the requested information?

Sincerely yours,

George Fumich, Jr.

Acting Director

GCSelfridge/mm
1/6/65
cc: Director's Reading File
Region III
Docket
Mr. Selfridge

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/30	Murphy	120 M
	Johnson	120
11/30	Johnson	110
"	[illegible]	100
"	[illegible]	220
		120 M

NOV 30 1964

Mr. Sam S. Arentz
Vice President
Escalante Silver Mines Company, Inc.
520 East Fourth South
Salt Lake City, Utah, 84102

Re: OMZ-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

Dear Mr. Arentz:

Based on the information available at this time to the Office of Minerals Exploration, we have concluded it would not be in the Government's interest to assist financially in the proposed 1,200 feet of drifting in the south drift on the 170-foot level of the inclined shaft on the Black Beauty claim. However, consideration would be given to a proposal to explore the vein to the south of the shaft by diamond drilling from the surface, with the holes spaced to traverse the target vein structure not closer than 250 feet to any other hole drilled under such a contract.

In the event you wish to continue with your application on this basis, kindly submit the following essential information.

1. A map showing all the claims owned by your company south and west of the inclined shaft. Also submit the recording data of these claims.

2. A plan map showing the surface location of the proposed drill holes and any necessary access roads to the drill sites. Possibly this information could be shown on the claim map. In addition, the estimated bearing, inclination, and length of the individual holes should be submitted.

3. An estimate of the cost of the work should be given. This should comprise a breakdown of the cost of each item such as supervision, access roads, etc., as outlined under Item 7. Estimate of Costs in the application MME Form 40, a copy of which is enclosed.

4. A letter from the Minerals and Chemicals Phillipps Corporation stating that it will not advance more than the applicant's

23263

share of the estimated exploration cost. Should a contract be granted, we will require five copies of a Lien or Subordination Agreement executed by the above corporation.

In the bid submitted by Nichols Drilling Co., the core drilling size was not given. Also, in the Sprague and Henwood, Inc. bid, the prices for core drilling did not state whether the price was based on standard NX and BX size core or NX and BX wire line size. These omissions should be clarified.

If you do not wish us to continue processing your application, please advise accordingly.

Sincerely yours,

George Fumich, Jr.

Acting Director

Enclosure

FMMurphy/mm (11/30/64)
cc: Director's Reading File
Region III
Docket

C

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

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION BY HUGH M. CONNORS
REGION III

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

DATE	INITIALS	CODE
		~~130~~
		120M

OME-6373

Escalante Silver Mines Company, Inc.

Escalante Mine

Iron County, Utah

Silver

FIELD
EXAM REPORT

Engineering and Geologic Report

by

Hugh M. Connors

November 16, 1964

G. C. Selfridge

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OME-6373

ESCALANTE SILVER MINES COMPANY, INC.
ESCALANTE MINE
IRON COUNTY, UTAH

By Hugh M. Connors

INTRODUCTION AND SUMMARY

On October 5, 1964, the Escalante Silver Mines Company, Inc., a Utah Corporation, 520 East Fourth South, Salt Lake City, Utah, applied for OME aid in exploring the Escalante mine in Iron County, Utah. The Applicant's estimated total cost of the project was $60,000.00.

The property was visited November 16, 1964 in company with S. S. Arentz and R. R. Knobler, the two Vice Presidents of the corporation.

The proposed exploration is planned to test a small portion of the southern extension of the Escalante fissure by drifting and/or diamond drilling.

The Applicant is presently drifting north on the Escalante fissure at the 170-foot level. This level is about 10 feet above the water table, and as the drifting extends north it is rapidly approaching the floor of Escalante Valley where the water table is approximately 100 feet below the surface.

The Escalante Valley is covered with farms and ranches which are irrigated by pumping ground water. The Applicants believe they can sell enough water to the farmers to pay one-half their cost of pumping. It appears to the field examiner that there is a greater possibility of a

lawsuit by the farmers against the Applicants for lowering their water table. One hydrologist estimates the ore body can be unwatered by pumping 12,000 gpm, but he added several postulated geologic conditions which could increase the volume to several times this figure.

The Escalante fissure outcrops for more than 3,000 feet and drill hole intercepts have proven its continuation for at least 1,000 feet more. The fissure varies in width from 6.0 feet to 30.0 feet and averages approximately 16 feet. Ore minerals include argentite, galena, cerargyrite, cerussite, malachite, chrysocolla, and oxidized zinc minerals. The Applicant estimates the indicated ore reserves to vary from 280,000 tons assaying 30.0 ounces of silver per ton to 1,000,000 tons assaying 12.5 ounces of silver per ton, depending on the width mined and the cutoff point.

An incline shaft on the fissure, the collar of which is approximately 80 feet above the valley floor to the north, services the 170-foot level. The ground rises to the south in low hills about 150 feet above the valley floor.

There is a distinct bend in the fissure just north of the point where the Applicant proposed that we drift south. The Applicant stated that two veins show in the outcrop for a short distance but only the hanging wall vein persists. The ground was covered with snow and the field examiner could not verify his statement.

The Bureau of Mines has done no testing on this mineralized material but the Applicant stated that many tests have been made. He said the best

results to date were obtained by cyanidation and flotation of the tailings which showed a 93 percent overall recovery. He also stated the flotation concentrates ran less in silver than the silver content of the tailings. He estimated the value of the flotation concentrate at $3.00 to $4.00 per ton of ore milled.

The field examiner believes that the Applicant owns many claims covering the fissure south of the shaft and the proposed exploration would benefit these claims. The Applicant wishes to subordinate an insufficient amount of land to the Government to make the proposed arrangement attractive to the field examiner.

The field examiner recommends that in the event any OME participation is considered, the Applicant be asked to furnish a claim map showing all the mining claims, patented, unpatented, and state leases now held by the corporation.

If all of the claims which would be benefited by OME exploration could be subordinated, the field examiner recommends a diamond drilling program to extend even farther south than the Applicant requested. The holes to be placed on 300- or 400-foot centers and planned to intersect the fissure not far below the present water table. The holes to be numbered from north to south and drilled in that order.

Diamond drilling to the north was very satisfactory and more exploration can be accomplished for less cost by diamond drilling in lieu of drifting.

ACKNOWLEDGMENTS

Data on the property was furnished by Sam Arentz and Richard Knobler, Vice Presidents of the Applicant corporation.

LOCATION, TOPOGRAPHY, AND CLIMATE

The Escalante Mine is on the edge of Escalante Valley about six miles north of Enterprise, in Western Iron County, near the Washington County line.

The claims are in low hills at the southwestern edge of the broad alluvial valley. Maximum relief on the property is about 150 feet.

The climate is moderate and mining operations can be carried on throughout the year.

HISTORY AND PRODUCTION

The property has been known since early Mormon times and several shallow shafts have been sunk in the fissure but no production has been made.

OWNERSHIP AND EXTENT

Brigham Young grubstaked the locator of the property and later bought the locator's interest. When Brigham Young died, the property reverted to the Church of Latter Day Saints. The property is now owned by the Applicant corporation.

The application states that 5 patented claims, 24 unpatented claims, and 2 mineral leases are held by the Applicant but no claim map has been submitted.

The Application was very definite in specifying the land to be subordinated, but the Applicant told the field examiner that he might be willing to subordinate a "little more land."

PRESENT STATUS

Exploration and Development

The Applicant has done some diamond drilling on the property with good results. The Applicant has also drifted both north and south on the 170-foot level. Three raises have been driven to points 60 feet above the 170-foot level.

A churn drill hole was drilled to intersect the fissure below the water table and several tests were conducted by hydrologists who made estimates of the amount of pumping required to unwater the ore body. The water problem looms as the biggest deterrent to a successful mining operation.

Mining Equipment

The mine is well equipped for exploration work on the 170-foot level. The following is a list of the equipment:

1 - 40 hp. Vulcan hoist - electric

1 - 12 cu. ft. skip

1 - IR - 600 cu. ft. compressor - electric

1 - 15 hp. joy fan

1 - Armco mucker

1 - Manchu locomotive

6 in. air line in shaft

3 in. air line in drift

2 in. water line in shaft

1 in. water line in drift

25 lb. rail in drift

18 in. gauge track

6 - 1 ton mine cars

The Applicant also has a D-6 Caterpillar dozer which would be large enough for drill site preparation and access roads.

GEOLOGY

The country rock consists of gently dipping water-lain volcanics. A northeast striking, northwest dipping fissure vein outcrops prominently on a low ridge which extends into the flat alluvial valley.

The sediments have a uniform east-west strike and a 12° south dip on the surface outcrop. A major fault is the fissure which contains the mineralized vein. This fissure strikes N 25°-30° E, dips 58°-70° northwest, and has a width on the surface outcrop of 8 to 10 feet.

The ore is partially oxidized, but contains minor amounts of sulfides consisting of galena, sphalerite, pyrite and argentite. Very small amounts of malachite and chrysocolla occur occasionally in the fissures.

ORE RESERVES

The fissure averages 16 feet in width and the Applicant estimates the indicated ore reserves to vary from 280,000 tons assaying 30.0 ounces silver per ton to 1,000,000 tons assaying 12.5 ounces of silver per ton, depending on the width mined and the cutoff point.

PROPOSED EXPLORATION

The Applicant's proposed exploration consists of 1,200 feet of drifting from the face of the south drift on the 170-foot level. The second 600 feet of drifting could be voided by mutual agreement and 3,000 feet of diamond drilling substituted therefor.

The field examiner would prefer to explore only by diamond drilling, if any exploration is considered.

CONCLUSIONS AND RECOMMENDATIONS

It is concluded that the Applicant has made his proposed exploration project unattractive because of the small amount of land he wishes to subordinate. A claim map showing the mining claims which would be benefited by OME participation should be furnished by the Applicant if consideration is to be given an exploration program.

It is recommended that if all the mining claims to be benefited by the exploration project are subordinated to the Government a diamond drilling program be given consideration.

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

November 9, 1964

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

DATE	INITIALS	
11/13	[illegible]	120 M
		120

Memorandum

To: S. R. Wilson, Project Coordinator
Salt Lake City, Utah

From: Hugh M. Connors, Acting Field Officer
OME, Region III, Denver, Colo.

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

Floyd Everett told me that you are well informed on the subject property. I plan to visit this mine early next week and I would like to draw on your fund of knowledge before the field examination.

From the information furnished with the application, it would appear that mining of the ore body will involve a real unwatering problem. Do you know how many gallons of water per minute had to be pumped to hold the water level at any one elevation?

Has the Bureau of Mines done any testing on the mineralized material of this particular deposit? If so, what were the results.

Of particular interest to me is any information you might have on the Black Beauty and Hyland claims. It is noted that the vein north of these claims is quite straight and at the point where the Applicant wishes to drift southward, there is a bend in the outcrop. This suggests that the south part of the vein may either be another fissure or that the bending of the same vein had an effect on the mineralization.

Your comments will be appreciated.

Original signed by

Hugh M. Connors

cc: G. C. Selfridge
R. W. Geehan
OME 6373
Chron

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

November 6, 1964

Mr. Sam S. Arentz
520 East Fourth South
Salt Lake City, Utah 84102

Re: OME 6373
Escalante Silver Mines

Dear Mr. Arentz:

I plan to arrive in Cedar City the evening of November 16, 1964 and make the field examination of your property the following day.

If you or your representative can meet me will you please advise the time and place.

Yours very truly,

Hugh M. Connors
Acting Field Officer
OME, Region III

cc: G. C. Selfridge
6373
Chron

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 9 1964

DATE	INITIALS	CODE
11/10	[illegible]	120 m
		120

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 5 1964

DATE	INITIALS	FILE
11/6	FMM	120 FM
		120

November 2, 1964

Mr. Sam S. Arentz
520 East Fourth South
Salt Lake City, Utah 84102

Re: OME 6373
Escalante Silver Mines

Dear Mr. Arentz:

After talking to you this morning Mr. Romslo went to the hospital for a checkup. He will be out November 5 and will write you and give a definite date for the field examination of your property.

Yours very truly,

Hugh M. Connors
Acting Field Officer
OME, Region III

cc: G. C. Selfridge
6373
Chron
F. M. Romslo

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
	GCS	730
10/26	Murphy	120 FM
"	Johnson	110
		100
10/27	Cole	220
		120 M

OCT 2 7 1964

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Exploration Operations

Subject: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

The above-referenced application to explore the Escalante vein on parts of the Black Beauty and Hyland claims is referred to Region III for review, a field examination if thought advisable, and recommendations.

From the information submitted, it would appear that mining of the ore body will involve a real unwatering problem. It would have been of interest to know how many gallons of water per minute had to be pumped to hold the water level at any one elevation.

You will note on the longitudinal section that the north part of the vein outcrop is quite straight and at the point where the Applicant wishes to drift southward, there is a bend in the outcrop. This suggests that the south part of the vein may either be another fissure or that the bending of the same vein will have an effect upon the mineralization. The facts that the ground to be included in a possible contract is so limited, a watering problem is inherent, and almost total oxidation reaching to the greatest depth explored is present suggest that drifting as proposed is not in the interest of the Government. Possibly a minimum of diamond drilling on widely spaced centers to test not too deeply below the elevation of the water table where values should be higher would be more satisfactory for exploration purposes. This would appear more so as drilling seemed satisfactory to the north. The assay map covering that drifting done to the south doesn't indicate too much potential in that direction.

Has the Bureau of Mines done any testing on the mineralized material of this particular deposit? The application makes no mention of possible beneficiation ore recoveries. It would seem that any process would be unsatisfactory for a reasonably good individual commodity concentrate or recovery.

FMMurphy/mm
GCSelfridge/mm (10/26/64) (Rewritten)

George C. Selfridge (gfa)

cc: Director's Reading File
Review Committee
Docket

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	120
		120
10/26	[illegible]	110
		100
		220
		120

OCT 27 1964

Mr. Sam S. Arentz
Vice President
Escalante Silver Mines Company, Inc.
520 East Fourth South
Salt Lake City, Utah, 84102

Re: OME-6373 (Silver)
Escalante Silver Mines Company, Inc.
Escalante Mine
Iron County, Utah

Dear Mr. Arentz:

The application for assistance in exploring the subject property has been reviewed by the Division of Exploration Operations of the Office of Minerals Exploration and referred to Mr. H. M. Connors, Acting Field Officer, Office of Minerals Exploration, Region III, Building 20, Federal Center, Denver, Colorado, 80225.

We should be furnished copies of a letter from the Minerals and Chemicals Phillipps Corporation stating that it will not advance more than the Applicant's share of the estimated exploration cost. Should a contract be granted, or should the corporation exercise its option in any part to acquire stock of the Escalante Silver Mines Company, or receive notes or debentures from the company, it will be necessary that it execute a Lien or Subordination Agreement.

The Regional Office will notify you in case additional information concerning the application is needed.

Sincerely yours,

George Fumich, Jr.

Acting Director

GCSelfridge/mm (10/22/64)
cc: Director's Reading File
Region III
Docket

23263

October 12, 1964

Escalante Silver Mines Company Inc.
520 East Fourth South
Salt Lake City, Utah 84102

Subject: OME - 6373

Gentlemen:

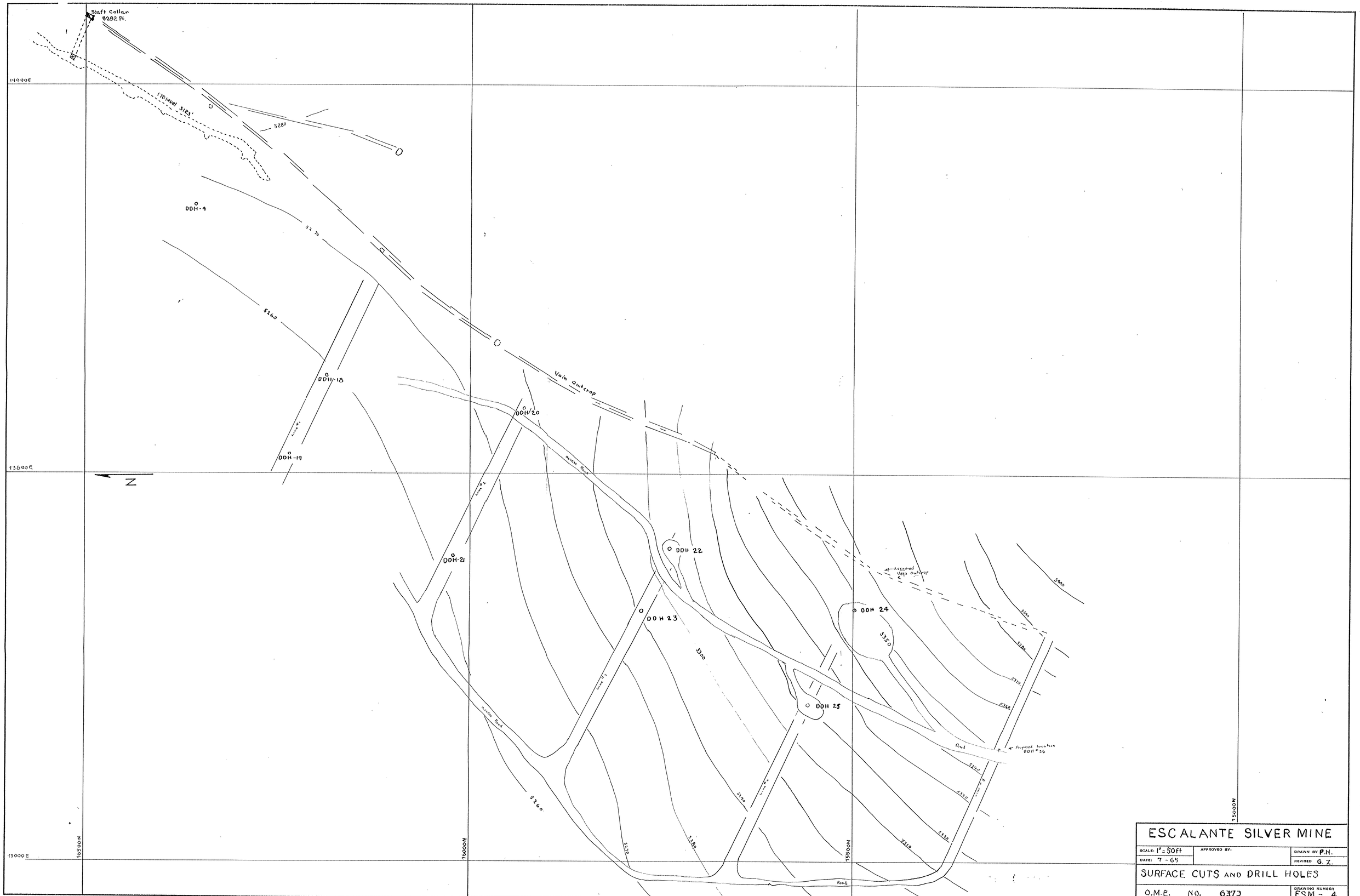
Your application for exploration assistance, dated October 5, 1964 submitted to the Bureau of Mines Office, Denver, Colorado, has been transfered to the Office of Minerals Exploration and assigned Docket Number OME - 6373.

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

Sincerely yours,

Allen S. Dakan, Chief
Division of Administrative
Management

cc: to Region III



ESCALANTE SILVER MINE

SCALE: 1" = 50ft	APPROVED BY:	DRAWN BY P.H.
DATE: 7 - 65		REVISED G. Z.

SURFACE CUTS AND DRILL HOLES

O.M.E. NO. 6373

DRAWING NUMBER ESM - 4 A

24X36 PRINTED ON NO. 1000H CLEARPRINT

Shaft Collar 5282
170 Level 5125
14000E
13500E
13000E
16500N
16000N
15500N
15000N
DDH-4
DDH #8 OME #1
DDH #19 OME #2
DDH #20 OME #3
DDH #21 OME #4
DDH #22 OME #5
DDH #23 OME #6
DDH #24 OME #7
DDH #25 OME #8
DDH #26 OME #9
DDH #27 OME #10
DDH #28 OME #11
DDH #29 OME #12
DDH #30 OME #13
Vein Outcrop
Assumed Vein Outcrop
Black Calcite Vein Outcrop
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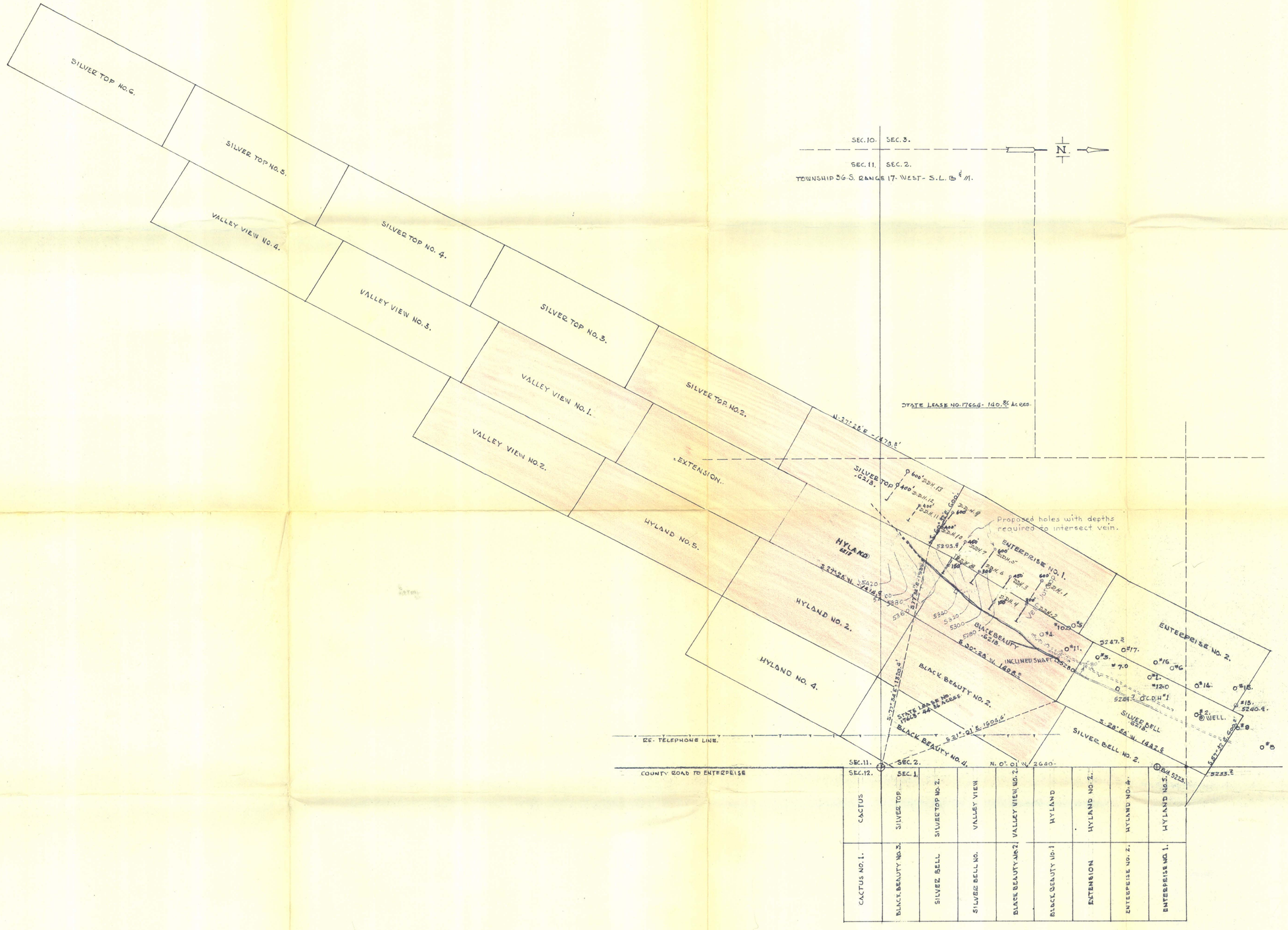
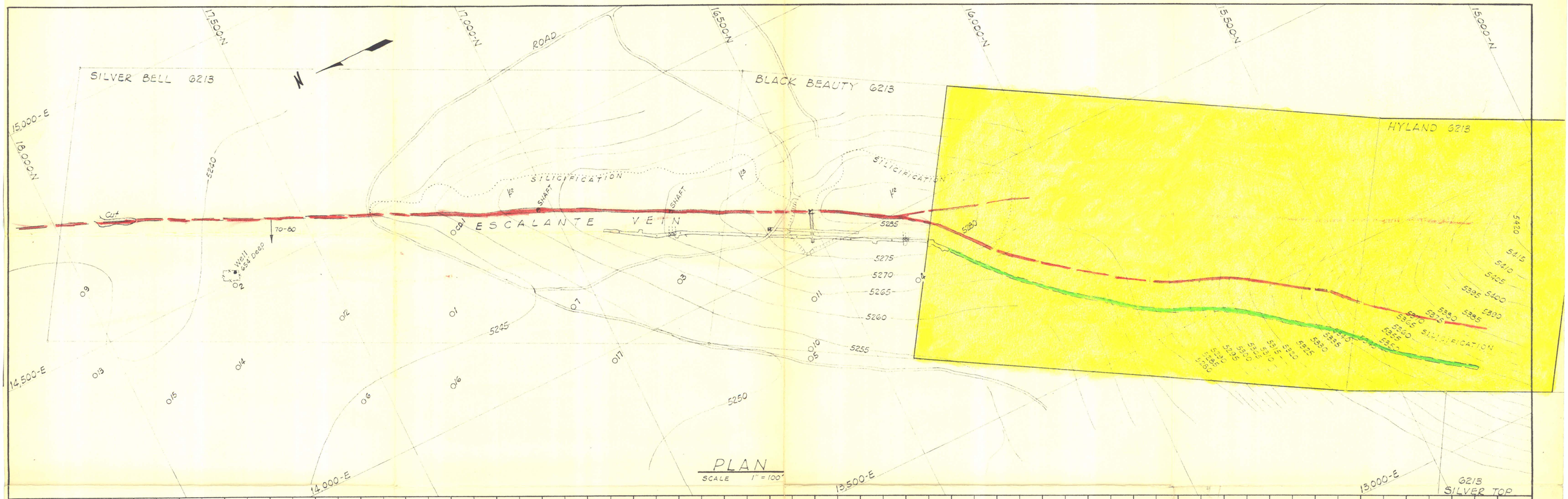


Fig-1

SAMUEL S. ARENTZ CONSULTING ENGINEER.
ENTERPRISE SILVER MINES, INC.

CLAIM MAP

DRAWN: WHS-1-5-65 | Scale 1" = 400' | NO. ES-P-1-B.



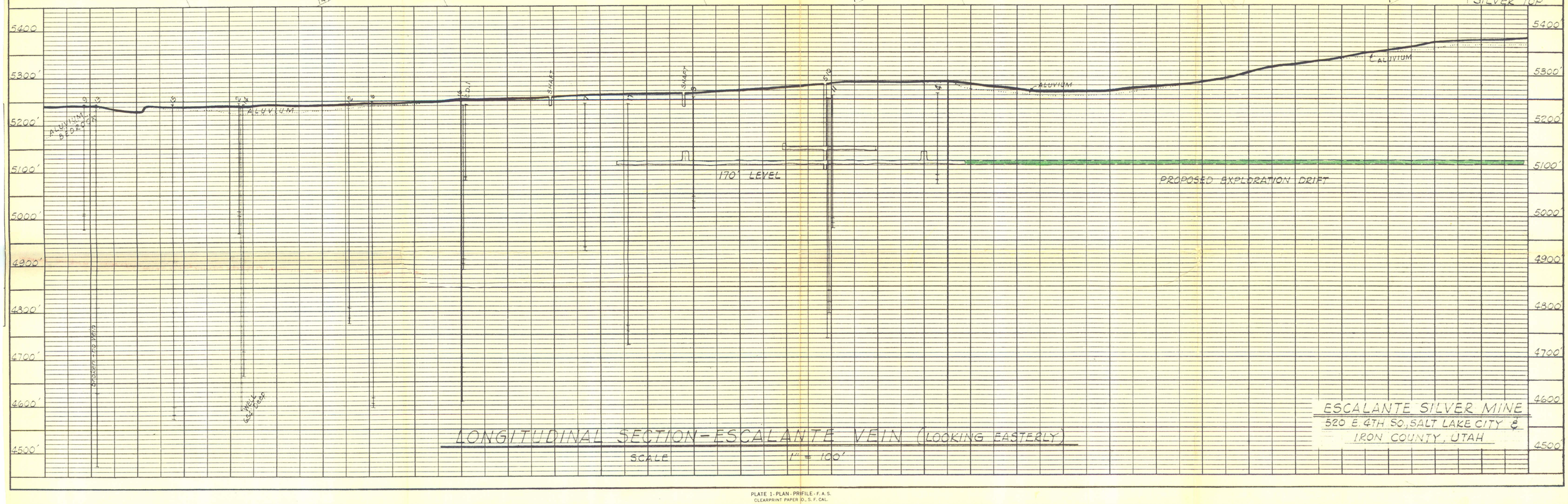
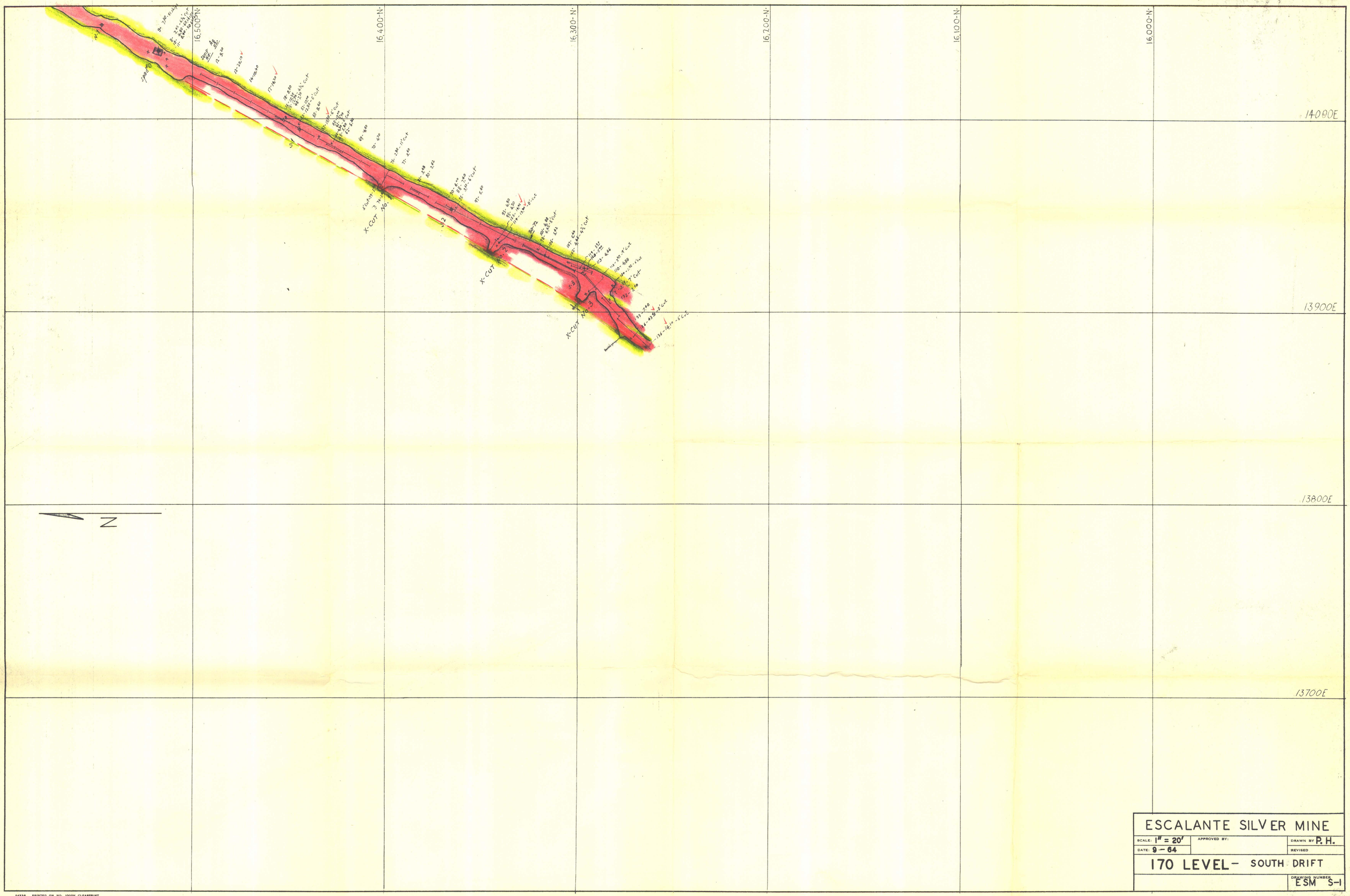


PLATE 1-PLAN-PRIFILE-F.A.S.
CLEARPRINT PAPER CO., S. F. CAL.
NO. 1000H



24X36 PRINTED ON NO. 1000H CLEARPRINT

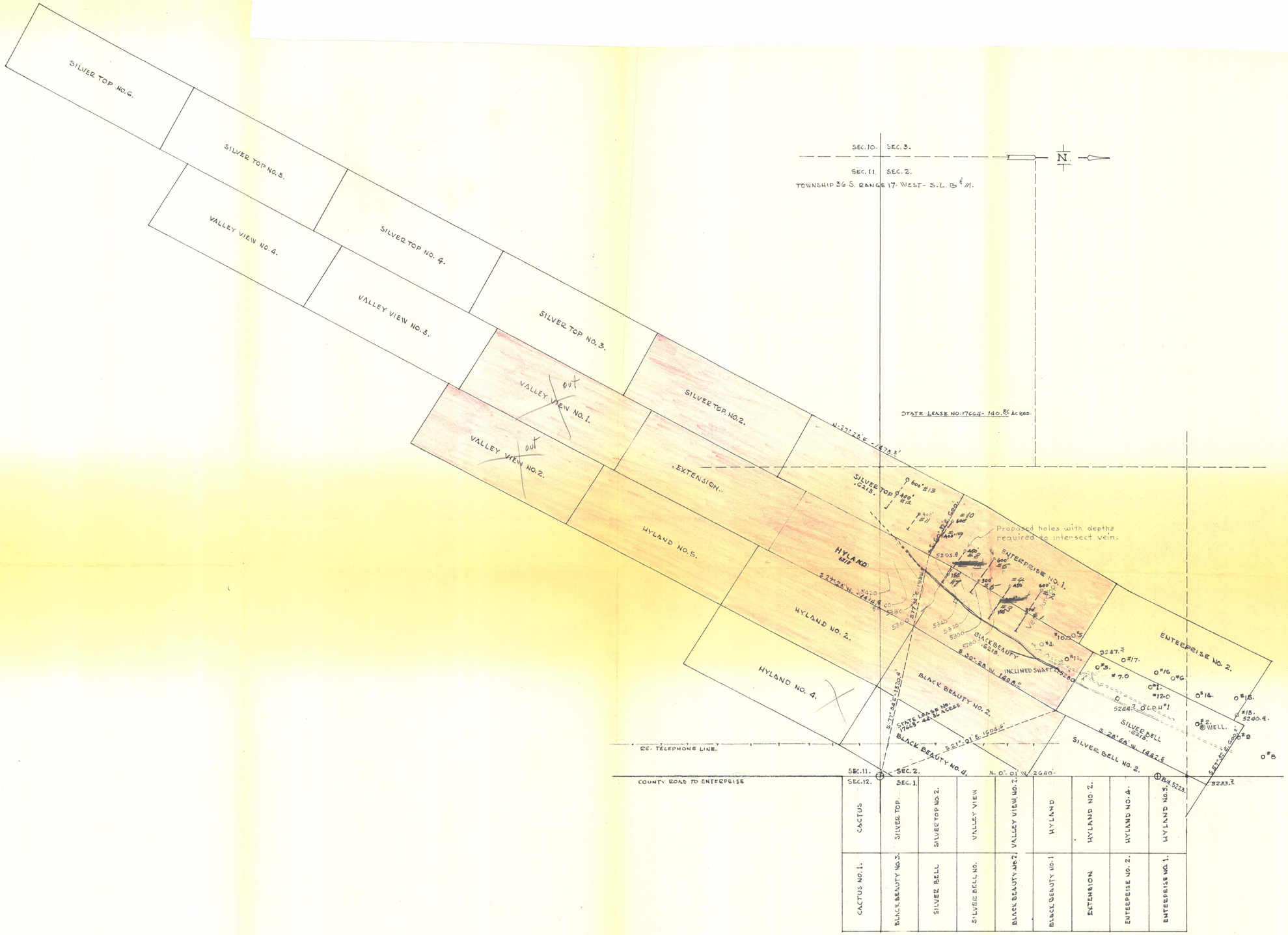


FIG-1

SAMUEL S. ARENTZ CONSULTING ENGINEER.

ENTERPRISE SILVER MINES, INC.

CLAIM MAP

SWM
LJMS-1-5-65

Scale 1" = 400'

NO. ES-P-1-B.