



CONTACT INFORMATION

Mining Records Curator
Arizona Geological Survey
1520 West Adams St.
Phoenix, AZ 85007
602-771-1601
<http://www.azgs.az.gov>
inquiries@azgs.az.gov

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Arizona Department of Mines and Mineral Resources Mining Collection

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PRINTED: 09/04/2002

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: TREASURE KING

ALTERNATE NAMES:

FENSTER 1 - 4
RR CLAIMS

YAVAPAI COUNTY MILS NUMBER: 1206

LOCATION: TOWNSHIP 11.5N RANGE 1 E SECTION 24 QUARTER SE
LATITUDE: N 34DEG 21MIN 47SEC LONGITUDE: W 112DEG 12MIN 05SEC
TOPO MAP NAME: CLEATOR - 7.5 MIN

CURRENT STATUS: DEVEL DEPOSIT

COMMODITY:
GOLD

BIBLIOGRAPHY:
ADMMR TREASURE KING FILE

The
rising
Record
9/2/92

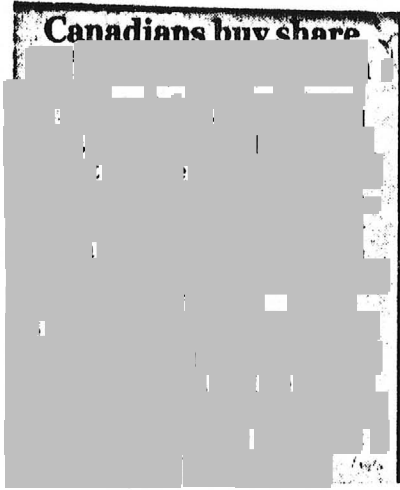
Washington
, AZ 85007

①

The Mining Record, Wed., Feb 8, 1989

VMB
Tucson News (F)

Tucson Citizen 8/22/88



Mike [unclear]

RR CLAIMS

8/84

YAVAPAI COUNTY
T11.5N R1E Sec 24 SE

AKA: Wagon Wheel

MILS Yavapai Index #1206

USGS Cleator Quad (Included in file)

RR CLAIMS

YAVAPAI

KAP WR 1/31/86: The RR Claims (Yavapai MILS 1206) were a group of claims held by Homestake Mining Company for exploration of a portion of the Black Canyon Schist Belt. The claims have been abandoned and are listed as archived by the BLM. The MILS location covers the area now involved with Redco's Treasure King Mine (file).

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY

1. Mine file: TREASURE KING
2. Mine name if different from above:
3. County: Yavapai
4. Information from: Jim Poulter and Joe Sandberg
Company: REDCO
Address: P.O. Box 3160
Prescott, AZ 86302
Phone: 776-9774

5. Summary of information received, comments, etc.:

Mr. Poulter reports Royal Gold, 1660 Wynkoop, Denver, CO 303-573-4880 has done additional fill-in definition drilling on the Treasure King mine. Royal Gold is about to announce a joint venture agreement with Sun States, a Canadian firm on the property. Royal Gold will continue as operator. Redco is transferring permits to Royal Gold since after only one more payment the property will be totally Royal's. The property includes other mines and prospects on strike/trend for a couple miles.

Date: October 24, 1988Nyal J. Niemuth, Mining Engineer

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY

1. Information from: Paul Strobel

Company: Redco (c)

Address: Reno, NV

2. Phone:

3. Mine: TREASURE KING

4. ADMMR Mine File: Same

5. County: Yavapai

6. Summary of information received, comments, etc.:

He reports Royal Gold (c) gave a Canadian firm States Exploration Ltd. (make card) 322, 1825 Lawrence St., Denver, CO 80202, phone (303) 295-0050 a 49% interest in the Treasure King in exchange for stock. Redco retains a royalty interest in the property.

Date: September 20, 1988

Nyal J. Niemuth, Mining Engineer

DEPARTMENT OF MINES AND MINERAL RESOURCES

FIELD VISIT SUMMARY

MINE: Treasure King Mine (file)

COUNTY: Yavapai

DATE: March 26, 1987

ENGINEER: Nyal J. Niemuth

Visited the Treasure King Mine (file) Yavapai County on 3-26-87 where I learned the following information from James Poulter. Mr. Poulter explained that Resource Exploration & Development Co (REDCO - card) has optioned the property to Royal Resources (c). Paul Stroebel continues to direct the exploration program. Approximately 2 years ago REDCO drilled 9 rotary holes on the strike of a chert hosted gold mineralized structure from which a 150,000 ton .05 oz/ton Au resource was identified. Following this preliminary permitting of the site was accomplished, but due to lack of funds, no further work was done. With new optionee, Royal Resources, additional exploration is being conducted. The chert formation outcrops on a small hill and contains an old shaft and prospect pit. Basalt and young cover precludes examination and mapping of the extent of the precambrian host. Due to this cover, numerous trenches normal to the chert, have just been made. Present work consists of mapping and sampling these trenches. Further work depends on the results obtained.

TREASURE KING

YAVAPAI COUNTY
T11.5N R1E Sec 24 SE

KAP WR 1/10/86: Discussed Forest Service regulations with Joe Sanberg,^{Weldin} P O Box 21088, Reno, Nevada. He works for a small mining company known as Redco. Redco has plans to develop the Treasure King Mine on the Fenster 1 - 4 claims in the E $\frac{1}{2}$, Sec 24 and the NE $\frac{1}{4}$, Sec 25, T11.5N R1E as an open pit mine with cyanide heap leach processing. They claim to have blocked out 300,000 tons of gold ore. He explained that the Prescott Forest Service is trying to require them to stockpile all of their over burden and backfill the pit when they are done. He feels if he accepts such conditions (which for them might be economically feasible) they would possibly set a precedent that would be disastrous for the industry. They would like to appeal to the regional forester, but fear an error would likewise help set a precedent if it caused them to loose. I suggested he talk to Jack Pursley at the Arizona Mining Association. Mr. Sandberg later called the office to say that they have Jerry Haggard working on an appeal.

KAP WR 1/31/86: The RR Claims (Yavapai MILS 1206) were a group of claims held by Homestake Mining Company for exploration of a portion of the Black Canyon Schist Belt. The claims have been abandoned and are listed as archived by the BLM. The MILS loaction covers the area now involved with Redco's Treasure King Mine (file).

KAP WR 5/23/86: A Notice of Proposed Action from the Arizona Department of Health Services regarding an application for a Groundwater Quality Protection Permit for the planned Treasure King Mine (file) Yavapai County cyanide heap leach operation. Acopy of the Notice is included in the file. The applicant and operator is Resource Exploration and Development Company. Their Arizona address is P.O. Box 3160, Prescott, Arizona 86303.

KAP WR 6/27/86: It has been reported that the Treasure King Mine (file) Yavapai County is needing more funds before development can continue.

KAP WR 5/29/87: Paul Strobel reported Resource Exploration and Development (REDCO-card) has completed permitting for the Treasure King (file) Yavapai County. The property has been sold under option to Royal Gold Inc. of Denver. See copies of news items in file.

KAP WR 4/29/88: The January 1988 issue of the California Mining Journal pages 3-5, contains a feature article on the company, Royal Gold, Incorporated, 1660 Wynkoop, Suite 1000, Denver, Colorado 80202, phone (303) 573-1660. In that article it is mentioned that the company is conducting an exploration project on the Treasure King Mine (file).

Searchlight West Inc.
4834 E Crystal Lane
Paradise Valley, AZ 85253
(602) 905-0414
FAX: (602) 905-0415

January 27, 1999

Mr. Nyal J. Niemuth
Senior Mining Engineer
State of Arizona
Department of Mines and Mineral Resources
1502 W. Washington
Phoenix, AZ 85007

Dear Mr. Niemuth:

As always I enjoyed our conversation today. Your help has really been indispensable to us in undertaking this project.

Searchlight West Inc. was incorporated in December 1998 and was seeded with most of the mining claims owned by Barbara McIntyre Bauman, President and myself. We envision adding one or more of the Nicholas Hughes mining properties, although this has not yet been formalized.

The properties are as follows:

1. **Treasure King** – These claims encompass the historic workings included in the former Royal Gold project. Present exploration plans focus on the central portion of the property, which has visible copper and iron staining. Royal does not appear to have done any drilling here, choosing instead to concentrate exploration in the northern portion of the property near an electric power line.
2. **Mockingbird** – We have acquired claims that cover the historic workings of the Mockingbird Mine, the Williamson Prospect, the Dandy Mine, the Great West Mine and the Pocahontas Mine. Anaconda previously believed that this entire area of several square miles was a detachment deposit with potential for large bulk tonnage gold resources. While we will be doing some informal grab sampling of dumps and obtaining chips from outcrops to confirm mineralization, we are not prepared to plan a drilling program until the Anaconda material is made available, which we plan to review in Laramie during the second quarter of 1999.
3. **Copper Cliff / McCracken** – The patented portions of the McCracken have been extensively mined by at least a half dozen companies on and off for over a hundred years. However, the unpatented portions of the major veins appear to have been scarcely touched, and we have acquired these by staking. Specifically, we have

acquired the silver / lead resources referred to by the prior operator, Arizona Silver, as the Lower Stonehouse Mine, the Afterthought Stonehouse vein and the Galena vein. We also have the Copper Cliff property, less than a mile to the east, which is believed to contain a gold resource in addition to the obvious copper resource. Water for milling has historically been a problem (at great expense the last operator hauled the crushed rock 40+ miles to Yucca for milling). While there may turn out to be a closer source of water, we have taken the precaution of acquiring the historic Signal City millsite 9 miles to the west on the banks of the Big Sandy River. Three early exploration targets are planned: (1) the Cruachan vein, which is a parallel vein in the northern portion of the property which appears to be almost virgin territory, (2) the lower (southern) portion of the Stonehouse vein, which was not mined by Arizona Silver and (3) the Copper Cliff property, on which Arizona Silver appears to have only done limited trenching.

4. **Hackberry** – This silver / lead property has long been owned by Nicholas Hughes of Las Vegas, and he has proposed to sell it to the company on lease purchase terms for a combination of cash and stock. While this agreement has not yet been finalized, we have assisted Mr. Hughes in his acquisition of claims covering the Hillside vein (historic Silver King and Big Ben mines) adjacent to his patented claims on the main Hackberry vein. Our initial assessment is that this property has the potential to be another McCracken, and it has been much less extensively mined (only \$1MM to \$3MM of recorded production).

Principals of the company are:

Barbara McIntyre Bauman – President. She has a general business background, and she has co-founded two other companies: (1) Varidyne, a Maryland data processing company and (2) Toymasters, a toy design, invention and consulting firm.

John McIntyre – Senior Geologist You met Mr. McIntyre and his wife, Betty, today. He is retired from the US Army. Past assignments included USGS, Army Corps of Engineers and the Manhattan Project (during World War II). Academics include Johns Hopkins.

Nicholas Hughes – While not presently an officer or director of the company, it is anticipated that he will become Chairman Emeritus of the company upon finalization of the Hackberry contract. Mr. Hughes is a Las Vegas real estate investor who has specialized in the buying, selling and trading of patented mining claims. He also has hands-on hard rock mining experience at the Golden Turkey, the Hillside and Bagdad mines in Arizona.

Sincerely yours,



Frederick C. Bauman

DEPARTMENT OF MINES AND MINERAL RESOURCES

FIELD VISIT SUMMARY

MINE: Treasure King Mine (file)

COUNTY: Yavapai

DATE: March 26, 1987

ENGINEER: Nyal J. Niemuth

Visited the Treasure King Mine (file) Yavapai County on 3-26-87 where I learned the following information from James Poulter. Mr. Poulter explained that Resource Exploration & Development Co (REDCO - card) has optioned the property to Royal Resources (c). Paul Stroebel continues to direct the exploration program. Approximately 2 years ago REDCO drilled 9 rotary holes on the strike of a chert hosted gold mineralized structure from which a 150,000 ton .05 oz/ton Au resource was identified. Following this preliminary permitting of the site was accomplished, but due to lack of funds, no further work was done. With new optionee, Royal Resources, additional exploration is being conducted. The chert formation outcrops on a small hill and contains an old shaft and prospect pit. Basalt and young cover precludes examination and mapping of the extent of the precambrian host. Due to this cover, numerous trenches normal to the chert, have just been made. Present work consists of mapping and sampling these trenches. Further work depends on the results obtained.

ARIZONA DEPARTMENT OF HEALTH SERVICES

BRUCE BABBITT, Governor
LLOYD F. NOVICK, M.D., M.P.H., Director

NOTICE OF PROPOSED ACTION

by the

State of Arizona
Department of Health Services
Division of Environmental Health Services
2005 North Central Avenue
Phoenix, Arizona 85004

(602) 257-2270

On Application for a Permit under the
Water Pollution Control Permit System
of the State of Arizona, Requirements
for Facilities Affecting Groundwater
Quality

The Arizona Department of Health Services (Department) is issuing the following notice of proposed action under the Arizona Compilation of Rules and Regulations (A.C.R.R.) Title 9, Chapter 20, Article 2.

The Department has received a complete application for a Groundwater Quality Protection Permit and has prepared tentative determinations regarding the permit.

On the basis of preliminary review of the requirements of A.C.R.R. Title 9, Chapter 20, Article 2 regulations, the Director proposes to issue a Groundwater Quality Protection permit to the following applicant subject to certain special and general conditions.

Public Notice No. 41-86-AZGW

May 19, 1986

Resource Exploration and Development Company
P.O. Box 3160
Prescott, Arizona 86303
Groundwater Quality Protection Permit No. G-0020-13

The applicant will operate the Treasure King (Fenster) milling operation which will recover precious metals through heap leaching with cyanide solutions. The facility is located about three miles southeast of Mayer, Arizona. Based on the hydrologic information available, groundwater may not be present or of limited availability. The facility is designed to contain runoff from the 100 year, 24 hour rainfall event, and will have leak detection/collection systems under the leaching pad and all ponds.

The Administrative Record, which includes the application, draft permit conditions and other relevant documents, is available for public review Monday

The Department of Health Services is An Equal Opportunity Affirmative Action Employer.

RECEIVED

MAY 19 1986

DEPT. OF MINES &
MINERAL RESOURCES

TREASURE KING (file)
YAVAPAI COUNTY

through Friday from 8:00 a.m. to 5:00 p.m. at the address below. A copy of the draft permit may be obtained by calling or writing to the address below.

Persons wishing to comment upon or object to the proposed determinations or request a public hearing pursuant to A.C.R.R. Title 9-20-223.C should submit their comments or request in writing within thirty (30) days from the date of this notice, either in person or by mail to:

State of Arizona
Department of Health Services
Attn: OWWQM - Water Permits Unit
2005 North Central Avenue
Phoenix, Arizona 85004

Telephone: (602) 257-2270

All comments or objections submitted within thirty (30) days from the date of this notice will be considered in the formulation of the final determinations regarding the application. If the response to this notice indicates a significant degree of public desire for a public hearing, the Director shall hold one in accordance with A.C.R.R. Title 9-20-223.C. A public notice of such hearing will be issued at least thirty (30) days prior to the hearing. A request for a public hearing shall be in writing and shall state the nature of the issues proposed to be raised in the hearing.

The Director will finalize a determination on the permit within thirty (30) days following the last date on which comments may be submitted.

Please bring the foregoing notice to the attention of all persons you know would be interested in this matter.

**RESOURCE
EXPLORATION AND
DEVELOPMENT
CO.**

OK
P. O. Box 21088
Reno, Nevada 89515-1088
(702) 329-0666

P. O. Box 3160
Prescott, Arizona 86302
(602) 778-3012

(Treasure King Mine file) Yavapai

March 6, 1986

Mr. Ken Phillips
Airzona Department of Mines and Mineral Resources
Mineral Building, Fairgrounds
Phoenix, Arizona 85007

Dear Ken:

I thought I would send you a quick note about REDCO's permitting outcome with the Prescott National Forest. After meeting on site and discussing all the factors, costs, and alternatives available, the U.S.F.S. essentially agreed to our original proposal. The open pit will be left at the end of mining and the waste rock dump will be placed away from the pit.

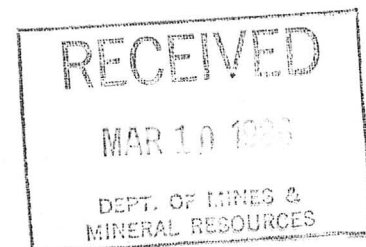
REDCO wants to thank you for your advice, interest, and concern with this matter.

Sincerely,

R. Joe Sandberg

R. Joe Sandberg

RJS:ke



DATE PRINTED; NOV 30, 1981

MINERALS AVAILABILITY SYSTEM
DEPOSIT LISTING

PAGE 9433

DEPOSIT NAME; RR CLAIMS

SEQUENCE NUMBER: 0040251653

>>>> BIBLIOGRAPHY - CONTINUED <<<<

>>>> MILS - DATA SET <<<<
(MINERAL INDUSTRY LOCATION)

STATE; ARIZONA
COUNTY; YAVAPAI
TYPE OF OPERATION; PROSPECT
CURRENT STATUS; EXP PROSPECT
LATITUDE; N 34DEG 21MIN 47SEC
LONGITUDE; W 112DEG 12MIN 05SEC
UTM - ZONE; 12
HEMISPHERE; NORTHERN
NORTHING; 3802870
EASTING; 389523
POINT OF REFERENCE; ORE BODY
PRECISION; 100 METERS
ELEVATION; 1341 METERS
PRECISION; 100 METERS
EVALUATOR; ADMR

MINE MAP REPOSITORY;
QUADRANGLE; HOLBROOK
RIVER BASIN NAME;
SANTA MARIA RIVER
RIVER BASIN CODE; 59J
HYDROLOGIC UNIT CODE;
DATUM OF ELEVATION; SEA LEVEL
MAP NAME; CLEATOR
SCALE; 7.5 MIN
DOMAIN; NAT FOREST
TYPE OF MINERAL HOLDINGS;
LOCATED CLAIM

TYPE OF PLANT;
PLANT IDENTIFIER;
YEAR FIELD CHECKED;
YEAR OF INFORMATION ENTRY; 1981
MAINTAINING FIELD CENTER;
INTERMOUNTAIN
MINERAL PROPERTY FILE;
CORE LIBRARY;
MINES IDENTIFICATION;
GEOLOGICAL SURVEY CRIB;
LAST MILS MODIFICATION;
AUG 26, 1981
LAST DEPOSIT MODIFICATION;
AUG 26, 1981

--PUBLIC LAND SURVEY--
PRINCIPAL MERIDIAN;
GILA & SALT R
TOWNSHIP; 011+N
RANGE; 001 E
SECTION; 24
SECTION SUBDIVISION;
SE 1/4, SE 1/4,
SURVEY STATUS; UNSURV

TYPE OF EVALUATION; M

>>>> COMMODITY - DATA SET <<<<

RECORD NO.	COMMODITY	MODIFIER	MARKETABILITY	STANDARD INDUSTRIAL CODE	DATE OF LAST MODIFICATION
01			PRIMARY	9999	AUG 26, 1981

>>>> OWNERSHIP - DATA SET <<<<

RECORD NO.	NAME OF OWNER	STATUS	PERCENT OF OWNERSHIP	LOCATION OF HOME OFFICE	YEAR OF INFORM.	DATE OF LAST MODIFICATION
01	HOMESTAKE MINING CO	OWNER	%	USA CALIFORNIA	1979	AUG 26, 1981

>>>> BIBLIOGRAPHY - DATA SET <<<<

SET REFERENCE LINE NO.

001 USGS CLEATOR QUAD
002 BLM AZ MINING CLAIMS LEAD FILE 50771

????????
????????

INSTRUCTIONS TO OPERATORS. Items 1 through 6 and 12 constitute a Notice of Intention; items 1 through 12 constitute a Basic Operating Plan. Please complete in as much detail as possible and furnish to District Ranger's office. Additional sheets may be used if necessary.

NOTICE: To the extent authorized by law this information will be held confidential. As an agency of the Federal Government, the Forest Service is required to comply with the Freedom of Information Act.

NOTICE IS HEREBY given that the undersigned intends to conduct prospecting ~~mining, or milling~~ operation etc. on the lands described below, and in the manner indicated.

1. Operator(s):

Name(s) Address(es) Telephone No(s).
LYNX CORPORATION P.O. Box 26459
(A NEVADA CORPORATION) PRESCOTT VALLEY, AZ (602) 772-6844
86312

2. Area of Operation:

National Forest: PRESCOTT State: ARIZONA Mining District: BIG BUQ (PROTRACTED)
Ranger District: PRESCOTT County: YAVAPAI T. 11 1/2 N R. 1 E, Sec. 24 A

3. Access:

The proposed route of access to the operation is (describe route from point of entry into National Forest, using road numbers when possible): THERE IS AN OLD EXISTING ROAD ONTO AND ACROSS THE PROPERTY. THE JUNCTION OF THIS ROAD AND THE OLD BLACK CANYON HIGHWAY IS 1 3/4 MILES SOUTH OF MAYER, THENCE ANOTHER 3/4 MILE TO THE SOUTHERN END OF THE PROPERTY. The following means of transport will be used (4-wheel drive vehicle, tractor, pickup, etc.): PERSONNEL TRANSPORT WILL BE 4-WHEEL DRIVE VEHICLES. THE CAT 245 EXCAVATOR WILL BE WALKED ONSITE FROM THE OLD HIGHWAY. (NOTE: Construction, reconstruction, or restoration of a road across National Forest System lands as a means of access to mining claims must be authorized separately by special-use permit.) THE EXISTING ROAD WILL BE USED AS-IS FOR PRESENT PURPOSES OF PROSPECTING ACCESS.

4. Type of Proposed Operation:

Describe the type of proposed surface disturbing activities, such as trenching, bulldozer exploration, drill road construction, tunnel site development, etc.

TO EXCAVATE NARROW TRENCHES AND/OR TEST PITS ACROSS A MINERALIZED EXPOSURE OF SOFT METAMORPHIC ROCK. SAMPLES WILL BE TAKEN CONTINUOUSLY DURING EXCAVATION AND ALL WORKINGS WILL BE BACKFILLED AND RESURFACED IMMEDIATELY AFTER SAMPLING IS COMPLETED.

5. Map:

A map is attached which shows the general area of operation and the proposed route of access to it. (This map is required. A map scale of about 1 inch = 2 miles is adequate.)

FIGURE 1 ATTACHED IS REPRODUCED FROM THE CLEAROR QUAD SHEET SCALE: 1" = 2000'

6. Period of Operation:

Period or periods during which operations, including road work, will take place. The work will be continuous ~~intermittent~~, during the periods:

Road Work: NONE Other Operations: { LATE DEC. 1983 THROUGH MID JAN. 1984

NO ROAD WORK IS CONTEMPLATED, AS THE OLD EXISTING ROAD IS ADEQUATE FOR PROSPECTING PURPOSES. EXCAVATION, SAMPLING, AND RESURFACING WILL BEGIN AS SOON AS PERMITTING CAN BE COMPLETED AND THE EQUIPMENT MOVED.

OPERATING PLAN. The following information taken together with that in items 1 through 6 constitutes a Basic Operating Plan for which approval is requested.

Claims on which Operations will be Conducted:

Claim Name	BLM Serial No.	Date of Location	Lode Placer Millsite (check)
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WAGON WHEEL NOS. 1-8, INCL.	NOT YET RECORDED	DEC. 20, 1983	<input checked="" type="checkbox"/>
-----------------------------	------------------	---------------	-------------------------------------

NOTE: THESE CLAIMS ARE NOW BEING FILED IN YAVAPAI COUNTY, AND AS SOON AS THESE RECORDINGS ARE COMPLETED THE CLAIMS WILL ALSO BE FILED WITH THE BLM.

8. Identification of Owners and Other Interested Parties:

Specify, under "status," whether owner, lessee, assignee, designee, etc:

Name	Address	Telephone No.	Status
------	---------	---------------	--------

HOMER OWENS	H.C. 68, BOX 870 KIRKLAND, AZ 86332		LOCATOR, OWNER, LESSOR.
-------------	---	--	----------------------------

Field Representative:

Name: JAY LANDIS, Address: P.O. BOX Telephone No. (602) 772-6844
PRES., LYNX CORP. No. 26459, PRESCOTT VALLEY, AZ. 86312

9. Method of Proposed Operation:

Specify how the operations of Item 4 would be conducted: THE PROPOSED TEST PITS AND/OR TEST TRENCHES WILL BE DUG USING A CATERPILLAR 245 EXCAVATOR TO WHATEVER DIGGING DEPTH IS POSSIBLE WITHOUT DRILLING AND BLASTING. THIS IS THE "CLEANEST" TYPE OF MECHANICAL OPERATION POSSIBLE FOR BOTH EXCAVATING AND BACK FILLING, AND IT IS INTENDED THAT ALL WORKINGS WILL BE SAMPLED AND BACK FILLED CONTINUOUSLY.

10. Environmental Protection Requirements:

Measures to be taken to minimize adverse environmental impacts and reclaim disturbed areas. (36 CFR 228.8): THE MAIN CONSIDERATION REGARDING RECLAMATION IS TO CREATE MINIMAL SURFACE DISTURBANCE IN THE FIRST PLACE. USE OF THE EXCAVATOR PERMITS A PRECISE ORDER OF EXCAVATION AND REPLACEMENT OF EXCAVATED SURFACE MATERIALS TO NEAR-ORIGINAL STATUS. IN ADDITION, THE AREAS WILL BE FERTILIZED AND RESEED WITH AN APPROPRIATE PASTURE MIX. IT IS NOTED THAT THESE WORKS ARE PROJECTED WITH A VIEW OF PROVING MINERAL VALUES WHICH WILL ULTIMATELY SUSTAIN A MINING OPERATION. SHOULD THIS NOT DEVELOP, HOWEVER, THE EXCAVATED AREAS WILL BECOME GREEN ISLANDS DUE TO THEIR ENHANCED SUBSURFACE PERMEABILITY. FORTUNATELY THERE ARE NO TREES AND STEEP SLOPES IN THE PROSPECTING AREA, AND THE EXCAVATOR CAN NEGOTIATE THE EXISTING TERRAIN WITHOUT PRE-CONSTRUCTION OF ACCESS ROADS OR WORK PADS. DESPITE ITS SIZE AND WEIGHT, THE CAT 245 EXCAVATOR HAS VERY LARGE FLAT PADS AND DOES NOT DISTURB WHILE WALKING AS DOES A BULLDOZER.

11. Map of Surface Disturbance:

A map is attached which shows the location and size of the areas of surface disturbance. (This map is required. A map scale of about 1"=1/2 mile is adequate.) FIGURE 1, SCALE 1"=2,000' SHOWS WORK AREA ON WAGON WHEEL CLAIMS NOS. 3 & 4

SUPPLEMENT TO "NOTICE OF INTENTION TO OPERATE/
BASIC OPERATING PLAN" SUBMITTED BY LYNX CORP.
ON DEC. 27, 1983:

PARAGRAPH 9. METHOD OF PROPOSED OPERATION: (CONTINUED)

FOR PURPOSES OF SPECIFIC REFERENCE THE INITIAL
EXCAVATION OF TEST PITS AND TEST TRENCHES SHALL
BE CONDUCTED AS FOLLOWS:

- (1) A TRENCH FROM THE HIGHEST POINT OF THE
QUARTZITE OUTCROP DUG DOWNHILL TO THE EAST
FOR A DISTANCE OF 250 FEET;
- (2) A SECOND TRENCH BELOW THE OLD PROSPECT
PIT WHICH LIES ABOUT 150 FEET SOUTH OF THE
HEAD OF THE TRENCH IN (1) ABOVE. THIS TRENCH
WILL ALSO BE DUG DOWNHILL TO THE EAST FOR
A DISTANCE OF 100 FEET;
- (3) A SHORT TRENCH TO THE SOUTHWEST OF THE
POINT WHERE THE QUARTZITE OUTCROP DIS-
APPEARS BELOW THE OVERLYING BASALT FLOW;
THIS TRENCH WILL NOT EXCEED 25 FEET IN
LENGTH; AND
- (4) DEEPENED EXCAVATION OF THREE (3) OLD PROS-
PECT CUTS ALONG THE QUARTZITE - PHYLLITE
CONTACT. THESE EXCAVATIONS WILL NOT EXCEED

(4) (CONTINUED) 25- FEET EACH IN LENGTH.

FROM THE FOREGOING, A TOTAL OF 950- FEET OF EXCAVATED LENGTH FOR BOTH THE TEST PITS AND TRENCHES. THESE DIGGINGS WILL BE MAINTAINED AS NARROW AS POSSIBLE, AND THIS DIMENSION SHOULD NOT EXCEED FOUR (4)- FEET.

ALTHOUGH THE CAT 245 EXCAVATOR CAN DIG EASILY TO DEPTHS OF 19- FEET AS NOW EQUIPPED, IT IS NOT EXPECTED THAT ANY OF THE TEST EXCAVATIONS WILL EXCEED 10- FEET IN DEPTH. THE EXPOSED PHYLLITE OUTCROPS ARE SOFT AND CAN BE DUG EASILY, HOWEVER IT IS ANTICIPATED THAT THEY WILL BECOME MORE RESISTANT WITH DEPTH.

THUS THE TOTAL FOR PROJECTED EXCAVATED VOLUME WILL BE $450' \times 4' \times 10' = 18,000 - \text{FT}^3$, AND AT A SPECIFIC DENSITY OF 14- CUBIC FEET PER TON REPRESENTS A TOTAL OF 1286- TONS.

THE PLAN AREA FOR THESE EXCAVATIONS IS $4 \times 450 = 1800$ - SQUARE FEET WHICH, WITH A 10% SLUFF FACTOR WILL AGGREGATE 2000- SQUARE FEET. WHEN THE SPOIL IS STACKED ALONGSIDE THE TRENCH, THE ADDITIONAL AREA INVOLVED WILL EXCEED THE EXCAVATED PLAN AREA BY A FACTOR OF ABOUT FOUR (4), OR A TOTAL OF 8,000- SQ. FT. THUS THE GRAND TOTAL OF SURFACE AREA BOTH DIRECTLY AND INDIRECTLY INVOLVED IS 10,000- SQ. FT.



United States
Department of
Agriculture

Forest
Service

Bradshaw Ranger
District

2230 E. Highway 69
Prescott, AZ 86301

File Code: 2810

Date: November 17, 1999

**FREDERICK BAUMAN
1850 N CENTRAL AVE, 11TH FL
PHOENIX AZ 85004**

Dear Mr. Bauman;

Enclosed is the information you requested from the Redco files. I have copied the entire two files, so you have all the information that we have on the company's activity on the Forest.

Feel free to give me a call if you have questions concerning the enclosed material (520-445-7253).

Sincerely,

Bev Everson
Bradshaw District Geologist



United States
Department of
Agriculture

Forest
Service

Bradshaw RD

file
2230 E. Highway 69
Prescott, AZ 86301

Reply to: 2810

Date: November 1, 1995

Subject: Bond Release

To: Forest Supervisor

Please release monies currently being held in management code 863252 to:

ROYAL GOLD, INC.
1660 WYNKOOP ST., SUITE 1000
DENVER, COLORADO 80202-1132

Royal Gold has completed reclamation to the satisfaction of the Forest Service and their file is being closed out.

Sincerely,

J. Douglas C. HOLT

JOHN W. HOLT
District Ranger

Enclosure

BILL FOR COLLECTION
(Ref. FSM 6530)

1. Place of Issue

Prescott, AZ

2. Date of Issue

12/17/87

Please pay by money order, bank draft, or check payable to FOREST SERVICE, USDA. Mail payment with this statement in the enclosed envelope to: UNIT COLLECTION OFFICER, FOREST SERVICE.

Royal Gold, Inc.
Suite 1000
1660 Wynkoop St.
Denver, CO 80202-1132

Southwestern Region
File No. 81656
P. O. Box 60000
San Francisco, CA
94160-21656

Please Show Any Change Of Address Below:

Paid Hookbox 12/22/87

FOLD HERE

3. Date or Period	4. Description	5. Amount
12/17/87	Received: CASH IN LIEU OF BOND - For Reclamation of Fenster # 2, 5, 7 and 11 Mining Claims	D-3 \$1,000.00

NOTE: Payments not received by the due date are subject to a LATE PAYMENT CHARGE at the rate currently published by the Department of the Treasury unless a different rate is prescribed by contract or agreement.


6. Date Payment Due

12/17/87

7. Amount Due

\$1,000.00

FOLD HERE

8. Bill Number 353	9. Unit Number T0-09	10. Sub-Unit Number	11. Timber Sale Contract Number			
12. Remarks Payment must be received by the due date indicated on this bill. Postmarks are not honored. Payment after due date is subject to an administrative charge in addition to interest (late payment charge) and a penalty charge.		13. FOREST SERVICE ACCOUNTING DATA				
		TRANS. CODE	MANAGEMENT CODE	FY	OBJ CLASS MAJ. SUB.	AMOUNT
		A	863252			
14. TOTAL 					\$1,000.00	

United States
Department of
Agriculture

Forest
Service

Bradshaw
Ranger District

2230 East Highway 69
Prescott, AZ 86301

Reply To: 2810 *file*

Date: June 13, 1991

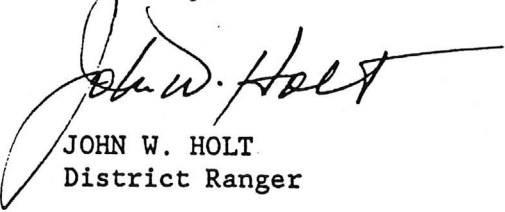
Redford McDougal
Royal Gold, Inc.
9300 Spearhead
Reno, NV 89506

Dear Sirs:

A recent review of our files indicated that you have not updated your Operating Plan since 1989. In accordance with 36 CFR 228.10 Cessation of Operations I am requesting that you provide this office with a statement of your intentions regarding this claim or a new Operating Plan. If I do not hear from you by June 30, 1991, the case will be closed.

Thank you for your cooperation in this matter.

Sincerely,


JOHN W. HOLT
District Ranger

cc: Paul S. Strobel, President
REDCO
P.O. Box 21088
Reno, NV 89515

Caring for the Land and Serving People



N 9 1989

Bill Bl

P. O. Box 21088
Reno, Nevada 89515
(702) 329-0666

P. O. Box 3160
Prescott, Arizona 86302
(602) 776-9774

January 6, 1989

Mr. John W. Holt
District Ranger - Bradshaw Ranger District
U.S. Forest Service
2230 E. Highway 69
Prescott, Arizona 86301

RE: Operating Plan (2810) Treasure King Project
Amendment - change in Ownership and Operator

Dear Mr. Holt:

We currently hold an Approved Operating Plan for the Treasure King Project (Ref. 2810) in an area south of Mayer, Arizona. REDCO wishes to amend that plan to reflect the new owner and operator of the Treasure King Project as Royal Gold, Inc., 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202-1132. As you probably know, Royal Gold has been conducting tests on the property for some time now under separate arrangements with your district office.

In a related matter, please note that REDCO currently has a \$500.00 cash reclamation deposit with your office pertaining to past testing work on the Treasure King property. Upon Royal Gold's assumption of all reclamation obligations on the property, presumably by exchanging our deposit with an acceptable replacement, please refund our cash deposit to us.

Sincerely,

Paul S. Strobel
President

*\$500 Bond Released to Redco
2/19/92*

REDCO File Closed

PSS:jan

cc: Edwin W. Peiker, President
Royal Gold, Inc.

file

Reply To: 2810

Date: May 23, 1989

Redford McDougall
Royal Gold, Inc.
1660 Wynkoop St., Ste. 1000
Denver, CO 80202-1132

Re: Amendment/Revision to Operating Plan, Treasure King Mine Project

Dear Mr. McDougall:

Your revision to the Treasure King Project Operating Plan has been reviewed and will be treated as an amendment. It will be incorporated into and become part of the original Operating Plan subject to the attached appended conditions.

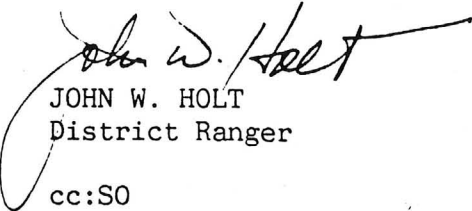
Regional and Supervisor Office review of the revision recommended tiering to the formerly evaluated REDCO plan, recognizing National Environmental Policy Act (NEPA) requirements had been met during initial review of the proposal. I have enclosed copies of the Scoping/Environmental Assessment Document, Decision Notice, and Finding of No Significant Impact, as these documents are considered valid for you operation.

The Plan with revisions will be approved upon our receipt of the following items:

1. Sign and return the enclosed Appended Conditions sheet.
2. A Reclamation Bond in the amount of \$41,200.00. This amount is based on the cost the Forest Service would incur to contract rehabilitation and clean up of the work site. This may be remitted in the form of a Reclamation Bond, Irrevocable Letter of Credit, or cash in lieu of bond.

No operation is to commence until the above items are received in this office and the Plan is approved. Should you have any questions, please feel free to contact Bill Cotee of my staff. Thank you for your anticipated cooperation.

Sincerely,


JOHN W. HOLT
District Ranger

cc:S0

ROYAL GOLD, INC.

TREASURE KING MINE

APPENDED CONDITIONS

- a. Any activity beyond that described herein will require an amendment to this Plan or a new Operating Plan.
- b. All combustion engine equipment will be equipped with Forest Service approved spark arrestors.
- c. Trash and debris generated by the mining operation will be removed from National Forest land and taken to the nearest public landfill.
- d. No ground disturbance is to take place outside the areas indicated on the General Mine Plan until archeological clearance is obtained.
- e. The mine shaft protective enclosure will be maintained until the hazard is eliminated by the operations proposed in this plan.
- f. The main road through the mining area will be left open for public access to National Forest land. Any gates erected will be left unlocked except where hazardous materials are used and stored. All fences and gates will be constructed to Forest Service standards.
- g. The Department of Energy, Western Area Power Administration, has provided the following stipulations with regard to their Prescott-Pinnacle Peak 230 KV transmission line right-of-way:
 - 1) The deposit of fill materials and stockpiling of construction materials within the right-of-way is prohibited.
 - 2) Excavation within 100 feet of the metal towers is prohibited.
 - 3) If there is any fencing that crosses the right-of-way, the fencing must be properly grounded and dual-lock gates installed to provide Western unobstructed access along the right-of-way.
 - 4) All equipment operating under or near the power line must be properly grounded and minimum clearance must be maintained at all times between the conductors and any construction equipment.
- h. Copies of all Arizona State permits for air quality, waste and water quality management, and water well permitting will be provided to this office prior to start-up, along with any monitoring information for the leaching operation that the State requires.
- i. Cyanide and other hazardous materials/chemicals will be secured in locked buildings.
- j. A watchman will be present on site at all times.
- k. An adequate supply of neutralizing solution will be maintained on site for emergency use.

1. All topsoil will be stripped from sites necessary for the pit, processing area and waste dumps, and stockpiled for reclamation purposes. Stripping will be done on a progressive basis, as reasonable areas are actually needed for operations.
- m. Mining will proceed in a manner which leaves the final bench faces at a safe slope as recommended by the State Office of Mine Inspector.
- n. Protection for migratory birds will be provided by installing protective netting over pregnant ponds and any other potentiality hazardous water ponds.
- o. Upon cessation of operations the following measures will be taken:
 - 1) Haulage roads will be ripped in addition to the measures specified in the plan of operation.
 - 2) Detoxification of ponds and heaps will be accomplished prior to removal of the sprinkler system. The Forest Service must be satisfied that the leach pad material and related ponds have been neutralized to a non-hazardous/nontoxic condition.
 - 3) The leached material will be recontoured and smoothed, leaving no more than 3:1 slope on the outer edges. All ponds except the fresh water pond will be backfilled with this material. The fence will be left and maintained for 2 years to aid in the revegetation effort.
 - 4) The waste rock dump will be recontoured as necessary to reduce the downslope fill to an acceptable angle of repose and to blend with the existing landforms.
 - 5) The entrances to the pit benches will be blasted to prevent vehicular access.
 - 6) The stockpiled topsoil will be spread to a depth of 8 to 12 inches over the leached material and the waste rock dump, and smoothed. All disturbed areas including the spread topsoil will be reseeded with the following seed mixture:
 - Cochise lovegrass - 1 lb./acre
 - Weeping lovegrass - 1 lb./acre
 - Inoculated yellowblossom sweetclover - 1/4 lb./acre
 - 7) All structures/trailers and equipment will be removed from National Forest land.

ACCEPTANCE OF APPENDED CONDITIONS

The stipulations and/or modifications listed above have been reviewed and will be incorporated into and become a part of this Operating Plan.

Signature of Operator

Date

SCOPING/ENVIRONMENTAL ASSESSMENT DOCUMENT FOR
REDCO CYANIDE HEAP LEACHING OPERATION

Introduction

The Resource Exploration and Development Co. (REDCO) of Reno, Nevada, has submitted an Operating Plan proposing a cyanide heap leaching operation on their Fenster #1-4 mining claims. The area of operation is located in sections 24 and 25, T. 11-1/2 N., R. 1 E., G35R02M, on the Bradshaw Ranger District, Prescott National Forest.

Proposal

The proposal involves the excavation of an open pit approximately 700 feet long and 200 feet wide. The pit will be located on the eastern aspect of a hill and is anticipated to be 120 feet deep from the top of the hill to the bottom of the pit. Waste material removed from the pit will be stockpiled just northwest of the pit area, (see Exhibit 1 map). The other ore-bearing material will be moved to the processing area, crushed and deposited onto pads where cyanide leaching will take place. Two collection-holding ponds, a barren solution-chemical-makeup pond and one small fresh water holding pond will be excavated within the processing area. A combination office, laboratory, and recovery plant building will also be constructed within the processing area. All of the above including roads, will result in disturbance of approximately 28.5 acres of National Forest land.

Evaluation of Alternatives

The operating plan as submitted meets all the requirements of 36 CFR 228 & FSM 2817. The issue at hand is not a question of whether or not the mining operation should be approved, because a no action alternative is not legally acceptable. The only concerns therefore are what mitigating measures should be incorporated into the operating plan in the way of appended conditions to minimize environmental impacts, and provide for disturbed area reclamation in accordance with Forest Service policy and the mining regulations.

The environmental impacts during the mining operation; i.e., 36 CFR 228.8 A-G, are handled through the proposed appended conditions (stipulations).

The reclamation phase of the operation requires consideration of several alternatives varying in their ability to achieve the desirable objective of returning the land to productivity and minimizing impact on visual quality. These alternatives must be measured against 36 CFR 228.8G.

Three alternatives were considered:

1. Accept the reclamation proposal in the operating plan as written; i.e., leave the leach pads and the waste rock pile, fence and leave the open pit as is, remove the structures and reclaim the new roads. (See Exhibit 2, Operating Plan).

2. Require the replacement of the leach pads and waste rock pile back into the pit, recontouring the processing and mining site to as near possible natural topography and reseeding. (See Exhibit 3, Proposed Appended Conditions).

3. Require the replacement of the waste rock pile back into the pit, suggesting that the waste rock be stockpiled near the western edge of the open pit (high side) for easier replacement. Shape the leach pads to an acceptable slope, cover with stockpiled topsoil and reseed. Slope the pit area hillside to a nonhazardous angle and reseed. Remove the structures and close all new roads. (See Exhibit 4, Proposed Appended Conditions).

Under Alternative 1, little to no reclamation is proposed and this results in the loss of resource production at three sites: leach pads, open pit and waste rock dump. This alternative would also result in the most negative visual impacts.

Alternative 2 would result in the most complete reclamation attempt. Putting all three disturbed sites back into production and leaving the area more aesthetically pleasing.

Alternative 3 would result in reclamation of two of the three disturbed areas, the waste rock dump and open pit, leaving the question of top soil filtration through the leach pads and the possibility that no production would take place on the pads. Visual impacts of this proposal would be somewhere between Alternatives 1 and 2.

Alternative 2 is recommended as preferred. It is most consistent with 36 CFR 229.8 requirements for environmental protection, and FSM 2803--4, "Ensure prompt reclamation of lands to production uses consistent with land management objectives." This would minimize adverse environmental impacts on surface resources and result in the least visual impacts.

The proposed project does not involve any floodplains, wetlands, endangered species or cultural resources. A cultural resource survey has been completed.

Consultation with Others

Howard Wirtz, Regional Mining Engineer (Exhibit 5, Memorandum Mineral Report)

Robert Anderson, Forest Hydrologist (Exhibit 6, Hydrologist's Report)

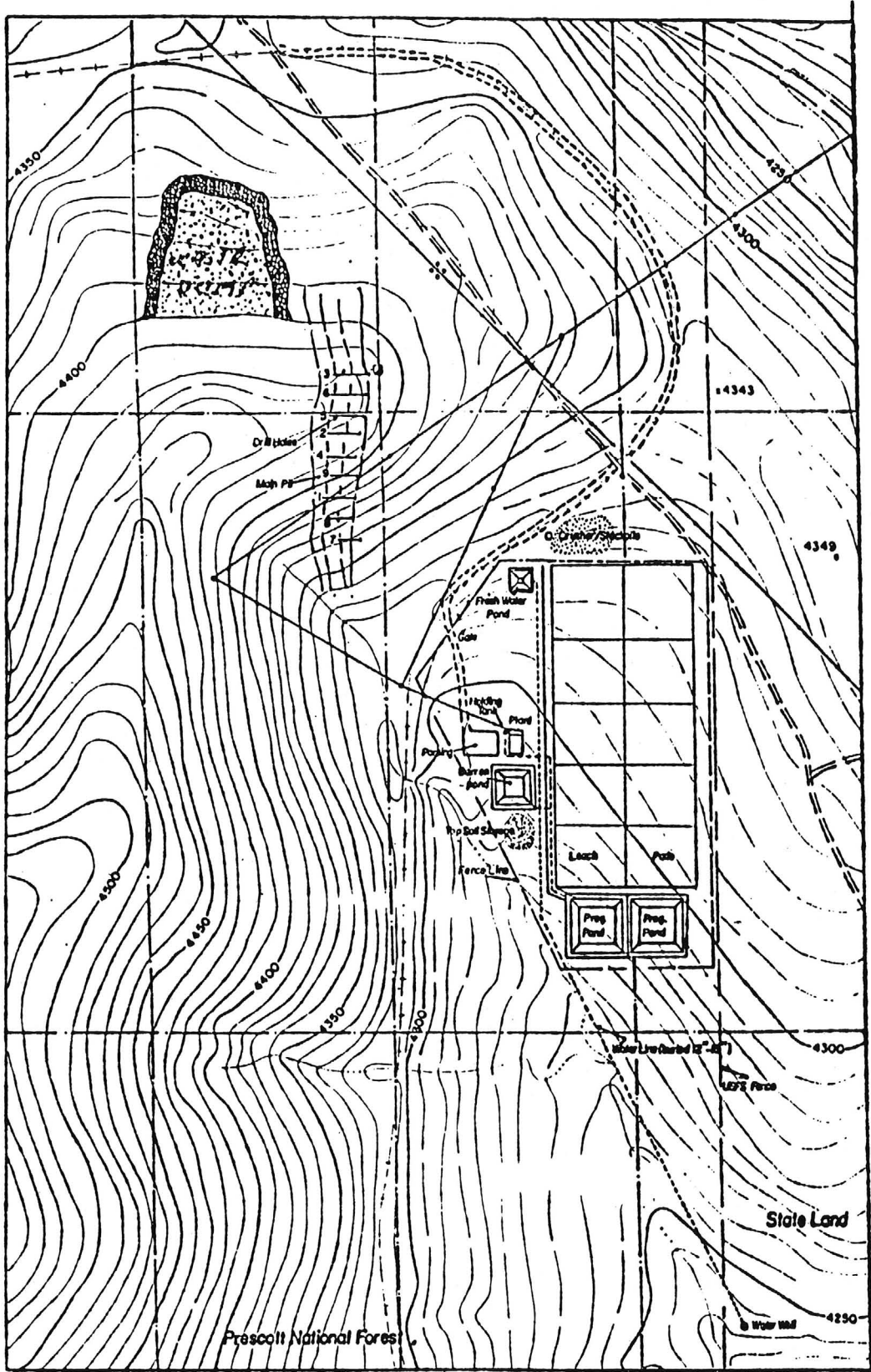
Department of Energy (Exhibit 7, Prescott-Pinnacle Peak 230-KV Transmission Line Right-of-Way Stipulations)

Don Bolander, Forest Supervisor

Bruce Lamb, Forest R&L Staff

John Holt, Bradshaw District Ranger

Rob Deadmond, Forest Engineer (Exhibit 8, Reclamation Worksheet)



NTS



EXHIBIT #1

MAP

REVISED DECISION NOTICE
And
FINDING OF NO SIGNIFICANT IMPACT

REDCO CYANIDE HEAP LEACHING OPERATION

Yavapai County, Arizona
Prescott National Forest
Bradshaw Ranger District

On December 30, 1985, I issued a Decision Notice selecting the reclamation measures in Alternative 3 for inclusion in the plan of operations for the proposed REDCO Cyanide Heap Leaching Operation. On January 29, 1986, Deputy Regional Forester, David F. Jolly granted a suspension of the appeal period, thus allowing an on-the-ground meeting with REDCO representatives. Based on the new information presented at this meeting, I am selecting a modified Alternative 1.

The alternatives considered were; 1) Adopt the reclamation proposed by REDCO which included abandonment of fenced leach pads, fence, and abandon the pit, reslope and reseed the waste rock dump, remove the structures, and reclaim the roads; 2) Total site reclamation including replacement of leach pads and waste rock dump back into the pit, recontouring the processing and mining sites to as near possible natural topography, reseeding, removal of all structures, and reclamation of the roads; and 3) Modify the proposed operating plan by making the waste rock dump along the western edge (high side) of the open pit, replace the waste rock back into the pit upon conclusion of the operation, slope the pit area to a nonhazardous angle and reseed, reshape the leach pads to an acceptable slope, cover with topsoil and reseed, remove the structures, and reclaim the roads.

Alternative 2 was not selected, although reclamation of disturbed surfaces was more complete, because replacing the leach heaps back into the pit was felt to be unreasonable in light of the potential to reclaim the heaps in place. Although I feel that Alternative 3 provides reasonable reclamation for environmental protection, REDCO representatives provided new information indicating that placement of the waste dump uphill from the pit would interfere with standard and reasonable methods of extracting the mineral. The mineralization dips at a 60° angle under the proposed dump. Exploratory drilling has revealed the existence of an adequate mineral reserve to a depth of 120 feet which can be economically mined. Further testing, to be conducted in conjunction with mineral extraction, is expected to determine the extent of any further mineral reserves. If the reserve extends below the 120 foot depth, it would be necessary to move the waste dump to extend the pit westward in order to extract the mineral.

Alternative 1 is selected and modified as follows: 1) The angle of the heap leach pads will be reduced to a minimum slope of 3:1; 2) The final pit bench faces will not be vertical, but will be sloped for safety purposes as recommended by the Office of State Mine Inspector; 3) The entrances to the pit benches will be blasted to discourage public access upon cessation of operations; 4) Topsoil will be removed in stages from the pit and the areas needed for the waste rock and low-grade dumps, and stockpiled for later use; 5) At completion of mining, the dumps will be recontoured for stability and to blend with existing landforms, the stockpiled topsoil spread and the appropriate grass and forb species reseeded; 6) All main haulage roads will be ripped, recontoured, resloped, and reseeded.

I have determined through the environmental assessment that this is not a major Federal action that would significantly affect the quality of the human environment, therefore an environmental impact statement is not needed. This determination is based on the following factors:

1. There are minimal irreversible resource commitments and irretrievable loss of resource production.
2. There are no significant cumulative effects.
3. The physical and biological effects are limited to the area of planned activity.
4. No known threatened or endangered wildlife are affected.
5. The project does not involve floodplains or cultural resources.

Implementation of this decision may occur upon execution of the appended operating plan conditions and posting of the required reclamation bond.

This decision is subject to appeal pursuant to 36 CFR 228.14.

Donald H. Bolander
DONALD H. BOLANDER
Forest Supervisor

2-20-86
DATE

DECISION NOTICE
And
FINDING OF NO SIGNIFICANT IMPACT

REDCO CYANIDE HEAP LEACHING OPERATION

Yavapai County, Arizona
Prescott National Forest
Bradshaw Ranger District

The REDCO Cyanide Heap Leaching Operation Environmental Assessment documents the analysis of 3 reclamation alternatives for inclusion in the plan of operations for the proposed mining project.

Based on the analysis documented in the environmental assessment and a review of the requirements for environmental protection contained in Secretary's Regulation 36 CFR 228.8, it is my decision to adopt Alternative 3. This alternative was selected because it most nearly meets the intent of the Secretary's Regulation to reclaim the surface disturbed, control onsite and off-site damage to the surface resources in a manner that is reasonably practicable.

The alternatives considered were: 1) Adopt the reclamation proposed by REDCO which included abandonment of fenced leach pads, fence and abandon the pit, reslope and reseed the waste rock dump, remove the structures and reclaim the roads; 2) Total site reclamation including replacement of leach pads and waste rock dump back into the pit, recontouring the processing and mining site to as near possible natural topography and reseeding, remove the structures and reclaim the roads; and 3) Modify the proposed operating plan by making waste rock dump along western edge (high side) of the open pit, replace the waste rock back into the pit upon conclusion of the operation, slope the pit area hillside to a nonhazardous angle and reseed, reshape the leach pads to an acceptable slope, cover with topsoil and reseed, remove the structures and reclaim the roads.

Alternative 1, as proposed by the mining claimants was not selected because it did not adequately reclaim the surface disturbed, nor control the onsite damage to the surface resources. Alternate 2 was not selected, although reclamation of disturbed surfaces was more complete, because replacing the leach heaps back into the pit was felt to be unreasonable in light of the potential to reclaim the heaps in place.

I have determined through the environmental assessment that this is not a major Federal action that would significantly affect the quality of the human environment; therefore, an environmental impact statement is not needed. This determination is based on the following factors:

1. There are minimal irreversible resource commitments and irretrievable loss of resource production.
2. There are no significant cumulative effects.

3. The physical and biological effects are limited to the area of planned activity.
4. No known threatened or endangered wildlife are affected.
5. The project does not involve floodplains or cultural resources.

Implementation of this decision may occur upon execution of the appended operating plan conditions and posting of the required reclamation bond.

This decision is subject to appeal pursuant to 36 CFR 228.14.

Donald H. Bolander
DONALD H. BOLANDER
Forest Supervisor

12-30-85
DATE

APR 17 1989

April 14, 1989

Bill Cotee
United States Forest Service
Bradshaw Ranger District
2230 East Highway 69
Prescott, Arizona 86301

Dear Bill:

The economic factors affecting the Treasure King project are such that receiving the operating permit by the end of the evaluation period (April 24) is not critical.

If you need another 30 days to complete your evaluation and processing, then please feel free to take the additional time.

Sincerely,



Redford McDougall
Treasure King Project



United States
Department of
Agriculture

Forest
Service

Arizona
Zone
Office

2324 E. McDowell Road
Phoenix, AZ 85006

Reply To: 2800

Date: March 21, 1989

Subject: Royal Gold Operating Plan

To: John Spehar, R & L Assist., Prescott NF

MAR 22 89
PRESCOTT NATIONAL FOREST
MAIL ROOM

I have just finished reviewing both Redco's 1986 operating plan and the more recent submittal by Royal Gold. Redco's plan has been carefully scrutinized in the past by the Forest Service and was approved in early 1986 following minor changes. Royal Gold's plan is a smaller version of the Redco plan and appears to have less of a total impact on National Forest lands by having a shorter mine life and utilizing only two solutions ponds instead of Redco's three.

My comments/opinions relative to Royal Gold's plan of operations are few:

1. It is difficult to tell from the information provided by either plan what the water balance of the heap leach system (process circuit + natural water circuit) is projected to be. While this detail information is not always given in an operating plan, it is useful in determining whether or not Royal has been conservative or liberal in their collection pond design to handle a catastrophic event or at least random rainfall and/or snowfall.
2. Depending upon the amount of fines generated from crushing, Royal might want to consider sediment control. During and after heavy rainfall, large quantities of sediment may flow from the heap into the collection system. To prevent mud from entering the processing equipment, a settling area could be justified.
3. Assuming that it is at least 50' or more to the water table, it is not unreasonable to allow Royal Gold to bury the pond liners. In fact, this has become standard practice within industry when abandoning a heap leach mine. Because the almost indestructible liner will remain buried for some time before deterioration, it is very important to make sure the cover material is impervious (not crushed rock from the heaps) i.e. clay. The burial site should be level and constructed in a crown so that all potential surface drainage would be dispersed around. The idea is to prevent the buried liner from acting like a perched water table that could (a) cause a failure due to the build up of water, and (b) serve as a vehicle for migration of high metal contaminant waters.
4. Burial of the ponds solid residues after neutralization is not expected to cause extenuating problems. Not only is the amount of residue expected to be minimal, but the highly mobile zinc ions (Merrill-Crowe) are not toxic to man or animals in the amounts anticipated to be generated. As long as the burial site is "protected" as stated above, contamination from the residues should not occur.

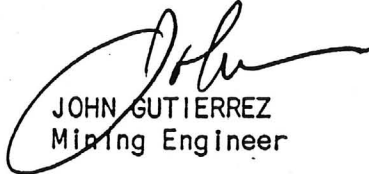




5. Depending upon the specific ore type and chemistry of the leach system waters, nonsoluble metals are tied up in the heaps due to the high alkaline environment of the heap. After flushing the heaps with water, a common practice is to open up heaps up and spread them out for reclamation purposes. By doing this, carbon dioxide comes in contact with the metal complexes in the heap making them soluble again and thus mobile. Mobile metallic ions can have a deleterious effect upon environment in certain instances. While it is reasonable to ask that Royal Gold contour the heaps, it should be limited to a level that is visually acceptable without disturbing any more spent heap material than necessary.

5. Any approval of Royal Gold's operation should state that the new plan is tied to the formerly approved Redco plan in order to take in account any lack of detail in Royal's plan, i.e., water source for the mine project.

Assuming the foregoing concerns will be mitigated to the Forest's satisfaction, it is my opinion that the mine proposal recently submitted by Royal Gold does not contain significant or adverse changes from the previously approved Redco plan. The operator should be allowed to proceed without further environmental assessment of the project.


JOHN GUTIERREZ
Mining Engineer

cc Bruce Lamb, Prescott NF
John Holt, Bradshaw RD



Royal Gold

MESSAGE SCAN

TO B.COTTEE:D3
CC B.COTTEE:D3

CC W.COTTEE:D3
CC B.COTTEE:D3

From: SPEHAR, JOHN A.:R03F09A
Postmark: 07 Mar 89 8:35
Status: Previously read
Subject: ROYAL GOLD OPERATING PLAN APPROVAL

Comments:

YI - DISCUSSED THIS STUFF W/BRUCE. HE'S REVIEWING AND WILL GIVE ME
COMMENTS, IF ANY, SOON. LET ME KNOW IF J.HOLT WOULD LIKE A FORMAL
REPLY FROM THE FS. IF SO, I CAN PREPARE A COVER LETTER TO PROVIDE
APPROPRIATE DIRECTION WHILE AWAITING COMMENTS FROM ZONE MINERALS.

THANKS

JAS

-----X-----

ROYAL GOLD OPERATING PLAN

1. DFR LETTER OF 2/8/89 - Suggest Supervisor's authority due to use of cyanide and bond in excess of \$20,000.

COMMENT:

I.D.#19 (5/14/85) - Responsibility for approval of OP involving heap leach operations may not be delegated below Forest Supervisor.

I.D.#21 (7/3/86) - Removes the limitation on redelegation of approval authority for operation involving significant use of hazardous substances.

I.D.#24 (7/22/87) - Reissuance of I.D.#21 basically w/o changes.

FSM 2817.04 - Ranger authority to approve bonds up to \$100,000.

FSM 1239 Delegations of Authority - Ranger delegated authority except where bonds of more than \$100,000 are required.

CONCLUSION:

Approval of the Royal Gold operating plan that includes cyanide leaching and a \$41,200 bond is within the District Ranger's authority.

2. NEPA DOCUMENTATION - District prepared a Scoping/EA on the initial REDCO plan of operations and forwarded to the S.O. on 12/26/85. Forest Supervisor signed a FONSI/DN with appended conditions for the operating plan on 2/20/86.

COMMENT:

The EA/FONSI/DN prepared for the REDCO proposed plan of operations still appears to be valid for the Royal Gold operations which are slightly smaller in magnitude than the REDCO proposal.

CONCLUSION:

NEPA requirements on the Royal Gold plan of operations can be met simply through reference to the original EA/FONSI/DN and the fact that nothing of substance has changed. This is primarily a change of operator rather than a change in the plan of operations.

MAJOR CONCLUSION - The Operating Plan submitted by Royal Gold on 1/20/89 does not need to be approved by the Forest Supervisor as it is within the Ranger's delegated authority. Also, additional NEPA documentation is not necessary, other than through reference, since the initial documentation on REDCO's plan is adequate. Recommend we send the project back to the District for action.

J.SPEHAR



United States
Department of
Agriculture

Forest
Service

Arizona
Zone
Office

2324 E. McDowell Road
Phoenix, AZ 85006

Reply To: 2800

Date: March 21, 1989

Subject: Royal Gold Operating Plan

To: John Spehar, R & L Assist., Prescott NF

I have just finished reviewing both Redco's 1986 operating plan and the more recent submittal by Royal Gold. Redco's plan has been carefully scrutinized in the past by the Forest Service and was approved in early 1986 following minor changes. Royal Gold's plan is a smaller version of the Redco plan and appears to have less of a total impact on National Forest lands by having a shorter mine life and utilizing only two solutions ponds instead of Redco's three.

My comments/opinions relative to Royal Gold's plan of operations are few:

1. It is difficult to tell from the information provided by either plan what the water balance of the heap leach system (process circuit + natural water circuit) is projected to be. While this detail information is not always given in an operating plan, it is useful in determining whether or not Royal has been conservative or liberal in their collection pond design to handle a catastrophic event or at least random rainfall and/or snowfall.
2. Depending upon the amount of fines generated from crushing, Royal might want to consider sediment control. During and after heavy rainfall, large quantities of sediment may flow from the heap into the collection system. To prevent mud from entering the processing equipment, a settling area could be justified.
3. Assuming that it is at least 50' or more to the water table, it is not unreasonable to allow Royal Gold to bury the pond liners. In fact, this has become standard practice within industry when abandoning a heap leach mine. Because the almost indestructible liner will remain buried for some time before deterioration, it is very important to make sure the cover material is impervious (not crushed rock from the heaps) i.e. clay. The burial site should be level and constructed in a crown so that all potential surface drainage would be dispersed around. The idea is to prevent the buried liner from acting like a perched water table that could (a) cause a failure due to the build up of water, and (b) serve as a vehicle for migration of high metal contaminant waters.
4. Burial of the ponds solid residues after neutralization is not expected to cause extenuating problems. Not only is the amount of residue expected to be minimal, but the highly mobile zinc ions (Merrill-Crowe) are not toxic to man or animals in the amounts anticipated to be generated. As long as the burial site is "protected" as stated above, contamination from the residues should not occur.



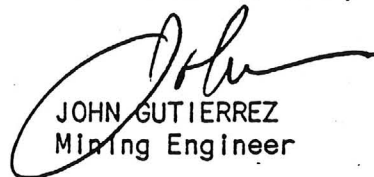


5. Depending upon the specific ore type and chemistry of the leach system waters, nonsoluble metals are tied up in the heaps due to the high alkaline environment of the heap. After flushing the heaps with water, a common practice is to open up heaps up and spread them out for reclamation purposes. By doing this, carbon dioxide comes in contact with the metal complexes in the heap making them soluble again and thus mobile. Mobile metallic ions can have a deleterious effect upon environment in certain instances. While it is reasonable to ask that Royal Gold contour the heaps, it should be limited to a level that is visually acceptable without disturbing any more spent heap material than necessary. *Just important*

5. Any approval of Royal Gold's operation should state that the new plan is tied to the formerly approved Redco plan in order to take in account any lack of detail in Royal's plan, i.e., water source for the mine project.

Assuming the foregoing concerns will be mitigated to the Forest's satisfaction, it is my opinion that the mine proposal recently submitted by Royal Gold does not contain significant or adverse changes from the previously approved Redco plan. The operator should be allowed to proceed without further environmental assessment of the project.

Protection for migratory birds w/ nesting


JOHN GUTIERREZ
Mining Engineer

cc Bruce Lamb, Prescott NF
John Holt, Bradshaw RD



ROY GOLD OPERATING PLAN

1. DEFER LETTER OF 2/8/89 - Suggests Supervisor's authority due to use of cyanide and bond in excess of \$20,000.

COMMENT:

I.D.#19 (5/14/85) - Responsibility for approval of OP involving heap leach operations may not be delegated below Forest Supervisor.

I.D.#21 (7/3/86) - Removes the limitation on redelegation of approval authority for operation involving significant use of hazardous substances.

I.D.#24 (7/22/87) - Reissuance of I.D.#21 basically w/o changes.

FSM 2817.04 - Ranger authority to approve bonds up to \$100,000.

FSM 1239 Delegations of Authority - Ranger delegated authority except where bonds of more than \$100,000 are required.

CONCLUSION:

Approval of the Royal Gold operating plan that includes cyanide leaching and a \$41,200 bond is within the District Ranger's authority.

2. NEPA DOCUMENTATION - District prepared a Scoping/EA on the Initial REDCO plan of operations and forwarded to the S.O. on 12/26/85. Forest Supervisor signed a FONSI/DN with appended conditions for the operating plan on 2/20/86.

COMMENT:

The EA/FONSI/DN prepared for the REDCO proposed plan of operations still appears to be valid for the Royal Gold operations which are slightly smaller in magnitude than the REDCO proposal.

CONCLUSION:

NEPA requirements on the Royal Gold plan of operations can be met simply through reference to the original EA/FONSI/DN and the fact that nothing of substance has changed. This is primarily a change of operator rather than a change in the plan of operations.

MAJOR CONCLUSION - The Operating Plan submitted by Royal Gold on 1/20/89 does not need to be approved by the Forest Supervisor as it is within the Ranger's delegated authority. Also, additional NEPA documentation is not necessary, other than through reference, since the initial documentation on REDCO's plan is adequate. Recommend we send the project back to the District for action.

3/8/89

J. SPEHAR

BILL:

Zone Minerals should be providing comments on this in a couple of weeks. You may want to hold off on approving the operation until hearing from them.

FOREST SERVICE MANUAL
Washington, D. C.

Master
KK

INTERIM DIRECTIVE NO. 24

July 22, 1987

DURATION: One year.

CHAPTER: 2810 MINING CLAIMS

POSTING NOTICE: Last ID was No. 23 to FSM 2850, dated 5/13/87.

This interim directive (ID) continues policy and direction for meeting Forest Service responsibilities in approving and monitoring of plans of operations that involve use or generation of hazardous substances. This ID is a reissuance of ID No. 21.

2817.42 - OPERATIONS INVOLVING HAZARDOUS SUBSTANCES

2817.42 - Authority. The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) (42 USC 9607) requires Forest Service consideration of laws and regulations administered by other Federal and/or State agencies for the control of hazardous substances used or generated on National Forest System lands. Accordingly, the Forest Service must exercise due care with respect to the hazardous substances concerned and take precautions against foreseeable acts and omissions of third parties and the consequences that could foreseeably result from such acts or omissions. The Agency is required to report to the National Response Center releases of hazardous substances into the environment, unless the third party (operator) has done so. The Office of General Counsel has advised that the responsibility applies to individuals as well as the Agency so that an individual's knowing failure in the obligation to report may result in criminal penalties.

2817.42 - Objectives. To prevent or minimize unauthorized, harmful discharge or improper use of hazardous substances during mineral operations on National Forest System lands. To ensure prompt reporting of unauthorized disposal or releases of hazardous substances.

2817.43 - Standards and Procedures

1. As a part of each plan of operations, request operator to list (36 CFR 228.4 (c)(3)) all hazardous substances to be used or generated by the proposed operation. If it is determined that hazardous substances will be involved in the proposed operations, refer the operator to the responsible

2017.74
Staff I

FOREST SERVICE MANUAL
Washington, D.C.

INTERIM DIRECTIVE NO. 21

July 3, 1986

DURATION: One year.

CHAPTER: 2810 MINING CLAIMS

POSTING NOTICE: Last ID was No. 20 to FSM 2810, dated 3/20/86

This Interim Directive (ID) continues policy and direction for meeting Forest Service responsibilities in approving and monitoring of plans of operations that involve use or generation of hazardous substances. This ID is a reissuance of ID No. 19 with the following changes:

1. Clarifies under 2817.41 the Forest Service's obligation to report releases of hazardous substances.
2. Removes the limitation on redelegation of approval authority for operations involving significant use of hazardous substances.
3. Removes requirement for bonds or other financial assurance to cover cleanup cost.
4. Removes reference to Resource Conservation and Recovery Act (RCRA) (42 USC 6961) requirements.
5. Clarifies procedure for determining if hazardous substances are to be used or generated in each operation.

2817.4 - OPERATIONS INVOLVING HAZARDOUS SUBSTANCES

2817.41 - Authority. The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) (42 USC 9607) requires Forest Service consideration of laws and regulations administered by other Federal and/or State agencies for the control of hazardous substances used or generated on National Forest System lands. Accordingly, the Forest Service must exercise due care with respect to the hazardous substances concerned and take precautions against foreseeable acts and omissions of third parties and the consequences that could foreseeably result from such acts or omissions. The Agency is required to report to the National Response Center releases of hazardous substances into the environment, unless the third party (operator) has done so. The Office of General Counsel has advised that the responsibility applies to individuals as well as the Agency so that an individual's knowing failure in the obligation to report may result in criminal penalties.

2817.42 - Objectives. To prevent or minimize unauthorized, harmful discharge or improper use of hazardous substances during mineral operations on National Forest System lands. To ensure prompt reporting of unauthorized disposal or releases of hazardous substances.

FOREST SERVICE
 Prescott National Forest
 Prescott
 JUN 11 1985
 INTERIM RECEIVED

FOREST SERVICE MANUAL
 Washington, D.C.

May 14, 1985

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A.O.	<input checked="" type="checkbox"/>
Admin. Svs.	<input type="checkbox"/>
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L.M. Planner	<input type="checkbox"/>
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Roads	<input type="checkbox"/>
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Lands	<input checked="" type="checkbox"/>
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DURATION: One year from issuance date unless previously terminated or reissued.

CHAPTER: 2810 MINING CLAIMS

POSTING NOTICE: Last ID was No. 18 to FSM 2820, dated 4-29-85.

This Interim Directive establishes new policy and direction for meeting Forest Service responsibilities in approving and monitoring of operating plans that involve the use or generation of hazardous substances.

2817.4 - OPERATIONS INVOLVING HAZARDOUS SUBSTANCES

2817.41 - Authority. Sec. 6001 of the Resource Conservation and Recovery Act (RCRA)(42 USC 6961) and Sec. 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)(42 USC 9607) require Forest Service consideration of laws and regulations administered by other Federal and/or State agencies for the control of hazardous substances used or generated on National Forest System lands. The Forest Service, as an agency and on an individual basis, has responsibility and liability under CERCLA to (1) take due care and precautions against foreseeable acts and omissions that would cause unauthorized releases of hazardous waste, and (2) report unauthorized disposal and release of hazardous substances.

Staff
D1, D5-
D3-

2817.42 - Objectives. To prevent or minimize unauthorized, harmful discharge or improper use of hazardous substances during mineral operations on National Forest System lands. To ensure prompt reporting of unauthorized disposal or releases of hazardous substances.

2817.43 - Standards and Procedures

- Determine if each operating proposal will involve the use or generation of listed hazardous substances and, if so, refer the operator to the responsible regulatory agencies (See 10 CFR 40 and 51: 40 CFR 122-124 and 260-265). Agencies include the Environmental Protection Agency, the Nuclear Regulatory Commission, and State counterparts.
- Rely on the responsible regulatory agencies for the development of stipulations and conditions for the proper transport, storage, use, and disposal of hazardous substances.

TITLE 2800 - MINERALS AND GEOLOGY

The Forest Service is not authorized to manage locatable mineral resources in National Forest System lands. The Forest Service is, therefore, not directly concerned with methods and techniques of prospecting, exploration, mining or mineral processing, except to the extent that certain methods and techniques can have greater or lesser environmental impacts.

The regulations shall be administered in a fair, reasonable, and consistent manner and not as a means of inhibiting or interfering with legitimate, well-planned mineral operations.

These regulations apply to all unpatented millsites, tunnel sites, and mining claims, including those not subject to 30 U.S.C. 612, and to activities, primarily prospecting, which may be conducted under the mining laws but not on claims.

The provisions of the regulations for operating plans will not be used as means of solving existing trespass and
 - unauthorized occupancy problems (FSM 2818) on lands clearly open to location under the 1872 mining law. -

The statutory right of the public to prospect, develop, and mine valuable minerals, and to obtain a patent, will be fully honored and protected. Proprietary information relating to those rights and obtained through the administration of these regulations will be protected to the full extent authorized by law.

2817.04 - Responsibility. Forest Supervisors are designated as "authorized officers" for the administration of regulations in 36 CFR 228 Subpart A. ~~Forest Supervisors shall redelegate this authority to District Rangers to the maximum extent practicable, except a Ranger may not approve an operating plan which will require:~~

- *- 1. ~~A bond of \$100,000 or more.~~ -*
2. An environmental statement.
3. Operations in a wilderness or inventoried roadless areas.

TITLE 1200 - ORGANIZATION

EXHIBIT 1 - CONTINUEDDelegation Symbols

- X - Redelegate to next lower organizational level.
 0 - Delegation limited to District Ranger

Reference	Activity	Authority Delegated to District Ranger
	2700 - LAND USES (Cont)	
	3. Issue permits for uses having negligible environmental impacts, i.e. apilary, non-transmitting antenna systems, etc.	0
	4. To authorize flagging and construction, and issue acceptance of Mountain States Telephone Co. and Arizona Public Service Co. line and/or buried cable, under preview of Working Agreement and Master Special Use Permit.	0
	2800 - MINERALS AND GEOLOGY	
2817.04	Administer 1872 Act use regulations under 36 CFR subpart A. Designated "authorized officers" for administering mining regulations except for plans requiring: a. A bond of more than \$100,000 b. An environmental statement. c. Operations in wilderness.	0

file

Reply to: 2810

Date: February 8, 1989

Subject: Resource Exploration and Development Co. (REDCO), Royal Gold, Inc.
Mining Operating Plan Amendment

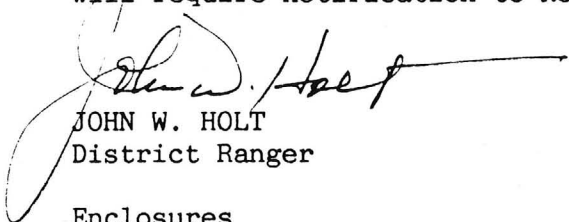
To: Forest Supervisor

Enclosed is a letter from REDCO dated 1/6/89, amending their Treasure King Operating Plan to show Royal Gold, Inc. as new owner and operator. This plan was originally proposed in October of 1985. At that time the proposed plan was evaluated utilizing the NEPA process and a Decision Notice and Finding of No Significant Impact was signed by Don Bolander. REDCO was notified on 2/20/86, that upon receipt of \$41,200 reclamation bond and their acknowledgement of appended conditions, their plan would be approved. It is important to note that REDCO planned a good margin of lead time to avoid any delays once the Treasure King Project could be implemented. Among other things, the choice of operator and price of gold were key factors in implementation of the project.

On 1/24/89, Royal Gold submitted a revised plan for the Treasure King Mine project (copy enclosed). This revised plan is smaller in size and shorter in duration than the original REDCO plan.

I recommend Royal Gold's revision be treated as an amendment to REDCO's original plan tiering to the original NEPA documentation. The approval of this completed package falls under Supervisor authority due to the use of cyanide and greater than \$20,000 reclamation bond.

The initial 30 day evaluation period ends 2/23/89. Any additional time needed will require notification to Royal Gold extending the evaluation period.


JOHN W. HOLT
District Ranger

Enclosures



Bill Bl

JAN 9 1989

P. O. Box 21088
Reno, Nevada 89515
(702) 329-0666

P. O. Box 3160
Prescott, Arizona 86302
(602) 776-9774



January 6, 1989

Mr. John W. Holt
District Ranger - Bradshaw Ranger District
U.S. Forest Service
2230 E. Highway 69
Prescott, Arizona 86301

RE: Operating Plan (2810) Treasure King Project
Amendment - change in Ownership and Operator

Dear Mr. Holt:

We currently hold an Approved Operating Plan for the Treasure King Project (Ref. 2810) in an area south of Mayer, Arizona. REDCO wishes to amend that plan to reflect the new owner and operator of the Treasure King Project as Royal Gold, Inc., 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202-1132. As you probably know, Royal Gold has been conducting tests on the property for some time now under separate arrangements with your district office.

In a related matter, please note that REDCO currently has a \$500.00 cash reclamation deposit with your office pertaining to past testing work on the Treasure King property. Upon Royal Gold's assumption of all reclamation obligations on the property, presumably by exchanging our deposit with an acceptable replacement, please refund our cash deposit to us.

Sincerely,

Paul S. Strobels
President

PSS:jan

cc: Edwin W. Peiker, President
Royal Gold, Inc.

JAN 24 1989

Be



January 23, 1989

Bill Cotee
United States Forest Service
Bradshaw Ranger District
2230 East Highway 69
Prescott, Arizona 86301

Dear Mr. Cotee:

Enclosed is our revised operating plan for the Treasure King Mine project.

Our intended plan has a shorter operating period than originally proposed by Redco and our pad is slightly smaller in area. Also, we will operate with two solution ponds rather than three.

It is our intention to fully comply with the conditions and reclamation procedures set forth by the United States Forest Service. We wish to cooperate with you fully so that at the conclusion of the project the Forest Service is satisfied that the project was operated in a safe and efficient manner.

We would like to have the Permit to Operate transferred to Royal Gold, Inc. prior to our meeting with the Yavapai County Planning and Zoning committee on February 8, 1989.

If all aspects of the project come together as expected, we hope to start mining in March.

Please call me at 702-972-5002 if you have any questions.

Sincerely,

Redford McDougall

Redford McDougall
Royal Gold, Inc.

TREASURE KING PROJECT
ROYAL GOLD OPERATING PLAN

January 20, 1989

Introduction

The Treasure King Mine is a gold project located approximately three miles southeast of Mayer, Arizona in Sections 24, 25, T. 11 1/2 N. R. 1E. The property is owned by the United States Forest Service and controlled by Royal Gold, Inc. through a recent lease agreement with the Resource Exploration and Development Company (REDCO). Royal Gold, Inc. now controls the property and intends to commence mining and processing as soon as the necessary permits are acquired.

Access to the mine area is via the Mayer to Cordes county gravel road to an unimproved road approximately 2 1/2 miles from Mayer. The unimproved road heads south, crosses Hackberry Creek and then follows the abandoned railroad grade to the proposed processing area. The mine site is approximately 1/2 mile from the county road.

The site is at an elevation of approximately 4400 feet. The vegetation is primarily low brush, prickly pear cactus, grasses, scattered juniper and small mesquite and various other small members of the cactus family.

Operating Period

The Treasure King project is expected to have a life expectancy of less than one year. Installation of the leach pads and processing equipment will take approximately one month. The mining and crushing operations should be complete five months after start up. Leaching the ore and completing the reclamation work may extend three months past the end of mining.

The operation will process ore at the rate of 45,000 tons per month. Mining and crushing will most likely require two eight hour shifts per day, five days per week while the leaching process will be continuous 24 hours per day, seven days per week.

Mining Plan

The ore will be mined using established industry methods and will comply with the State of Arizona mine safety requirements. The ore and waste will be drilled and blasted. The waste will be trucked to the waste dump and the ore will be hauled to a stockpile and fed to the crushing plant.

The accompanying drawing shows the planned pit. The plan provides for mining the ore and waste to the 4300 foot level with 25 foot wide catch benches at the 4350 level.

The final haul road will exit the pit at the south end and will join the old railroad bed terminating in the vicinity of the crushing plant.

Crushing and Stacking

The ore will be reduced to approximately minus 1/2 inch with a three stage crushing plant. Dust generated by crushing will be controlled with water sprays as prescribed by the State of Arizona Department of Environmental Quality. Power for the crushing operation will be provided by a portable generator.

The crushing plant is portable and will not require concrete foundations.

The crushed ore will be either truck or conveyor stacked on the leach pad. If truck stacking is used, a ramp will be constructed from waste rock to allow the trucks to end dump onto the plastic membrane. If conveyor stacking is used, the plastic membrane will be covered with crushed rock to provide a working surface for the radial stacker and to protect the membrane.

Gold Recovery and Processing

The gold will be recovered from the ore using standard heap leaching methods using a weak cyanide solution. The measurement, addition and control of cyanide will be by commonly accepted industry procedures.

The ore will be leached in a primary cycle for 30 days, a secondary cycle for an additional 30 days and finally a wash cycle to remove residual gold and cyanide.

The cyanide solution will be sprinkled on the heaped ore with a system of plastic pipes and sprinklers. The solution will dissolve the gold as it percolates through the ore. The gold bearing solution, called pregnant solution will discharge from the heap and flow to the pregnant solution holding pond. From the pregnant solution pond, the solution will be pumped to the processing plant where the gold will be precipitated with zinc and collected in a filter press. The resulting barren solution will gravity flow to the barren solution pond. The barren solution will then be pumped to the heap for another cycle. The chemical balances will be maintained by adding lime and cyanide to the barren solution pond with a chemical addition system.

The cyanide solution will be continuously recycled through the process without any discharge to the environment. Fresh water will be added to the system to make up for evaporation losses. When evaporation occurs, only pure water is lost in the form of vapor. The cyanide is left behind in the liquid.

Construction Details

The leach pad will be constructed on the gently sloping area east of the abandoned railroad bed and south of the high voltage power line. The pad will consist of four distinct modules separated by berms. The berms allow separation of discharge solutions for heap modules that are in different leach cycles.

The leach pad area will be stripped of top soil and graded to a smooth compacted surface. A leak detection system consisting of a network of perforated pipes will be installed on the compacted surface and covered with a layer of sand. A 30 mil layer of PVC or HDPE will be installed over the sand. The leach pad will have dimensions of 440' by 440'. Sand does not appear to be readily available in the Mayer area and therefore, an underdrain system using a layer of geotextile under the membrane rather than sand should be considered as an alternative. This system may actually be superior to the sand system because it eliminates the possibility of membrane deformation and failure in the event that the sand shifts.

Two collection ponds will be constructed directly down grade from the leach pad. Pregnant solution will gravity flow from the pad to the ponds. The ponds will have crest dimensions of 100' by 168'. Both ponds will be twelve feet deep and have 2:1 sideslopes. The ponds will also have a leak detection system and a 30 mil plastic liner.

Recovery Plant

The recovery plant will be contained in two 8 foot by 45 foot trailers. This portable plant will be simple to set up, operate and then remove at the conclusion of the project. The trailers will contain the necessary equipment for recovering gold from cyanide solutions using the Merrill-Crowe process. This process was developed in the late 1800's and is currently in use at many operating gold mines.

The process consists of filtering the solution in a clarifier, removing the oxygen in a deaeration tower, adding zinc powder to the deaerated solution and collecting the precipitated gold in a filter press. After the filter press is loaded to capacity, the solution is turned off and the zinc-gold precipitate is removed for further processing.

Infrastructure

A trailer will also be used as a combination office, lunchroom and restroom.

The property will be enclosed with a 4 strand barb wire fence. Additionally, the ponds will be fenced with chain link.

Storage of cyanide inside a building can be dangerous and therefore a chain link enclosure is planned.

Reclamation

The project reclamation procedures will follow United States Forest Service recommendations and guidelines. All suitable topsoil will be removed during the pad construction phase and stockpiled for reclamation purposes.

Treasure King Operating Plan - page 5
January 20, 1989

At the conclusion of leaching, the heap will be flushed with fresh water to lower residual cyanide to the acceptable level of 0.2 mg/l. The sprinkler lines will be removed and the heap will be contoured and the edges left at a 3:1 slope.

The solution remaining in the ponds will be allowed to evaporate to a residual level and the remaining solids will be chemically neutralized and buried. The pond liners will be folded in and buried.

The entrances to the pit benches will be blasted to discourage public access and if possible the pit walls will be worked to a more shallow slope. The waste dumps will be contoured, covered with previously stockpiled topsoil and seeded with the recommended seed mixture. The main haul roads will be ripped, contoured and seeded.

The perimeter fence will be left as requested by the USFS.

Submitted By:

Redford McDougall

Redford McDougall
Royal Gold, Inc.

OCT 28 1988



ROYALGOLD, INC

October 26, 1988

Bill Cotee
Minerals and Lands Assistant
U.S. Forest Service
Prescott National Forest
Bradshaw Ranger District
Prescott, AZ 86301

Re: Notice of Intention to Operate

Dear Bill:

Enclosed please find a Notice of Intention to Operate for some additional drilling on the REDCO property which Royal Gold, Inc., has under option. I believe a surety bond is still in place from the previous drilling programs.

I enjoyed meeting you in Prescott a couple of weeks ago. We will keep in touch regarding the proposed operations at the Treasure King property.

Yours very truly,

Lois J. Brooks
Records Manager

Enclosure

NOTICE OF INTENTION TO OPERATE/BASIC OPERATING PLAN
(Ref. 36 CFR 228, FSM 2817)

Forest Service - Unit No. 03____
2817

Date Rec'd: _____

INSTRUCTIONS TO OPERATORS: Items 1 through 6 and 12 constitute a Notice of Intention; items 5 through 12 constitute a Basic Operating Plan. Please complete in as much detail as possible and furnish to District Ranger's office. Additional sheets may be used if necessary. NOTICE: To the extent authorized by law this information will be held confidential. As an agency of the Federal Government, the Forest Service is required to comply with the Freedom of Information Act.

NOTICE IS HEREBY given that the undersigned intends to conduct prospecting, mining or milling operation, etc. on the lands described below, and in the manner indicated.

1. Operator(s):

Name(s)	Address(es)	Telephone No(s).
---------	-------------	------------------

Royal Gold, Inc.	1660 Wynkoop St., Ste 1000 Denver, CO 80202-1132	(303) 573-1660
------------------	---	----------------

2. Area of Operation:

National Forest:	Prescott	State:	Arizona	Mining District:
Ranger District:	Bradshaw	County:	Yavapai	T11-1/2N,R1E Secs 1&12

3. Access:

The proposed route of access to the operation is (describe route from point of entry in the National Forest, using road numbers when possible):

Access to the Fenster claims is by existing roads as shown on the attached map.

The following means of transport will be used (4-wheel drive vehicle, tractor, pickup, etc.):

Two and 4WD vehicles

(NOTE: Construction, reconstruction, or restoration of a road across National Forest System lands as a means of access to mining claims must be authorized separately by special-use permit.)

4. Type of Proposed Operation:

Describe the type of proposed surface disturbing activities, such as trenching, bulldozing, exploration, drill road construction, tunnel site development, etc.

Notice of Intention to Operate/Basic Operating Plan

Page 2

The proposed operation will be to build six drill pads from existing roads and drill about 15 reverse circulation holes. The proposed area of surface disturbance is shown on the attached map.

5. Map:

A map is attached which shows the general area of operation and the proposed route of access to it. (This map is required. A map scale of about 1 inch = 2 miles is adequate.)

6. Period of Operation:

Period or periods during which operations, including road work, will take place. The work will be continuous, intermittent, during the periods:

Road Work:

Other Operations:

November 1, 1988 - December 31, 1988

BASIC OPERATING PLAN The following information taken together with that in items 1 through 6 constitutes a Basic Operating Plan for which approval is requested.

7. Claims on which Operations will be Conducted:

Claim Name	BLM Serial #	Date of Location	Lode	Placer
Fenster #1	AMC 232607	15 Jan 1985	X	
Fenster #2	AMC 232608	15 Jan 1985	X	
Fenster #3	232609	15 Jan 1985	X	
Fenster #4	232610	15 Jan 1985	X	
Fenster #5	235453	21 Mar 1985	X	
Fenster #6	235454	21 Mar 1985	X	
Fenster #7	235455	21 Mar 1985	X	
Fenster #11	235459	24 Mar 1985	X	
Fenster #12	235460	24 Mar 1985	X	
Fenster #13	235461	24 Mar 1985	X	

8. Identification of Owners and Other Interested Parties:

Specify, under "status", whether owner, lessee, assignee, designee, etc.:

Name	Address	Telephone #	Status
REDCO	P.O. Box 21088 Reno, NV 89515	(702) 329-0666	Owner

Royal	1660 Wynkoop St Denver, CO 80202-1132	(303) 573-1660 (with right of entry)	Optionee
-------	--	---	----------

Field Representative:

Name	Address	Telephone
Roger Steininger	3401 San Mateo Drive Reno, NV 89509	(702) 323-7775

9. Method of Proposed Operation:

Specify how the operations of Item 4 would be conducted:

A medium-sized bull dozer will be used to prepare sites.

10. Environmental Protection Requirements:

Measure to be taken to minimize adverse environmental impacts and reclaim disturbed areas (36 CFR 228.8):

Only minimal new surface disturbance is anticipated and will be included with the required reclamation at the end of the project.

11. Map of Surface Disturbance:

A map is attached which shows the location and size of the areas of surface disturbance. (This map is required. A map scale of about 1" = 1/2 mile is adequate.)

12. Signature:

Operator's signature is required for Notice of Intention and Basic Operating Plan.



Edwin W. Peiker, Jr.

10-26-88

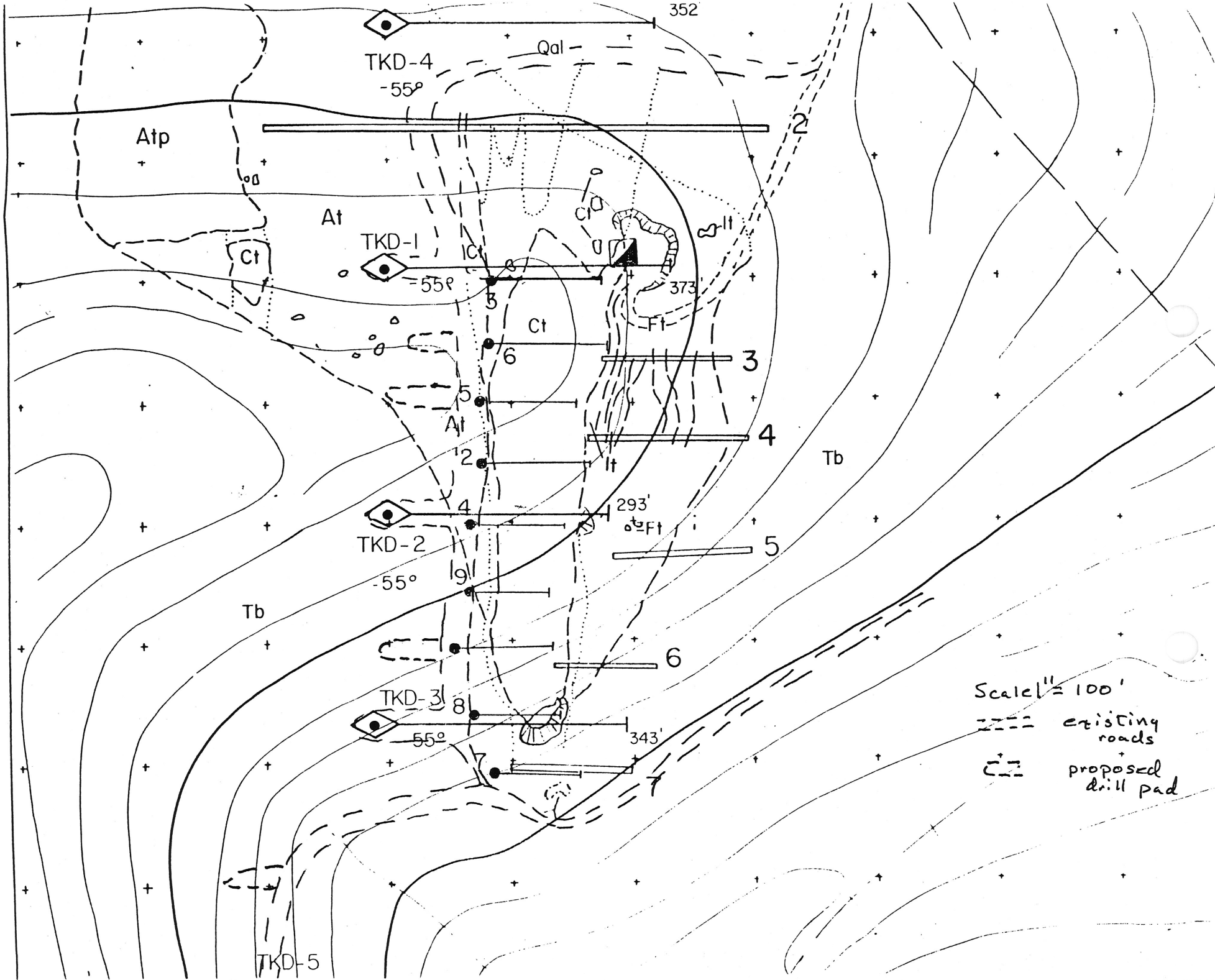
Date

NOTICE TO OPERATORS:

1. Approval of this notice of intention/operating plan does not constitute recognition or certification of ownership by any person named as owner herein.

2. Approval of this notice of intention/operating plan does not constitute now or in the future recognition of the validity of any mining claims to which it may relate or to the mineral character of the land on which it lies.

3. If previously undiscovered cultural resources (historic or prehistoric) are exposed as a result of operations under an approved notice/plan, the operator shall leave such discoveries intact and immediately notify the District Ranger. The operator shall not proceed until he is notified by the District Ranger that he has complied with the provisions for mitigating unforeseen impacts as required by 36 CFR 228.4 (e).



STATE

PROSPECTING

PERMIT

08-95140

NATIONAL FOREST

GAS CLAIMS

Access Route

Scale 1"=2000'

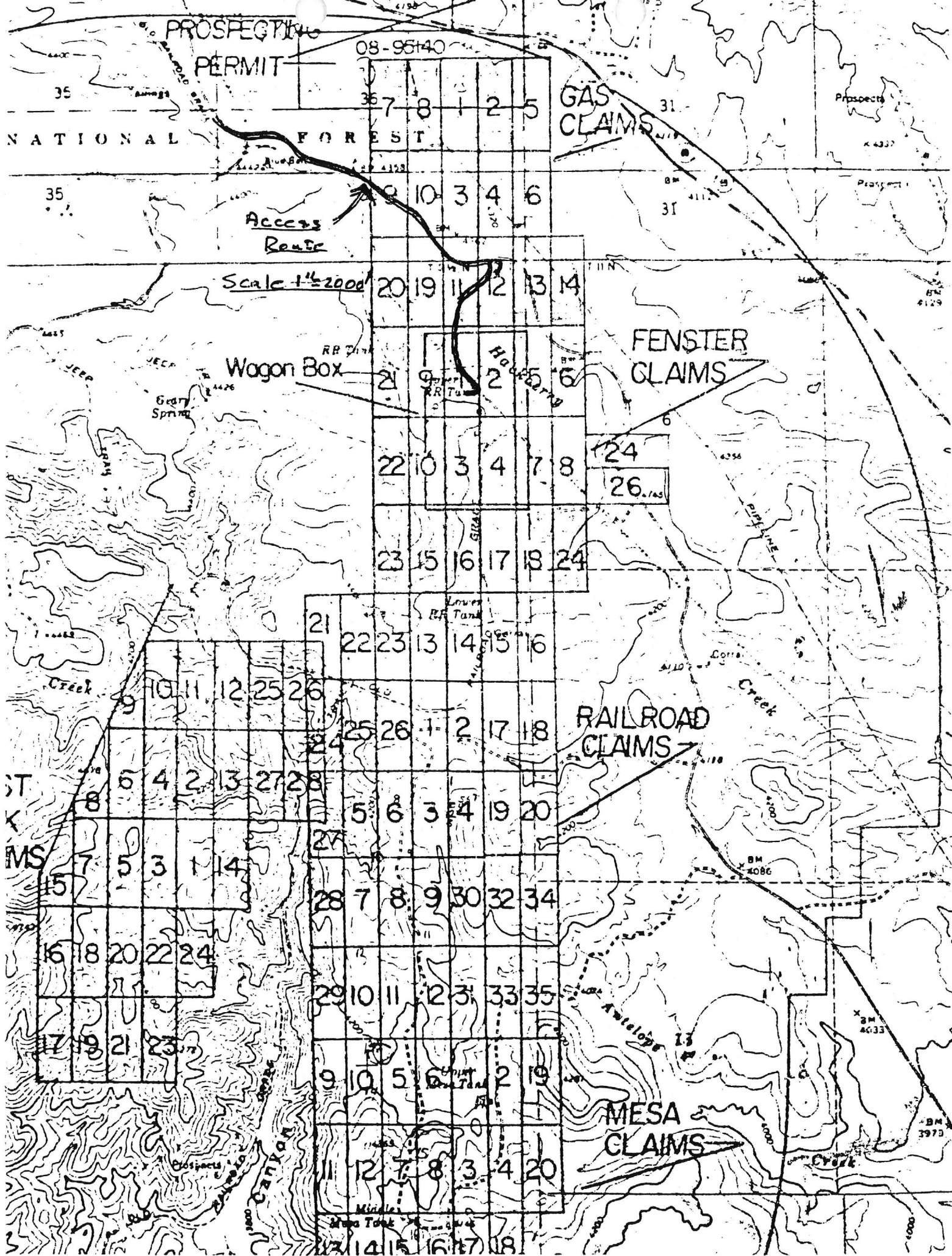
Wagon Box

Holloway

FENSTER CLAIMS

RAILROAD CLAIMS

MESA CLAIMS



FEDERAL EXPRESS**AIRBILL**USE THIS AIRBILL FOR DOMESTIC SHIPMENTS WITHIN THE CONTINENTAL U.S.A., ALASKA AND HAWAII.
USE THE INTERNATIONAL AIR WAYBILL FOR SHIPMENTS TO PUERTO RICO.
QUESTIONS? CALL 800-238-5355 TOLL FREE.

PACKAGE TRACKING NUMBER

1902965816

1902965816

RECIPIENT'S COPY

Date Jan 23 1989			
From (Your Name) Please Print L. H. H. K. K. K. K. K.		Your Phone Number (Very Important) (717) 477-1000	
Company L. H. H. K. K. K. K. K. Inc.		Department/Floor No.	
Street Address 1300 Spruce Street			
City Pittsburgh		State PA ZIP Required 15206	
To (Recipient's Name) Please Print L. H. H. K. K. K. K. K.		Recipient's Phone Number (Very Important) () () () () () ()	
Company L. H. H. K. K. K. K. K. Inc.		Department/Floor No.	
Exact Street Address (We Cannot Deliver to P.O. Boxes or P.O. Zip Codes.) 2230 ...			
City Pittsburgh		State PA ZIP Required 15201	

YOUR BILLING REFERENCE INFORMATION (FIRST 24 CHARACTERS WILL APPEAR ON INVOICE.)		IF HOLD FOR PICK-UP, Print FEDEX Address Here	
PAYMENT <input type="checkbox"/> Bill Sender <input type="checkbox"/> Bill Recipient's FedEx Acct. No. <input type="checkbox"/> Bill 3rd Party FedEx Acct. No. <input type="checkbox"/> Bill Credit Card <input checked="" type="checkbox"/> Cash		Street Address City State ZIP Required	

SERVICES	DELIVERY AND SPECIAL HANDLING	PACKAGES	WEIGHT	YOUR DECLARED VALUE	OVER SIZE	Emp. No.	Date	Federal Express Use
<input type="checkbox"/> PRIORITY 1 Overnight Delivery 6	1 <input type="checkbox"/> HOLD FOR PICK-UP (Fill in Box #)					<input type="checkbox"/> Cash Received		Base Charges
<input checked="" type="checkbox"/> OVERNIGHT LETTER*	2 <input checked="" type="checkbox"/> DELIVER WEEKDAY					<input type="checkbox"/> Return Shipment		Declared Value Charge
<input type="checkbox"/> COURIER-PAK OVERNIGHT ENVELOPE*	3 DELIVER SATURDAY (Extra charge) <input type="checkbox"/>					<input type="checkbox"/> Third Party <input type="checkbox"/> Chg. To Del. <input type="checkbox"/> Chg. To Hold		Other 1
<input type="checkbox"/> OVERNIGHT BOX 8	4 <input type="checkbox"/> DANGEROUS GOODS (Extra charge)					Street Address		Other 2
<input type="checkbox"/> OVERNIGHT TUBE 9	5 <input type="checkbox"/> CONSTANT SURVEILLANCE SERVICE (CSS) (Extra charge) (Release Signature Not Applicable)	Total	Total	Total		City State Zip		Total Charges
<input type="checkbox"/> STANDARD Delivery if later than second business day 10	6 <input type="checkbox"/> DRY ICE Lbs	Received At				Received By:		
	7 <input type="checkbox"/> OTHER SPECIAL SERVICE	1 <input type="checkbox"/> Regular Stop				X		
	8 <input type="checkbox"/>	2 <input type="checkbox"/> On-Call Stop				Date/Time Received	FedEx Employee Number	
	9 <input type="checkbox"/> SATURDAY PICK-UP (Extra charge)	3 <input type="checkbox"/> Drop Box				PART #2041738900 REVISION DATE 7/88 PRINTED IN U.S.A. SRCEH		
	10 <input type="checkbox"/>	4 <input type="checkbox"/> B.S.C.				009		
	11 <input type="checkbox"/>	5 <input checked="" type="checkbox"/> Station				* 1988 F.E.C.		
	12 <input type="checkbox"/> HOLIDAY DELIVERY (if offered) (Extra charge)	FEDEX Corp. Employee No.				Sender authorizes Federal Express to deliver this shipment without obtaining a delivery signature and shall indemnify and hold harmless Federal Express from any claims resulting therefrom.		
		Date/Time for FEDEX Use				Release Signature: _____		

File

Reply To: 2810

Date: February 23, 1989

CERTIFIED RRR

Redford McDougal
Royal Gold, Inc.
9300 Spearhead
Reno, NV 89506

Re: Treasure King Revised Operating Plan

Dear Mr. McDougal:

This is provided as follow-up to the copy of my 2/8/89 letter to REDCO acknowledging receipt of their amendment as well as your revised operating plan.

As outlined in the above referenced letter, your revised plan has been forwarded to the Forest Supervisor. Due to the additional time required to complete a comprehensive review of the plan, I am exercising the Forest Service option under 36 CFR 228.5 (a) to extend the evaluation period up to an additional 60 days. Bruce Lamb, Forest Recreation and Lands Staff, just today informed me of the need for the e may wish to contact Bruce directly at 445-1762 to determine status of the proposed revision.

Sincerely,

John W. Holt
JOHN W. HOLT
District Ranger

cc: B.Lamb
S.O.

Caring for the Land and Serving People

*cc: [unclear]
2-23-89*

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

P 944 360 115

Sent to Redford McDougal Royal Gold, Inc.	
Street and No. 9300 Spearhead	
P.O., State and ZIP Code Reno, NV 89506	
Postage	\$ 2.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.00
Postmark or Date	

PS Form 3800, June 1985

2810

Reply To: 2810

Date: November 29, 1988

Lois Brooks
Records Manager, Royal Gold Inc.
1660 Wynkoop St., Ste 1000
Denver, CO 80202-1132

Re: Amendment to Operating Plan, Received 10-26-88

Dear Ms. Brooks:

Your amendment for the Fenster Claim(s) has been evaluated and will be incorporated into and become part of the Operating Plan subject to the following stipulations:

1. The current Reclamation Bond amount is adequate to cover newly proposed disturbances.
2. All other appended conditions in the plan and other amendments apply here.

Please sign and return one copy of this respond to this office. If you have any questions concerning the above, you should contact Bill Cotee at 445-7253.

Sincerely,

The above stipulations have been reviewed and are agreed upon.

John W. Holt
FOV JOHN W. HOLT
District Ranger

W. J. P. J.

Claimant/Operator 7 Dec. '88
Date

cc: SO

Royal Gold, Inc.


Fenster Mining Claims

APPENDED CONDITIONS

- a. Any activity beyond that described herein will require an amendment to this Plan or a new Operating Plan.
- b. All combustion engine equipment will be equipped with Forest Service approved spark arrestors.
- c. Trash and debris generated by the mining operation will be removed from National Forest land and taken to the nearest public landfill.
- d. Recent termination of operatorship notification (12/4/87) from Redco with regard to the drill pads and trenches leaves reclamation of the trenches as well as drill pads Royal Gold responsibility.
- e. Upon cessation of the confirmatory testing the above mentioned disturbances will be reclaimed to as near possible natural contours. This includes backfilling of the trenches and resloping of the drill pads. All disturbed areas will then be reseeded with weeping lovegrass at the rate of 2 lbs./acre.
- f. The term of Operating Plan will be one (1) year from date of approval. Any additional time needed to complete the operation or reclamation will be applied for with submittal of an amendment to this plan.

ACCEPTANCE OF APPENDED CONDITIONS

The stipulations and/or modifications listed above have been reviewed and will be incorporated into and become a part of this Operating Plan.


Signature of Operator

14 January '88
Date

1660 Wynkoop St., Suite 1000
Denver, Colorado 80202-1132
303 573-1660
FAX 303 595-9385



ROYAL GOLD, INC

January 15, 1988

Mr. John W. Holt
U.S. Forest Service
2230 East High
Prescott, AZ 86301

Re: Fenster Mining Claim

Dear Mr. Holt:

Enclosed please find the signed Appended Conditions sheet,
per your request.

Please execute this form accordingly.

Sincerely yours,

ROYAL GOLD, INC.

Jessie B. Kamprath

Jessie B. Kamprath

JAN 20 1988	
Date	Time
Task	Rate
1	Site Visit
	Excavation
2	Materials
	PAC
	Unit Oper.
	Reg & WL
	Asst.
	Trk & HRP
	Stem
	PAC
	APFO (N)
	APFO (S)
	LPP1
	H. S. Supt.
	Stand 70
	Stand 71
	SSS
	* Fuel CR
	Personal & Pay
	Receipt (N)
	Crown King

File

Reply To: 2810

Date: January 11, 1988

Royal Gold, Inc.
1660 Wynkoop St. Ste. 1000
Denver, CO 80202-1132

Dear Mr. Steininger:

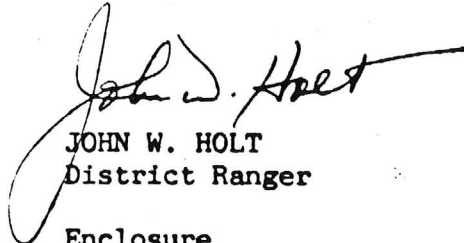
The Operating Plan submitted by you for the Fenster mining claim(s) on 12/10/87 has been evaluated by this office. The Plan will be approved upon our receipt of the following item.

1. Sign and return the enclosed Appended Conditions sheet.

No operation is to commence until the above item is received in this office and the Plan is approved.

Should you have any questions, please feel free to contact Bill Cotee of my staff. Thank you for your anticipated cooperation.

Sincerely,


JOHN W. HOLT
District Ranger

Enclosure

cc: SO

WCotee:smc

Royal Gold, Inc.

Fenster Mining Claims

APPENDED CONDITIONS

- a. Any activity beyond that described herein will require an amendment to this Plan or a new Operating Plan.
- b. All combustion engine equipment will be equipped with Forest Service approved spark arrestors.
- c. Trash and debris generated by the mining operation will be removed from National Forest land and taken to the nearest public landfill.
- d. Recent termination of operatorship notification (12/4/87) from Redco with regard to the drill pads and trenches leaves reclamation of the trenches as well as drill pads Royal Gold responsibility.
- e. Upon cessation of the confirmatory testing the above mentioned disturbances will be reclaimed to as near possible natural contours. This includes backfilling of the trenches and resloping of the drill pads. All disturbed areas will then be reseeded with weeping lovegrass at the rate of 2 lbs./acre.
- f. The term of Operating Plan will be one (1) year from date of approval. Any additional time needed to complete the operation or reclamation will be applied for with submittal of an amendment to this plan.

ACCEPTANCE OF APPENDED CONDITIONS

The stipulations and/or modifications listed above have been reviewed and will be incorporated into and become a part of this Operating Plan.

Signature of Operator

Date

NOTICE OF INTENTION TO OPERATE/BASIC OPERATING PLAN
(Ref. 36 CFR 228, FSM 2817)

Forest Service--Unit No. 03__
2817
Date Rec'd: DEC 10 1987

INSTRUCTIONS TO OPERATORS: Items 1 through 6 and 12 constitute a Notice of Intention; items 5 through 12 constitute a Basic Operating Plan. Please complete in as much detail as possible and furnish to District Ranger's office. Additional sheets may be used if necessary.
NOTICE: To the extent authorized by law this information will be held confidential. As an agency of the Federal Government, the Forest Service is required to comply with the Freedom of Information Act.

NOTICE IS HEREBY given that the undersigned intends to conduct prospecting, mining or milling operation, etc. on the lands described below, and in the manner indicated.

1. Operator(s):

Name(s)	Address(es)	Telephone No(s).
Royal Gold, Inc.	1660 Wynkoop St., Ste. 1000 Denver, CO 80202-1132	(303) 573-1660

2. Area of Operation:

National Forest: Prescott	State: Arizona	Mining District:
Ranger District: Bradshaw	County: Yavapai	T11-1/2N, R1E, Secs. 1&12

3. Access:

The proposed route of access to the operation is (describe route from point of entry in the National Forest, using road numbers when possible):

Mayer-Cordes road to an unmarked road in Section 26 of T12N, R1E, thence southeasterly for approximately 2 miles along said road to a trail located in Section 1, T11-1/2N, R1E.

The following means of transport will be used (4-wheel drive vehicle, tractor, pickup, etc.):

Two and 4WD vehicles

(NOTE: Construction, reconstruction, or restoration of a road across National Forest System lands as a means of access to mining claims must be authorized separately by special-use permit.)

4. Type of Proposed Operation:

Describe the type of proposed surface disturbing activities, such as trenching, bulldozing, exploration, drill road construction, tunnel site development, etc.

Drilling of twelve holes utilizing the surface facilities already in place.

5. Map:

A map is attached which shows the general area of operation and the proposed route of access to it. (This map is required. A map scale of about 1 inch = 2 miles is adequate.)

6. Period of Operation:

Period or periods during which operations, including road work, will take place. The work will be continuous intermittent, during the periods:

Road Work:

Other Operations:

December 1987 and January 1988

BASIC OPERATING PLAN. The following information taken together with that in items 1 through 6 constitutes a Basic Operating Plan for which approval is requested.

7. Claims on which Operations will be Conducted:

Claim Name	BLM Serial No.	Date of Location	Lode	Placer
Fenster #2	AMC 232608	15 Jan 1985	X	
Fenster #5	235453	21 Mar 1985	X	
Fenster #7	235455	21 Mar 1985	X	
Fenster #11	235459	24 Mar 1985	X	
Fenster #12	235460	24 Mar 1985	X	

8. Identification of Owners and Other Interested Parties:

Specify, under "status," whether owner, lessee, assignee, designee, etc.:

Name	Address	Telephone No.	Status
REDCO	P.O. Box 21088	(702) 329-0666	Owner
Royal Gold, Inc.	1660 Wynkoop St. Denver, CO 80202-1132	(303) 573-1660	Optionee (with right of entry)

Field Representative:

Name	Address	Telephone
Roger C. Steininger	3401 San Mateo Dr. Reno, NV 89509	(702) 323-7775

9. Method of Proposed Operation:

Specify how the operations of Item 4 would be conducted:

Diamond drilling using a standard drill rig operated by Drilling Services, Inc.

10. Environmental Protection Requirements:

Measures to be taken to minimize adverse environmental impacts and reclaim disturbed areas. (36 CFR 228.8):

We anticipate that there will be no additional disturbance or impact as we will be using surface facilities already in place on the property.

11. Map of Surface Disturbance:

A map is attached which shows the location and size of the areas of surface disturbance. (This map is required. A map scale of about 1"=1/2 mile is adequate.)

12. Signature:

Operator's signature is required for Notice of Intention and Basic Operating Plan.



Signature

6 Dec '87

Date

NOTICE TO OPERATORS:

1. Approval of this notice of intention/operating plan does not constitute recognition of certification of ownership by any person named as owner herein.

2. Approval of this notice of intention/operating plan does not constitute now or in the future recognition of the validity of any mining claims to which it may relate or to the mineral character of the land on which it lies.

3. If previously undiscovered cultural resources (historic or prehistoric) are exposed as a result of operations under an approved notice/plan, the operator shall leave such discoveries intact and immediately notify the District Ranger. The operator shall not proceed until he is notified by the District Ranger that he has complied with the provisions for mitigating unforeseen impacts as required by 36 CFR 228.4(e).

FOREST SERVICE EVALUATION--NOTICE OF INTENTION

The described operation would cause surface resource disturbance that is:

- // Not significant. No Plan of Operation is required.
- // Significant. A Plan of Operation is required.

FOREST SERVICE EVALUATION--OPERATING PLAN

The information provided:

- // Is not sufficient to constitute a Basic Operating Plan. A more detailed operating Plan must be prepared and submitted to this office.
- // Is sufficient to constitute a Basic Operating Plan, and is approved subject to the Notice to Operators.
- Is sufficient to constitute a Basic Operating Plan, and is approved subject to the Notice to Operators and appended conditions a. through f.

A special-use permit:

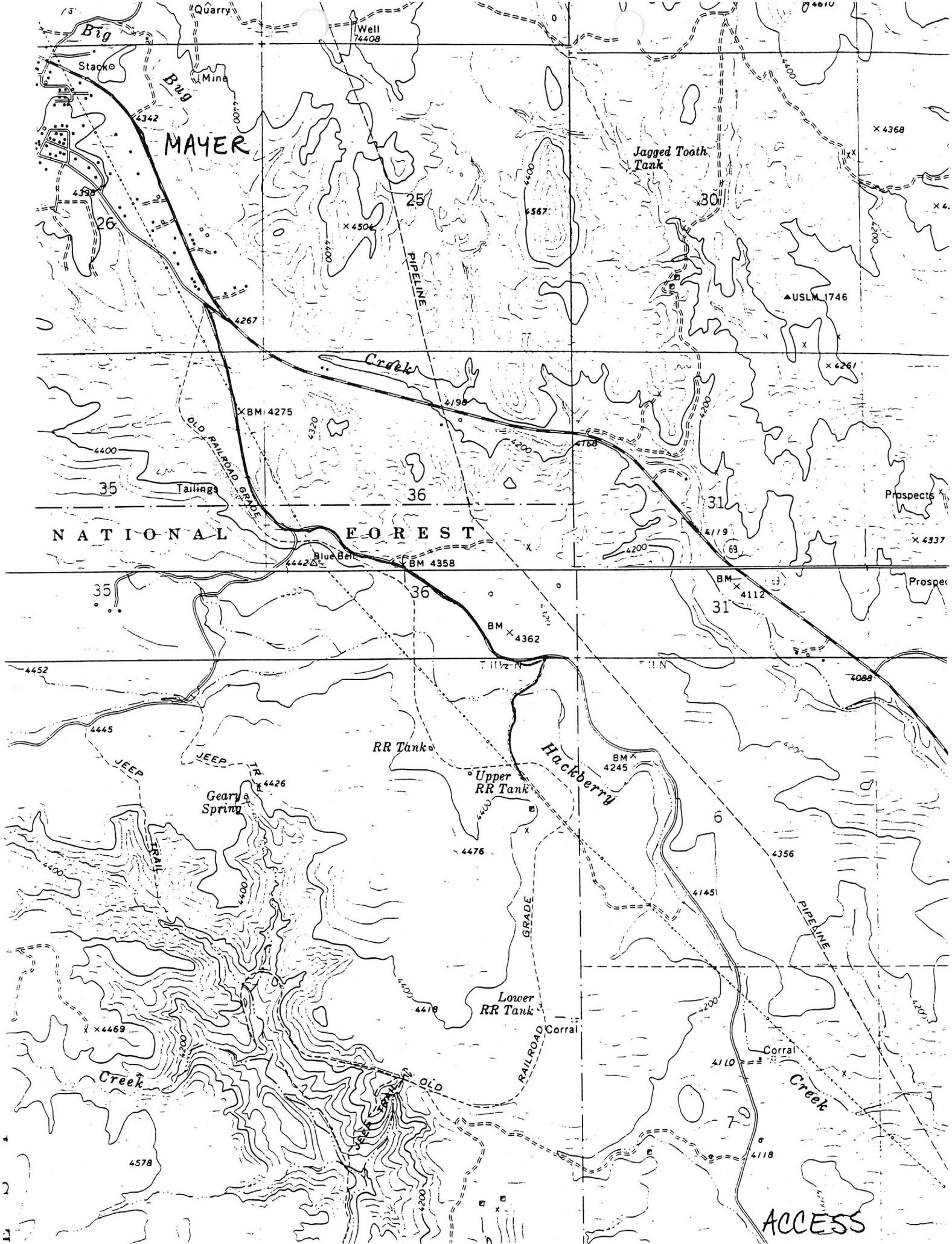
- // Is required
- Is not required

A cash or surety bond to assure reclamation as described in item 10 "Environmental Protection Requirements."

- Is required in the amount of \$ 1000 as determined in the Evaluation and Report of Notice.
- // Is not required.

<u>Bill Cotee</u>	<u>1-8-88</u>	<u>William C. Cotee</u>	<u>Minerals Lands</u>
Evaluation by	Date	Signature	Title

<u>John W. Holt</u>	<u>1-25-88 *</u>	<u>John W. Holt</u>	<u>DER</u>
Approved by	Date	Signature	Title



MAYER

Jagged Tooth Tank

Creek

NATIONAL FOREST

RR Tank

Hackberry

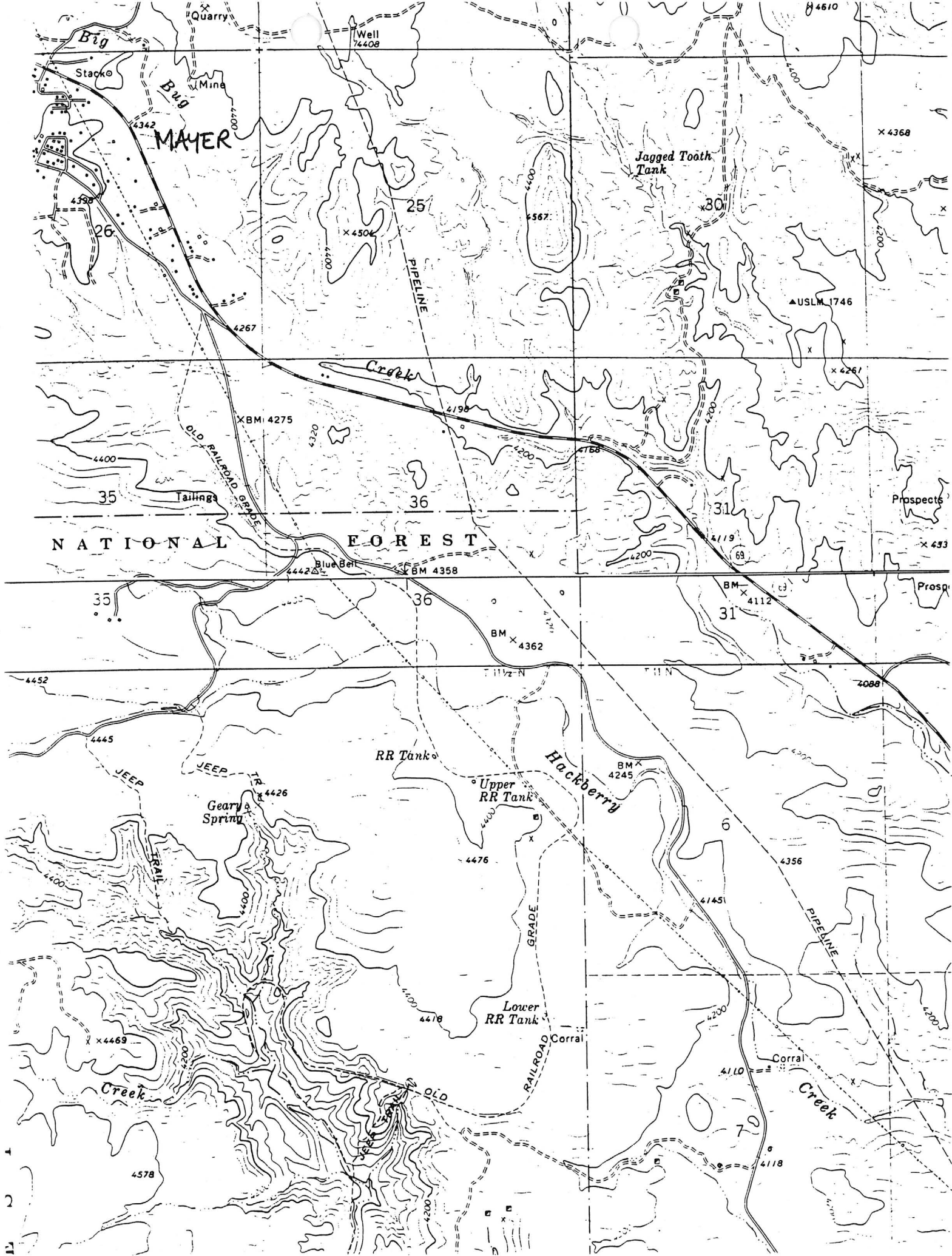
Gear's Spring

Upper RR Tank

Lower RR Tank

Creek

ACCESS



BIOLOGICAL EVALUATION

FOR ROYAL GOLD EXPLORATORY DRILLING

DATE 1-8-88

1. The proposed project area has been compared to the known or suspected location of endangered, threatened, and sensitive plants and animals as identified in the Forest Plan Biological Evaluation. The proposed project area does not conflict with any identified area locations.

WAC.
Initials

2. An official species list was utilized which was updated within the last six months.

WAC.
Initials

3. Site surveys are completed and no Federal or State listed or sensitive species were identified.

WAC.
Initials

4. The proposed project has been reviewed and no endangered, threatened, or sensitive plant or animal have been identified as occupying the project area. The proposed project area is not within any critical, essential, or potential habitat for any threatened or endangered species.

John A. Martin

Forest Wildlife Biologist

* I have considered this Operating Plan/Notice of Intent within the guidelines and direction of the 1872 Mining Act Regulations (36 CFR 228). The plan was found to be consistent with the Act. The NEPA scoping process indicates there is some effect on the human environment; however, the proponent has a legal right to operate and mitigating measures to reduce environmental impact are being required in accordance with 36 CFR 228. There are no floodplains, wetlands, endangered species or cultural resources involved in the area proposed to be mined. I find that categorical exclusion in regard to further documentation of the NEPA process is appropriate.

INSPECTION AND COMPLIANCE RECORD

Access Road	Operation	Date	Inspector	Remarks
Existing	Drilling	12-17-87	B. Cotee	Initial inspection of proposal. This is a confirmatory drilling program on Royal Golds part to confirm Redco's evaluation of mineral content. Royal Gold has purchased to claim and has an option on more to be purchased from Redco. The original Cultural Clearcut for Redco's plan still holds. The new drilling will take place on existing Redco drill pads. No new disturbance is proposed.

Reply To: 2810

Date: January 12, 1988

REDCO
P.O. Box 3160
Prescott, AZ 86302

Dear Mr. Strobel:

I am in receipt of your Termination of Operatorship letter of 12/4/87, and appreciate your efforts in keeping me abreast of the situation at the Treasure King Mine site.

We have recently evaluated Royal Gold's Mining Operating Plan for a confirmatory testing program at the mine site. One of the conditions required for approval of their plan was bonding to ensure reclamation of both the drill pads and the open trenches. It was made clear in the plan that they were responsible for all disturbances that currently exist at the site.

As requested in your letter, the \$500.00 currently held in your approved plan will be retained for closure of existing roads on the claims in the event the property reverts back to your control.

Sincerely,



JOHN W. HOLT
District Ranger

cc: SO

WCotee:smc

*Sent by CEO to MAILROOM: SO
on 1-14-88 SMC*

**RESOURCE
EXPLORATION AND
DEVELOPMENT
CO.**

P. O. Box 21088
Reno, Nevada 89515-1088
(702) 329-0666

P. O. Box 3160
Prescott, Arizona 86302

December 4, 1987

Mr. William Cotee
U.S. Forest Service
Bradshaw Ranger District
Holiday Hills Box 3451
Prescott, AZ 86301

RE: Treasure King Mine Area - REDCO Termination of Operatorship

Dear Bill:

As we have discussed and have outlined in our letter of November 17, 1987, REDCO was aware of the possibility of the termination of our operatorship of the exploration and testing activities at the Treasure King Mine site. Recently, REDCO has executed a letter of agreement with Royal Gold, Inc. making this termination effective December 4, 1987. Therefore, exploration and testing activities on this site will not be under REDCO's control until further notice.

Also, please note that all current unreclaimed disturbance on the TKM site, including drill sites, roads, and trenches was conducted at the direction and expense of Royal Gold, through a management agreement and option to purchase agreement with REDCO. All areas of disturbance prior to these agreements with Royal Gold had been reclaimed, and inspected by various USFS personnel. Therefore, Royal Gold, owners of the Wagon Box unpatented lode mining claims, which include fully all unreclaimed surface disturbance at the Treasure King Mine site, are responsible for the reclamation of the current surface damage on the property. However, should REDCO once again perform any work on the property in the future, we will inform you prior to any anticipated activity.

In regard to our current plans of operation and permits pertaining to future road improvement, drilling, and mine development, and the cash bond of \$500.00 applied to these plans, we would prefer to leave these in place for the time being, since it is a distinct possibility that the TKM property will revert back to REDCO's control. This could happen as a result of Royal Gold's failure to fully exercise their Option to Purchase Agreement with REDCO, or Royal's change in position regarding REDCO's operatorship under a management agreement, and be as soon as January of 1988. Therefore, we would like to be in a position to continue our plans in that eventuality.



REDCO Termination of Operatorship page 2

Meanwhile, please feel free to contact either Joe Sandberg in our Prescott office (776-9774) or myself in REDCO's Reno office (702/329-0666), if we can be of any further assistance.

Best Regards

A handwritten signature in cursive script, appearing to read "Paul S. Strobel".

Paul S. Strobel
President

cc: R. J. Sandberg

1660 Wynkoop St., Suite 1000
Denver, Colorado 80202-1132

Claim Check

No.

809630

Hold

ROYAL GOLD, INC

0540

1ST Notice

2ND Notice

Return

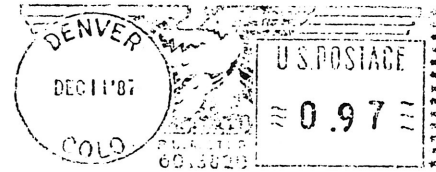
CERTIFIED

P 003 456 411

MAIL

Detached from
PS Form 3849-A,
Oct. 1985

Mr. William Cotee
United States Forest Service
344 S. Cortez
Prescott, AZ 86303



90
POSTAGE DUE

1660 Wynkoop St., Suite 1000
Denver, Colorado 80202-1132
303 573-1660
FAX 303 595-9385



ROYALGOLD, INC

December 10, 1987

Mr. William Cotee
United States Forest Service
344 S. Cortez
Prescott, AZ 86303

Dear Mr. Cotee:

Enclosed please find a check in the amount of \$1,000 in lieu
of a surety bond for the Treasure King Mine Project.

Please process it accordingly.

Sincerely,

ROYAL GOLD, INC.

Edwin W. Peiker, Jr.
Vice President

EWP/jbk

ck # 05614
23-7/1020

BILL FOR COLLECTION

(Ref. FSM 6530)

1. Place of Issue

Prescott, AZ

2. Date of Issue

12/17/87

Please pay by money order, bank draft, or check payable to **FOREST SERVICE, USDA**.
Mail payment with this statement in the enclosed envelope to: **UNIT COLLECTION OFFICER, FOREST SERVICE**.

Royal Gold, Inc.
Suite 1000
1660 Wynkoop St.
Denver, CO 80202-1102

Please Show Any Change Of Address Below:

Southwestern Region
File No. 81656
P. O. Box 60000
San Francisco, CA 94160-21656

RETAIN IN YOUR RECORDS. RECEIPT WILL NOT BE FURNISHED UNLESS REQUESTED.

3. Date or Period

4. Description

5. Amount

12/17/87

Received:

D-3

\$1,000.00

CASH IN LIEU OF BOND - For Reclamation of Fenster # 2, 5, 7 and 11 Mining Claims

Rec'd
chk # 65014
23-7/10-0
amt \$1,000.00
& mailed to LOCKBOX
12-17-87

NOTE: Payments not received by the due date are subject to a **LATE PAYMENT CHARGE** at the rate currently published by the Department of the Treasury unless a different rate is prescribed by contract or agreement.

6. Date Payment Due

12/17/87

7. Amount Due

\$1,000.00

8. Bill Number

353

9. Unit Number

T0-09

10. Sub-Unit Number

11. Timber Sale Contract Number

12. Remarks

Payment must be received by the due date indicated on this bill. Postmarks are not honored. Payment after due date is subject to an administrative charge in addition to interest (late payment charge) and a penalty charge.

13. FOREST SERVICE ACCOUNTING DATA

TRANS. CODE	MANAGEMENT CODE	FY	OBJ CLASS		AMOUNT
			MAJ.	SUB.	
A	863252				\$1,000.00

14.

TOTAL

\$1,000.00

RECLAMATION PERFORMANCE BOND

(Minerals Operating Plan and/or Exploration Permit, Including Geothermal)

(Reference FSM 6506)

INSTRUCTIONS: (1) This form is authorized for use whenever a Performance Bond is required in connection with National Forest Reclamation Activity. (2) The full legal name and business address of the Principal shall be inserted in the space designated 'Principal' on the face of this form. The bond shall be signed by an authorized person. Where such person is signing in a representative capacity (e.g., an attorney-in-fact), but is not a member of the firm, partnership, or joint venture, or an officer of the corporation involved, evidence of his authority must be furnished. (3) Corporations executing the bond as sureties must be among those appearing on the Treasury Department's list of approved sureties and must be acting within the limitations set forth therein. (4) Corporations executing the bond shall affix their corporate seals. Individuals shall execute the bond opposite the work 'Seal', and, if executed in Maine or New Hampshire, shall also affix an adhesive seal. (5) The name of each person signing this bond should be typed in the space provided.

Principal (Legal name and business address)

Royal Gold, Inc.
P O. Box 5088
Denver, CO 80217-5088

Date Bond Executed

Type of Organization (X Appropriate Box)

- Individual
- Partnership
- Joint Venture
- Corporation

Surety(ies) (Name(s) and business address(es))

In lieu of surety heron, I, the undersigned principal, hereby offer a certified check in the amount of \$1,000.00. Said certified check is pledged as security for performance and fulfillment of the operating plan for the Treasure King Mine Project.

State of Incorporation

PENAL SUM OF BOND

Million(s) \$	Thousand(s) \$	Hundred(s) \$
	1	000

KNOW ALL MEN BY THESE PRESENTS, That we, the Principal and Surety(ies) hereto, are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum for the payment of which we bind ourselves, and each of our heirs, executors, administrators, and successors, jointly and severally: Provided, That, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum 'jointly and severally' as well as 'severally' only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

SCHEDULE OF OPERATING PLANS - REGION _____

Name of National Forest	Operating Plan Number	Date	Amount Allocated to Operating Plan (\$)	Amount of Allocated Restored (\$)	Date Restored	Unallocated Balance (\$)

BILL FOR COLLECTION
(Ref. FSM 6530)

1. Place of Issue

Prescott, AZ

2. Date of Issue

12/17/87

Please pay by money order, bank draft, or check payable to **FOREST SERVICE, USDA**.
Mail payment with this statement in the enclosed envelope to: **UNIT COLLECTION OFFICER, FOREST SERVICE**.

Royal Gold, Inc.
Suite 1000
1660 Wynkoop St.
Denver, CO 80202-1132

Southwestern Region
File No. 81656
P. O. Box 60000
San Francisco, CA
94160-21656

Please Show Any Change Of Address Below:

Paid Lockbox 12/22/87

FOLD HERE

3. Date or Period	4. Description	5. Amount
12/17/87	Received: D-3 CASH IN LIEU OF BOND - For Reclamation of Fenster # 2, 5, 7 and 11 Mining Claims	\$1,000.00

NOTE: Payments not received by the due date are subject to a **LATE PAYMENT CHARGE** at the rate currently published by the Department of the Treasury unless a different rate is prescribed by contract or agreement.

6. Date Payment Due

12/17/87

7. Amount Due

\$1,000.00

FOLD HERE

8. Bill Number 353	9. Unit Number T0-09	10. Sub-Unit Number	11. Timber Sale Contract Number			
12. Remarks Payment must be received by the due date indicated on this bill. Postmarks are not honored. Payment after due date is subject to an administrative charge in addition to interest (late payment charge) and a penalty charge.		13. FOREST SERVICE ACCOUNTING DATA				
		TRANS. CODE	MANAGEMENT CODE	FY	OBJ CLASS MAJ. SUB.	AMOUNT
		A	863252			\$1,000.00
14. TOTAL					\$1,000.00	

NOTICE OF INTENTION TO OPERATE/BASIC OPERATING PLAN
(Ref. 36 CFR 228, FSM 2817)

Forest Service--Unit No. 03 ___
2817 DEC 10 1987
Date Rec'd: _____

INSTRUCTIONS TO OPERATORS: Items 1 through 6 and 12 constitute a Notice of Intention; items 5 through 12 constitute a Basic Operating Plan. Please complete in as much detail as possible and furnish to District Ranger's office. Additional sheets may be used if necessary.
NOTICE: To the extent authorized by law this information will be held confidential. As an agency of the Federal Government, the Forest Service is required to comply with the Freedom of Information Act.

NOTICE IS HEREBY given that the undersigned intends to conduct prospecting, mining or milling operation, etc. on the lands described below, and in the manner indicated.

1. Operator(s):

Name(s)	Address(es)	Telephone No(s).
Royal Gold, Inc.	1660 Wynkoop St., Ste. 1000 Denver, CO 80202-1132	(303) 573-1660

2. Area of Operation:

National Forest: Prescott	State: Arizona	Mining District:
Ranger District: Bradshaw	County: Yavapai	T11-1/2N, R1E, Secs. 1&12

3. Access:

The proposed route of access to the operation is (describe route from point of entry in the National Forest, using road numbers when possible):

Mayer-Cordes road to an unmarked road in Section 26 of T12N, R1E, thence southeasterly for approximately 2 miles along said road to a trail located in Section 1, T11-1/2N, R1E.

The following means of transport will be used (4-wheel drive vehicle, tractor, pickup, etc.):

Two and 4WD vehicles

(NOTE: Construction, reconstruction, or restoration of a road across National Forest System lands as a means of access to mining claims must be authorized separately by special-use permit.)

4. Type of Proposed Operation:

Describe the type of proposed surface disturbing activities, such as trenching, bulldozing, exploration, drill road construction, tunnel site development, etc.

Drilling of twelve holes utilizing the surface facilities already in place.

5. Map:

A map is attached which shows the general area of operation and the proposed route of access to it. (This map is required. A map scale of about 1 inch = 2 miles is adequate.)

6. Period of Operation:
Period or periods during which operations, including road work, will take place. The work will be continuous intermittent, during the periods:
Road Work: _____ Other Operations: _____
December 1987 and January 1988

BASIC OPERATING PLAN. The following information taken together with that in items 1 through 6 constitutes a Basic Operating Plan for which approval is requested.

7. Claims on which Operations will be Conducted:

Claim Name	BLM Serial No.	Date of Location	Lode	Placer
Fenster #2	AMC 232608	15 Jan 1985	X	
Fenster #5	235453	21 Mar 1985	X	
Fenster #7	235455	21 Mar 1985	X	
Fenster #11	235459	24 Mar 1985	X	
Fenster #12	235460	24 Mar 1985	X	

8. Identification of Owners and Other Interested Parties:
Specify, under "status," whether owner, lessee, assignee, designee, etc.:

Name	Address	Telephone No.	Status
REDCO	P.O. Box 21088	(702) 329-0666	Owner
Royal Gold, Inc.	1660 Wynkoop St. Denver, CO 80202-1132	(303) 573-1660	Optionee (with right of entry)

Field Representative:

Name	Address	Telephone
Roger C. Steininger	3401 San Mateo Dr. Reno, NV 89509	(702) 323-7775

9. Method of Proposed Operation:
Specify how the operations of Item 4 would be conducted:

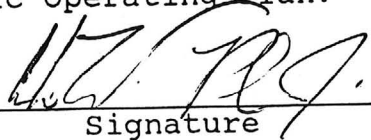
Diamond drilling using a standard drill rig operated by Drilling Services, Inc.

10. Environmental Protection Requirements:
Measures to be taken to minimize adverse environmental impacts and reclaim disturbed areas. (36 CFR 228.8):

We anticipate that there will be no additional disturbance or impact as we will be using surface facilities already in place on the property.

11. Map of Surface Disturbance:
A map is attached which shows the location and size of the areas of surface disturbance. (This map is required. A map scale of about 1"=1/2 mile is adequate.)

12. Signature:
Operator's signature is required for Notice of Intention and Basic Operating Plan.

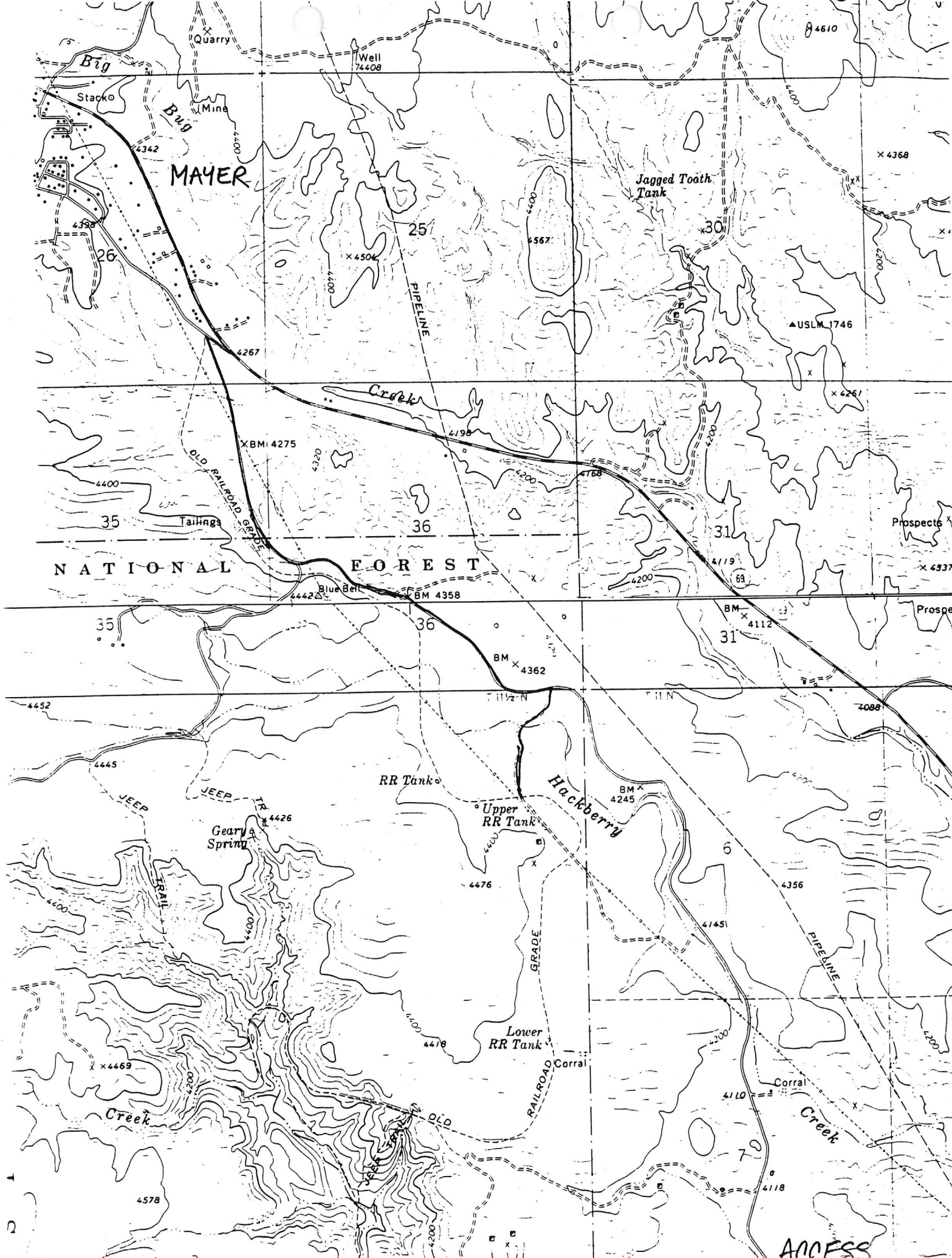


Signature

6 Dec. 1987
Date

NOTICE TO OPERATORS:

1. Approval of this notice of intention/operating plan does not constitute recognition of certification of ownership by any person named as owner herein.
 2. Approval of this notice of intention/operating plan does not constitute now or in the future recognition of the validity of any mining claims to which it may relate or to the mineral character of the land on which it lies.
 3. If previously undiscovered cultural resources (historic or prehistoric) are exposed as a result of operations under an approved notice/plan, the operator shall leave such discoveries intact and immediately notify the District Ranger. The operator shall not proceed until he is notified by the District Ranger that he has complied with the provisions for mitigating unforeseen impacts as required by 36 CFR 228.4(e).
-



MAYER

Jagged Tooth Tank

Creek

NATIONAL FOREST

RR Tank

Hackberry

Gears Spring

Upper RR Tank

Lower RR Tank

Creek

ACCESS

Stacko Mine

Well 74408

44610

X 4368

▲ USLM 1746

X BM 4275

25

30

35

36

31

35

36

31

4452

4088

4445

4426

BM 4245

4476

4356

X 4469

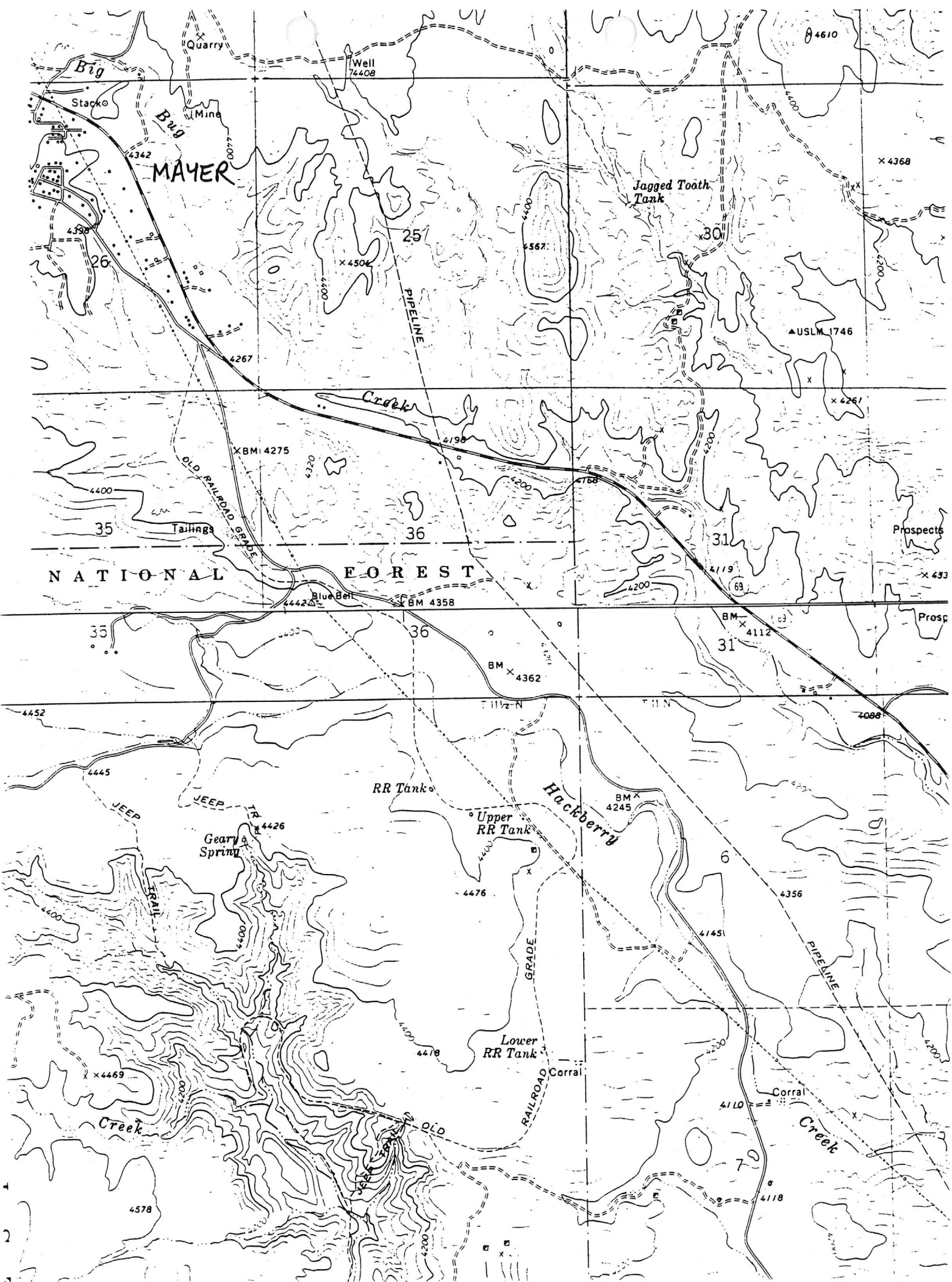
4478

4145

4578

4110

4118



JAN 24 1989

Bl

January 23, 1989

Bill Cotee
United States Forest Service
Bradshaw Ranger District
2230 East Highway 69
Prescott, Arizona 86301

Dear Mr. Cotee:

Enclosed is our revised operating plan for the Treasure King Mine project.

Our intended plan has a shorter operating period than originally proposed by Redco and our pad is slightly smaller in area. Also, we will operate with two solution ponds rather than three.

It is our intention to fully comply with the conditions and reclamation procedures set forth by the United States Forest Service. We wish to cooperate with you fully so that at the conclusion of the project the Forest Service is satisfied that the project was operated in a safe and efficient manner.

We would like to have the Permit to Operate transferred to Royal Gold, Inc. prior to our meeting with the Yavapai County Planning and Zoning committee on February 8, 1989.

If all aspects of the project come together as expected, we hope to start mining in March.

Please call me at 702-972-5002 if you have any questions.

Sincerely,

Redford McDougall

Redford McDougall
Royal Gold, Inc.

TREASURE KING PROJECT
ROYAL GOLD OPERATING PLAN

January 20, 1989

Introduction

The Treasure King Mine is a gold project located approximately three miles southeast of Mayer, Arizona in Sections 24, 25, T. 11 1/2 N. R. 1E. The property is owned by the United States Forest Service and controlled by Royal Gold, Inc. through a recent lease agreement with the Resource Exploration and Development Company (REDCO). Royal Gold, Inc. now controls the property and intends to commence mining and processing as soon as the necessary permits are acquired.

Access to the mine area is via the Mayer to Cordes county gravel road to an unimproved road approximately 2 1/2 miles from Mayer. The unimproved road heads south, crosses Hackberry Creek and then follows the abandoned railroad grade to the proposed processing area. The mine site is approximately 1/2 mile from the county road.

The site is at an elevation of approximately 4400 feet. The vegetation is primarily low brush, prickly pear cactus, grasses, scattered juniper and small mesquite and various other small members of the cactus family.

Operating Period

The Treasure King project is expected to have a life expectancy of less than one year. Installation of the leach pads and processing equipment will take approximately one month. The mining and crushing operations should be complete five months after start up. Leaching the ore and completing the reclamation work may extend three months past the end of mining.

The operation will process ore at the rate of 45,000 tons per month. Mining and crushing will most likely require two eight hour shifts per day, five days per week while the leaching process will be continuous 24 hours per day, seven days per week.

Mining Plan

The ore will be mined using established industry methods and will comply with the State of Arizona mine safety requirements. The ore and waste will be drilled and blasted. The waste will be trucked to the waste dump and the ore will be hauled to a stockpile and fed to the crushing plant.

The accompanying drawing shows the planned pit. The plan provides for mining the ore and waste to the 4300 foot level with 25 foot wide catch benches at the 4350 level.

The final haul road will exit the pit at the south end and will join the old railroad bed terminating in the vicinity of the crushing plant.

Crushing and Stacking

The ore will be reduced to approximately minus 1/2 inch with a three stage crushing plant. Dust generated by crushing will be controlled with water sprays as prescribed by the State of Arizona Department of Environmental Quality. Power for the crushing operation will be provided by a portable generator.

The crushing plant is portable and will not require concrete foundations.

The crushed ore will be either truck or conveyor stacked on the leach pad. If truck stacking is used, a ramp will be constructed from waste rock to allow the trucks to end dump onto the plastic membrane. If conveyor stacking is used, the plastic membrane will be covered with crushed rock to provide a working surface for the radial stacker and to protect the membrane.

Gold Recovery and Processing

The gold will be recovered from the ore using standard heap leaching methods using a weak cyanide solution. The measurement, addition and control of cyanide will be by commonly accepted industry procedures.

The ore will be leached in a primary cycle for 30 days, a secondary cycle for an additional 30 days and finally a wash cycle to remove residual gold and cyanide.

The cyanide solution will be sprinkled on the heaped ore with a system of plastic pipes and sprinklers. The solution will dissolve the gold as it percolates through the ore. The gold bearing solution, called pregnant solution will discharge from the heap and flow to the pregnant solution holding pond. From the pregnant solution pond, the solution will be pumped to the processing plant where the gold will be precipitated with zinc and collected in a filter press. The resulting barren solution will gravity flow to the barren solution pond. The barren solution will then be pumped to the heap for another cycle. The chemical balances will be maintained by adding lime and cyanide to the barren solution pond with a chemical addition system.

The cyanide solution will be continuously recycled through the process without any discharge to the environment. Fresh water will be added to the system to make up for evaporation losses. When evaporation occurs, only pure water is lost in the form of vapor. The cyanide is left behind in the liquid.

Construction Details

The leach pad will be constructed on the gently sloping area east of the abandoned railroad bed and south of the high voltage power line. The pad will consist of four distinct modules separated by berms. The berms allow separation of discharge solutions for heap modules that are in different leach cycles.

The leach pad area will be stripped of top soil and graded to a smooth compacted surface. A leak detection system consisting of a network of perforated pipes will be installed on the compacted surface and covered with a layer of sand. A 30 mil layer of PVC or HDPE will be installed over the sand. The leach pad will have dimensions of 440' by 440'. Sand does not appear to be readily available in the Mayer area and therefore, an underdrain system using a layer of geotextile under the membrane rather than sand should be considered as an alternative. This system may actually be superior to the sand system because it eliminates the possibility of membrane deformation and failure in the event that the sand shifts.

Two collection ponds will be constructed directly down grade from the leach pad. Pregnant solution will gravity flow from the pad to the ponds. The ponds will have crest dimensions of 100' by 168'. Both ponds will be twelve feet deep and have 2:1 sideslopes. The ponds will also have a leak detection system and a 30 mil plastic liner.

Recovery Plant

The recovery plant will be contained in two 8 foot by 45 foot trailers. This portable plant will be simple to set up, operate and then remove at the conclusion of the project. The trailers will contain the necessary equipment for recovering gold from cyanide solutions using the Merrill-Crowe process. This process was developed in the late 1800's and is currently in use at many operating gold mines.

The process consists of filtering the solution in a clarifier, removing the oxygen in a deaeration tower, adding zinc powder to the deaerated solution and collecting the precipitated gold in a filter press. After the filter press is loaded to capacity, the solution is turned off and the zinc-gold precipitate is removed for further processing.

Infrastructure

A trailer will also be used as a combination office, lunchroom and restroom.

The property will be enclosed with a 4 strand barb wire fence. Additionally, the ponds will be fenced with chain link.

Storage of cyanide inside a building can be dangerous and therefore a chain link enclosure is planned.

Reclamation

The project reclamation procedures will follow United States Forest Service recommendations and guidelines. All suitable topsoil will be removed during the pad construction phase and stockpiled for reclamation purposes.

Treasure King Operating Plan - page 5
January 20, 1989

At the conclusion of leaching, the heap will be flushed with fresh water to lower residual cyanide to the acceptable level of 0.2 mg/l. The sprinkler lines will be removed and the heap will be contoured and the edges left at a 3:1 slope.

The solution remaining in the ponds will be allowed to evaporate to a residual level and the remaining solids will be chemically neutralized and buried. The pond liners will be folded in and buried.

The entrances to the pit benches will be blasted to discourage public access and if possible the pit walls will be worked to a more shallow slope. The waste dumps will be contoured, covered with previously stockpiled topsoil and seeded with the recommended seed mixture. The main haul roads will be ripped, contoured and seeded.

The perimeter fence will be left as requested by the USFS.

Submitted By:

Redford McDougall

Redford McDougall
Royal Gold, Inc.

INSPECTION AND COMPLIANCE RECORD

Access Road	Operation	Date	Inspector	Remarks
EXISTING	EXPLORATION ASSESSMENT WORK	8-1-88	B. Cotee	Initial inspection of proposal. No cultural clearance necessary because no ground disturbance is proposed other than maintenance of existing roads within road prism. Road will remain open per RATM review.

File

Reply To: 2810

Date: February 8, 1989

Paul S. Strobel, President
REDCO
P.O. Box 21088
Reno, NV 89515

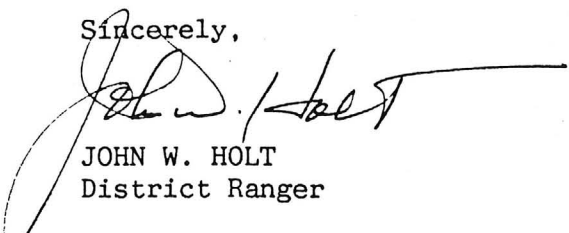
RE: Amendment to Treasure King Operating Plan

Dear Mr. Strobel:

I am in receipt of your letter dated 1/6/89. Royal Gold, Inc. submitted a revised operating plan as anticipated on 1/24/89. That plan has been forwarded to the Prescott National Forest Supervisor's Office for review. If you recall, approval of the plan falls under the authority of the Forest Supervisor.

Any further correspondence with regard to this matter will go directly to Royal Gold, Inc.

Sincerely,


JOHN W. HOLT
District Ranger

cc: SO
Redford McDougal
Royal Gold, Inc.
9300 Spearhead
Reno, NV 89506

Caring for the Land and Serving People

O B.COTTEE:D3
C B.COTTEE:D3

CC W.COTTEE:D3
CC B.COTTEE:D3

rom: SPEHAR, JOHN A.:R03F09A
ostmark: 07 Mar 89 8:35

ubject: ROYAL GOLD OPERATING PLAN APPROVAL

omments:

YI - DISCUSSED THIS STUFF W/BRUCE. HE'S REVIEWING AND WILL GIVE ME
OMMENTS, IF ANY, SOON. LET ME KNOW IF J.HOLT WOULD LIKE A FORMAL
EPLY FROM THE FS. IF SO, I CAN PREPARE A COVER LETTER TO PROVIDE
PPROPRIATE DIRECTION WHILE AWAITING COMMENTS FROM ZONE MINERALS.

THANKS JAS

5/31/90
Jack Bills from W.O.
202-453-8244
Called for Bond info on
Paydirt (LOC) & Royal
Gold - per Cotee \$42,000
was requested amt. Still
waiting for payment
then can approve plan.
Has been evaluated.

Sandy

NOTICE OF PUBLIC HEARING
Upon the application of Redford McDougall, as agent for Royal Gold, Inc., for the project known as Treasure King Mine, a Use Permit for the processing of earth materials in an RCU-2A zone.
Located 1/4 mile west of Antelope Creek Road, approximately 2 miles south of Mayer.
PARCEL
500-07-000 USFS located in Sections 24, 25, Township 11-1/2N Range 1E G&SRB&M.
The following public hearing(s) will be held at the time and place specified:
Planning and Zoning Commission, February 22, 1989 - 9:00 A.M., 255 East Gurley Street, Prescott
Board of Supervisors, March 6, 1989 - 11:00 A.M., 255 East Gurley Street, Prescott
-s- Richard T. Parker, Chief Planner
ITC Pub. Feb. 7, 1989
HA 5495

ROYAL GOLD OPERATING PLAN

. DFR LETTER OF 2/8/89 - Suggest Supervisor's authority due to use of cyanide and bond in excess of \$20,000.

COMMENT:

I.D.#19 (5/14/85) - Responsibility for approval of OP involving heap leach operations may not be delegated below Forest Supervisor.

I.D.#21 (7/3/86) - Removes the limitation on redelegation of approval authority for operation involving significant use of hazardous substances.

I.D.#24 (7/22/87) - Reissuance of I.D.#21 basically w/o changes.

FSM 2817.04 - Ranger authority to approve bonds up to \$100,000.

FSM 1239 Delegations of Authority - Ranger delegated authority except where bonds of more than \$100,000 are required.

CONCLUSION:

Approval of the Royal Gold operating plan that includes cyanide leaching and a \$41,200 bond is within the District Ranger's authority.

. NEPA DOCUMENTATION - District prepared a Scoping/EA on the initial REDCO plan of operations and forwarded to the S.O. on 12/26/85. Forest Supervisor signed a FONSI/DN with appended conditions for the operating plan on 2/20/86.

COMMENT:

The EA/FONSI/DN prepared for the REDCO proposed plan of operations still appears to be valid for the Royal Gold operations which are slightly smaller in magnitude than the REDCO proposal.

CONCLUSION:

NEPA requirements on the Royal Gold plan of operations can be met simply through reference to the original EA/FONSI/DN and the fact that nothing of substance has changed. This is primarily a change of operator rather than a change in the plan of operations.

MAJOR CONCLUSION - The Operating Plan submitted by Royal Gold on 1/20/89 does not need to be approved by the Forest Supervisor as it is within the Ranger's delegated authority. Also, additional NEPA documentation is not necessary, other than through reference, since the initial documentation on REDCO's plan is adequate. Recommend we send the project back to the District for action.

J.SPEHAR

2810
file

SCOPING/ENVIRONMENTAL ASSESSMENT DOCUMENT FOR
REDCO CYANIDE HEAP LEACHING OPERATION

Introduction

The Resource Exploration and Development Co. (REDCO) of Reno, Nevada, has submitted an Operating Plan proposing a cyanide heap leaching operation on their Fenster #1-4 mining claims. The area of operation is located in sections 24 and 25, T. 11-1/2 N., R. 1 E., G3SRB&M, on the Bradshaw Ranger District, Prescott National Forest.

Proposal

The proposal involves the excavation of an open pit approximately 700 feet long and 200 feet wide. The pit will be located on the eastern aspect of a hill and is anticipated to be 120 feet deep from the top of the hill to the bottom of the pit. Waste material removed from the pit will be stockpiled just northwest of the pit area, (see Exhibit 1 map). The other ore-bearing material will be moved to the processing area, crushed and deposited onto pads where cyanide leaching will take place. Two collection-holding ponds, a barren solution-chemical makeup pond and one small fresh water holding pond will be excavated within the processing area. A combination office, laboratory, and recovery plant building will also be constructed within the processing area. All of the above including roads, will result in disturbance of approximately 28.6 acres of National Forest land.

Evaluation of Alternatives

The operating plan as submitted meets all the requirements of 36 CFR 228 & FSM 2817. The issue at hand is not a question of whether or not the mining operation should be approved, because a no action alternative is not legally acceptable. The only concerns therefore are what mitigating measures should be incorporated into the operating plan in the way of appended conditions to minimize environmental impacts, and provide for disturbed area reclamation in accordance with Forest Service policy and the mining regulations.

The environmental impacts during the mining operation; i.e., 36 CFR 228.8 A-G, are handled through the proposed appended conditions (stipulations).

The reclamation phase of the operation requires consideration of several alternatives varying in their ability to achieve the desirable objective of returning the land to productivity and minimizing impact on visual quality. These alternatives must be measured against 36 CFR 228.8G.

Three alternatives were considered:

1. Accept the reclamation proposal in the operating plan as written; i.e., leave the leach pads and the waste rock pile, fence and leave the open pit as is, remove the structures and reclaim the new roads. (See Exhibit 2, Operating Plan).

2. Require the replacement of the leach pads and waste rock pile back into the pit, recontouring the processing and mining site to as near possible natural topography and reseeding. (See Exhibit 3, Proposed Appended Conditions).

3. Require the replacement of the waste rock pile back into the pit, suggesting that the waste rock be stockpiled near the western edge of the open pit (high side) for easier replacement. Shape the leach pads to an acceptable slope, cover with stockpiled topsoil and reseed. Slope the pit area hillside to a nonhazardous angle and reseed. Remove the structures and close all new roads. (See Exhibit 4, Proposed Appended Conditions).

Under Alternative 1, little to no reclamation is proposed and this results in the loss of resource production at three sites: leach pads, open pit and waste rock dump. This alternative would also result in the most negative visual impacts.

Alternative 2 would result in the most complete reclamation attempt. Putting all three disturbed sites back into production and leaving the area more aesthetically pleasing.

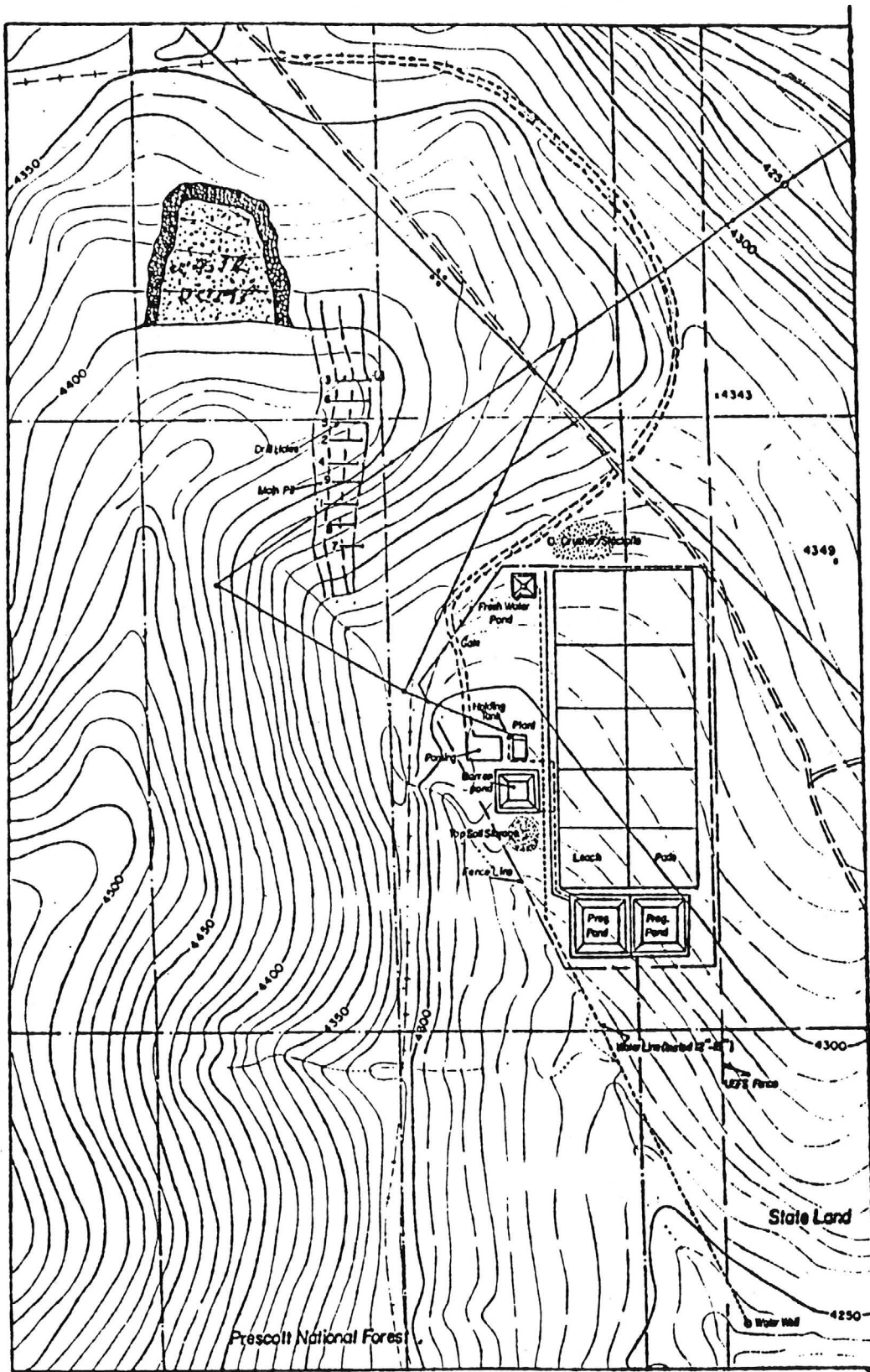
Alternative 3 would result in reclamation of two of the three disturbed areas, the waste rock dump and open pit, leaving the question of top soil filtration through the leach pads and the possibility that no production would take place on the pads. Visual impacts of this proposal would be somewhere between Alternatives 1 and 2.

Alternative 2 is recommended as preferred. It is most consistent with 36 CFR 229.8 requirements for environmental protection, and FSM 2803--4, "Ensure prompt reclamation of lands to production uses consistent with land management objectives." This would minimize adverse environmental impacts on surface resources and result in the least visual impacts.

The proposed project does not involve any floodplains, wetlands, endangered species or cultural resources. A cultural resource survey has been completed.

Consultation with Others

Howard Hirtz, Regional Mining Engineer (Exhibit 5, Memorandum Mineral Report)
Robert Anderson, Forest Hydrologist (Exhibit 6, Hydrologist's Report)
Department of Energy (Exhibit 7, Prescott-Pinnacle Peak 230-KV Transmission
Line Right-of-Way Stipulations)
Don Bolander, Forest Supervisor
Bruce Lamb, Forest R&L Staff
John Holt, Bradshaw District Ranger
Bob Deadmond, Forest Engineer (Exhibit 8, Reclamation Worksheet)



NTS



EXHIBIT #1

MAP

REVISED DECISION NOTICE
And
FINDING OF NO SIGNIFICANT IMPACT

REDCO CYANIDE HEAP LEACHING OPERATION

Yavapai County, Arizona
Prescott National Forest
Bradshaw Ranger District

On December 30, 1985, I issued a Decision Notice selecting the reclamation measures in Alternative 3 for inclusion in the plan of operations for the proposed REDCO Cyanide Heap Leaching Operation. On January 29, 1986, Deputy Regional Forester, David F. Jolly granted a suspension of the appeal period, thus allowing an on-the-ground meeting with REDCO representatives. Based on the new information presented at this meeting, I am selecting a modified Alternative 1.

The alternatives considered were; 1) Adopt the reclamation proposed by REDCO which included abandonment of fenced leach pads, fence, and abandon the pit, reslope and reseed the waste rock dump, remove the structures, and reclaim the roads; 2) Total site reclamation including replacement of leach pads and waste rock dump back into the pit, recontouring the processing and mining sites to as near possible natural topography, reseeding, removal of all structures, and reclamation of the roads; and 3) Modify the proposed operating plan by making the waste rock dump along the western edge (high side) of the open pit, replace the waste rock back into the pit upon conclusion of the operation, slope the pit area to a nonhazardous angle and reseed, reshape the leach pads to an acceptable slope, cover with topsoil and reseed, remove the structures, and reclaim the roads.

Alternative 2 was not selected, although reclamation of disturbed surfaces was more complete, because replacing the leach heaps back into the pit was felt to be unreasonable in light of the potential to reclaim the heaps in place. Although I feel that Alternative 3 provides reasonable reclamation for environmental protection, REDCO representatives provided new information indicating that placement of the waste dump uphill from the pit would interfere with standard and reasonable methods of extracting the mineral. The mineralization dips at a 60° angle under the proposed dump. Exploratory drilling has revealed the existence of an adequate mineral reserve to a depth of 120 feet which can be economically mined. Further testing, to be conducted in conjunction with mineral extraction, is expected to determine the extent of any further mineral reserves. If the reserve extends below the 120 foot depth, it would be necessary to move the waste dump to extend the pit westward in order to extract the mineral.

Alternative 1 is selected and modified as follows: 1) The angle of the heap leach pads will be reduced to a minimum slope of 3:1; 2) The final pit bench faces will not be vertical, but will be sloped for safety purposes as recommended by the Office of State Mine Inspector; 3) The entrances to the pit benches will be blasted to discourage public access upon cessation of operations; 4) Topsoil will be removed in stages from the pit and the areas needed for the waste rock and low-grade dumps, and stockpiled for later use; 5) At completion of mining, the dumps will be recontoured for stability and to blend with existing landforms, the stockpiled topsoil spread and the appropriate grass and forb species reseeded; 6) All main haulage roads will be ripped, recontoured, resloped, and reseeded.

I have determined through the environmental assessment that this is not a major Federal action that would significantly affect the quality of the human environment, therefore an environmental impact statement is not needed. This determination is based on the following factors:

1. There are minimal irreversible resource commitments and irretrievable loss of resource production.
2. There are no significant cumulative effects.
3. The physical and biological effects are limited to the area of planned activity.
4. No known threatened or endangered wildlife are affected.
5. The project does not involve floodplains or cultural resources.

Implementation of this decision may occur upon execution of the appended operating plan conditions and posting of the required reclamation bond.

This decision is subject to appeal pursuant to 36 CFR 228.14.

Donald H. Bolander
DONALD H. BOLANDER
Forest Supervisor

2-20-86
DATE

DECISION NOTICE
And
FINDING OF NO SIGNIFICANT IMPACT

REDCO CYANIDE HEAP LEACHING OPERATION

Yavapai County, Arizona
Prescott National Forest
Bradshaw Ranger District

The REDCO Cyanide Heap Leaching Operation Environmental Assessment documents the analysis of 3 reclamation alternatives for inclusion in the plan of operations for the proposed mining project.

Based on the analysis documented in the environmental assessment and a review of the requirements for environmental protection contained in Secretary's Regulation 36 CFR 228.8, it is my decision to adopt Alternative 3. This alternative was selected because it most nearly meets the intent of the Secretary's Regulation to reclaim the surface disturbed, control onsite and off-site damage to the surface resources in a manner that is reasonably practicable.

The alternatives considered were: 1) Adopt the reclamation proposed by REDCO which included abandonment of fenced leach pads, fence and abandon the pit, reslope and reseed the waste rock dump, remove the structures and reclaim the roads; 2) Total site reclamation including replacement of leach pads and waste rock dump back into the pit, recontouring the processing and mining site to as near possible natural topography and reseeding, remove the structures and reclaim the roads; and 3) Modify the proposed operating plan by making waste rock dump along western edge (high side) of the open pit, replace the waste rock back into the pit upon conclusion of the operation, slope the pit area hillside to a nonhazardous angle and reseed, reshape the leach pads to an acceptable slope, cover with topsoil and reseed, remove the structures and reclaim the roads.

Alternative 1, as proposed by the mining claimants was not selected because it did not adequately reclaim the surface disturbed, nor control the onsite damage to the surface resources. Alternate 2 was not selected, although reclamation of disturbed surfaces was more complete, because replacing the leach heaps back into the pit was felt to be unreasonable in light of the potential to reclaim the heaps in place.

I have determined through the environmental assessment that this is not a major Federal action that would significantly affect the quality of the human environment therefore, an environmental impact statement is not needed. This determination is based on the following factors:

1. There are minimal irreversible resource commitments and irretrievable loss of resource production.
2. There are no significant cumulative effects.

3. The physical and biological effects are limited to the area of planned activity.
4. No known threatened or endangered wildlife are affected.
5. The project does not involve floodplains or cultural resources.

Implementation of this decision may occur upon execution of the appended operating plan conditions and posting of the required reclamation bond.

This decision is subject to appeal pursuant to 36 CFR 228.14.

Donald H. Bolander
DONALD H. BOLANDER
Forest Supervisor

12-30-85
DATE

STATE OF ARIZONA

GROUNDWATER QUALITY PROTECTION PERMIT

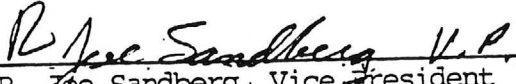
PART I. AUTHORIZATION FOR FACILITY OPERATION SUCH THAT GROUNDWATER QUALITY OF THE STATE OF ARIZONA IS NOT ADVERSELY IMPACTED.


In compliance with the provisions of A.R.S. 36-1851 et seq; A.A.C. Title 9, Chapter 20, Article 2; A.A.C. Title 9, Chapter 21, Article 4; and conditions set forth in this permit:

<p>Facility Name:</p> <p>Treasure King (Fenster)</p>	<p>Royal Gold, Inc. Owner: 1660 Wynkoop St., Suite 1000 Denver, Colorado 80202-1132 Resource-Exploration-and-Development Co. P.O. Box 3160 Prescott, Arizona 86302</p>
--	--

is authorized to operate the Treasure King (Fenster) leach milling facility located three (3) miles southeast of Mayer, Arizona in Yavapai County over groundwater of the Agua Fria Basin in Township 11-1/2 North; Range 1 East; Section 24, SE 1/4, NE 1/4 - Gila and Salt River Base Line and Meridian.

This permit shall become effective on the date of signature and shall be valid for ten (10) years provided that the facility is operated and maintained in compliance with the specific conditions, general conditions, information documented or referenced in PART I, II, III and IV of this Permit, and the Groundwater Quality Standards and Aquifer Water Quality Standards are not violated (PART V).


 R. Joe Sandberg, Vice President
 Resource Exploration & Development Co.


 William H. Shafer, Jr., P.E.
 Acting Assistant Director
 Arizona Department of Environmental Quality

Signed this 26 day of
Sept 1988

Signed this 1 day of
October 1988

PART III. REFERENCES: PERTINENT INFORMATION

A. References

The terms and conditions set forth in this permit have been developed based upon the information contained in the following:

1. Groundwater Field Inspection Form(s) dated _____

2. Notice of Disposal dated August 13, 1985
3. Groundwater Impact Review (re above No. 2) dated _____
4. Plan Review File Number _____
5. Permit Application dated _____
6. Groundwater Impact Review (re above No. 5) dated _____
7. Amendments to above Nos. 2, 4 and 5 dated _____
No. 2 - August 30, 1985
8. Public Notice dated May 19, 1986/July 31, 1988
9. Public Hearing comments, correspondence and any additional supplemental information contained in the facility permit file.
10. Other _____

B. Facility Information

1. Facility Contact Person Redford McDougall
2. Address 9300 Spearhead
Reno, NV 89506
3. Emergency Telephone Number: Business (702) 972-5002
Home ()

The Department shall be notified within 30 days of a change in the facility contact person.

4. Landowner of Facility Site Prescott National Forest

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF AIR QUALITY
2005 North Central Avenue ■ Phoenix, AZ 85004 ■ Phone (602) 257-2285

INSTALLATION PERMIT

(As required by Section 49-426, Arizona Revised Statutes)

1. PERMIT TO BE ISSUED TO (Business License Name of Organization that is to receive permit) _____
Royal Gold, Inc.

2. NAME (OR NAMES) OF OWNER OR PRINCIPALS DOING BUSINESS AS THE ABOVE ORGANIZATION _____
Stanley Dempsey, President; Edwin W. Peiker, Jr., Vice President

3. MAILING ADDRESS 1660 Wynkoop Street, Suite 1000
NUMBER STREET
Denver, CO 80202-1132
CITY OR COMMUNITY STATE ZIP CODE

4. EQUIPMENT LOCATION ADDRESS Treasure King Mine
NUMBER STREET
Yavapai County
CITY OR COMMUNITY STATE ZIP CODE

5. FACILITIES OR EQUIPMENT DESCRIPTION _____
Mining and ore extraction equipment
Associated Equipment

6. THIS PERMIT ISSUED SUBJECT TO THE FOLLOWING See attachment A

7. ADEQ PERMIT NUMBER 55018 PERMIT CLASS C

ISSUED THIS 26th DAY OF May, 19 88

William E. Watson
SIGNATURE

Assistant Director, Department of Environmental
TITLE Quality

The issuance of this permit shall in no way be construed as a warranty affirmation or indication that the equipment described herein will qualify for an operating permit. It is the sole responsibility of the applicant to comply with all applicable air pollution laws, regulations and standards.

EXPLORATION WELL(S)
FILING FEE \$10.00

DEPARTMENT OF WATER RESOURCES
NOTICE OF INTENTION TO
EXPLORATION WELL(S)



EXPLORATION WELL(S)

Section 45-596, Arizona Revised Statutes and Rule R12-15-809 provide that prior to drilling one or more exploration wells, the well owner, lessee or exploration firm shall file a Notice of Intention to Drill on a form provided by the Department.

WELL/LAND LOCATION

1. Township 11 1/2 N N/S
Range 1 E E/W
Section 12

7. Number of wells 14
(See Condition 3 on reverse)

11. Drilling firm:

In the case of a single well,
list 10-acre subdivision

NE 1/4, SE 1/4, SW 1/4

2. County Yavapai

8. Owner of land:

REDCO

Name

P.O. Box 21088

Address

Reno, NV 89515-1088

City State Zip

Drilling Services Co.

Name

12030 E. Riggs Road

Address

Chandler, AZ 85249

City State Zip

52

3. Applicant:
Royal Gold, Inc.

1660 Wynkoop Street,
Suite 1000

Address

Denver, CO 80202-1132

City State Zip

9. DESCRIPTION OF WELL:

Diameter 5 1/2 inches

Depth shortest 75
longest 200 feet

Type of casing none
(If none, so state)

12. Period well will remain
in use _____ months.

13. Proposed method of
abandonment of well(s)
after project is
completed:

4. Mr. E.W. Peiker, Jr.

NAME OF CONTACT PERSON

Phone (303) 573-1660

10. Construction will start:

12 15 87

Month Day Year

Backfill with cutting
if one aquifer is
penetrated, backfill
with 20' grout plug;
two aquifers are pene
trated, full grouting.
Ref. R-12-15-816

5. Owner of well:

Royal Gold, Inc.

Name

1660 Wynkoop, Suite 1000

Address

Denver, CO 80202-1132

City State Zip

6. Purpose of well(s) drilled
pursuant to this Notice:

Mineral Exploration XX

Geotechnical _____

Cathodic Protection _____

Grounding _____

DO NOT WRITE IN THIS SPACE

OFFICE RECORD

File No. A(11 1/2-1)12 da

Filed 12-14-87 By sv

Input _____ By _____

Duplicate

Mailed 12-24-87 By sv

Registration 55-519888

AMA/INA _____

W/S 06 S/B _____

DEC 1987

HYDROLOGY
APPROVED

14. Is the proposed wellsite within 100 feet of a septic tank system, sewage disposal area, landfill, hazardous waste facility or storage area of hazardous materials?

If yes, a request for a variance must accompany this application pursuant to R12-15-820.

GENERAL INSTRUCTIONS

1. Fill out this form in duplicate and mail to Department of Water Resources, Suite 100, 99 East Virginia, Phoenix, Arizona 85004.

2. Proper filing fee of \$10.00 must accompany Notice.

I state that this Notice is filed in compliance with Rule R12-15-809 and is complete and correct to the best of my knowledge and belief and that I understand the conditions set forth on the reverse side of this form.

DATE 11 December 1987

Signature of Applicant

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

AIR POLLUTION CONTROL
OPERATING PERMIT NUMBER 55018

Has been issued to Royal Gold, Inc.
1660 Wynkoop Street, Suite 1000
Denver, Colorado 80202-1132

For operation of Mining & Ore Extraction Equipment and Associated Equipment

Subject to terms and conditions therein and all applicable Arizona Revised Statutes and the Arizona Administrative Code.

Number 55018
Issued 5/26/88
Expires 5/26/89

William E. Watson
Acting ASSISTANT DIRECTOR

TO BE FRAMED AND DISPLAYED IN A CONSPICUOUS PLACE

Copy
this
permit
sect.

This should
be at
property
during
construc-
tion phase

5495

SEC. 24, 25 | TWP. 11 1/2 N | R. 1 E.

SE 1/4 of sec. 24
ASSESSOR'S PARCEL NO.
NE 1/4 of sec 25

OWNER'S MAILING ADDRESS

Name Royal Gold, Inc.
And 1660 Wynkoop Street
Address Denver, Colorado 80202-1132

Phone (303)-573-1660

FOR OFFICE USE ONLY

Sup. Dist No. 2
App'l Date 12-29-88

AGENT'S MAILING ADDRESS (if other than owner)

Name RED Mc DOUGALL
And 9300 SPEARHEAD
Address RENO NV 89506

Phone: (702)-972-5002

Taken by MK
Fees & Charges 2410.00
Zoning RCU-2A

HEARING by: P&Z, B.O.S., B.O.A. for _____

Receipt No. & Date
5909 12-29-88

REQUEST (Detailed as follows): Use permit for operation of the Treasure King mine and processing facilities.

LEGAL DESCRIPTION: LOT _____ BLOCK _____ SUBD'N. NAME _____ UNIT _____
(or see legal description attached for Metes & Bounds Parcel.)

I hereby certify that the information submitted for this application is complete and accurate to the best of my knowledge; and that I am the applicant or the bonafide agent of same as stated in the attached documentation.

Date: December 26/88 Signature: Redford McDougall
Please Print Name: Redford McDougall

RULING BY: Planning and Zoning Commission DATE: Feb. 22, 1989

RECOMMEN
 APPROV
 DENIAL

STIPULATIONS: The Commission recommended approval of the Use Permit for a period of 2 years subject to compliance with all appropriate regulatory agencies.

RULING BY: Board of Supervisors DATE: March 6, 1989

GRANT
 DENIAL

STIPULATIONS: The Board adopted the P&Z Recommendation.



AUG 15 1988

Reply To: 2810

Date: August 4, 1988

Roger C. Steininger
Royal Gold, Inc.
1660 Wynkoop St., Ste. 1000
Denver, CO 80202-1132

FOREST SERVICE RESPONSE TO NOTICE OF INTENTION TO OPERATE

We have evaluated your Notice of Intention to Operate dated 7-5-88 for the AF Nos.1-8 and LH Nos.1-6 mining claim(s), pursuant to 36 CFR 228.4 and FSM 2817.1

Please be aware that the following stipulations apply to this operation:

1. This operation is authorized to begin immediately. A substantial change in your operation will need to be covered by a new Notice of Intention to Operate or a Basic Operating Plan.
2. All internal combustion engines must be equipped with an approved spark arrestor prior to operation on Government land.
3. All operations on National Forest lands must also comply with State law governing water quality standards for surface waters, A.C.R.R., Title 9, Chapter 21.
4. Other stipulations: No ground disturbance other than road maintenance is authorized with this notice. A Minimum Standards For Single Lane Fair Weather Road specifications sheet is enclosed and will be used as a guide in your maintenance of Forest Road 259B. Waterbars / Grade Dips will be installed every 100' on those segments of the road that exceed 6% grade.

Please sign and return one copy of the Response to this office. Upon receipt, a copy of your approved Notice of Intention to Operate will be furnished you.

If you have any questions concerning the above, you should contact us at your earliest convenience. Maintaining good communications with this office during this operation will be mutually beneficial, so please do not hesitate to contact me or my field representative at any time.

JW
J. M. Roberts
JOHN W. HOLT
District Ranger

The above stipulations have been reviewed and are agreed upon.

[Handwritten Signature]
Signature of Operator

Caring for the Land and Serving People

NOTICE OF INTENTION TO OPERATE/BASIC OPERATING PLAN
(Ref. 36 CFR 228, FSM 2817)

Forest Service--Unit No. 03 ✓
2817
Date Rec'd: JUL 05 1988

INSTRUCTIONS TO OPERATORS: Items 1 through 6 and 12 constitute a Notice of Intention; items 5 through 12 constitute a Basic Operating Plan. Please complete in as much detail as possible and furnish to District Ranger's office. Additional sheets may be used if necessary.
NOTICE: To the extent authorized by law this information will be held confidential. As an agency of the Federal Government, the Forest Service is required to comply with the Freedom of Information Act.

NOTICE IS HEREBY given that the undersigned intends to conduct prospecting, mining or milling operation, etc. on the lands described below, and in the manner indicated.

1. Operator(s):

Name(s)	Address(es)	Telephone No(s).
Royal Gold, Inc.	1660 Wynkoop St., Ste. 1000 Denver, CO 80202-1132	(303) 573-1660

2. Area of Operation:

National Forest: Prescott	State: Arizona	Mining District:
Ranger District: Bradshaw	County: Yavapai	T11-1/2N, R1E, Secs. 1&12

3. Access:

The proposed route of access to the operation is (describe route from point of entry in the National Forest, using road numbers when possible):

Access to the AF claims is by existing drill roads, north from the Agua Fria road. Access to the Lazy Horseshoe claims is by an unmarked road leading south from the Mayer-Cordes road.

The following means of transport will be used (4-wheel drive vehicle, tractor, pickup, etc.):

Two and 4WD vehicles, and a small bull dozer.

(NOTE: Construction, reconstruction, or restoration of a road across National Forest System lands as a means of access to mining claims must be authorized separately by special-use permit.)

4. Type of Proposed Operation:

Describe the type of proposed surface disturbing activities, such as trenching, bulldozing, exploration, drill road construction, tunnel site development, etc.

Road clean up in preparation for a future drilling program, which will be addressed in a separate filing. A small bull dozer will be used for this work.

5. Map:

A map is attached which shows the general area of operation and the proposed route of access to it. (This map is required. A map scale of about 1 inch = 2 miles is adequate.)

6. Period of Operation:

Period or periods during which operations, including road work, will take place. The work will be continuous intermittent, during the periods:

Road Work: August, 1988

Other Operations:

BASIC OPERATING PLAN. The following information taken together with that in items 1 through 6 constitutes a Basic Operating Plan for which approval is requested.

7. Claims on which Operations will be Conducted:

Claim Name	BLM Serial No.	Date of Location	Lode	Placer
AF #1	AMC 232611	20 Dec 1984	X	
AF #2	232612	20 Dec 1984	X	
AF #3	232613	20 Dec 1984	X	
AF #4	232614	20 Dec 1984	X	
AF #5	232615	20 Dec 1984	X	
AF #6	232616	20 Dec 1984	X	
AF #7	232617	20 Dec 1984	X	
AF #8	232618	20 Dec 1984	X	
LH #1	243803	15 Aug 1985	X	
LH #2	243804	15 Aug 1985	X	
LH #3	243805	15 Aug 1985	X	
LH #4	243806	15 Aug 1985	X	
LH #5	243807	15 Aug 1985	X	
LH #6	243808	15 Aug 1985	X	

8. Identification of Owners and Other Interested Parties:

Specify, under "status," whether owner, lessee, assignee, designee, etc.:

Name	Address	Telephone No.	Status
REDCO	P.O. Box 21088	(702) 329-0666	Owner
Royal Gold, Inc.	1660 Wynkoop St. Denver, CO 80202-1132	(303) 573-1660	Optionee (with right of entry)

Field Representative:

Name	Address	Telephone
Roger C. Steininger	3401 San Mateo Dr. Reno, NV 89509	(702) 323-7775

9. Method of Proposed Operation:

Specify how the operations of Item 4 would be conducted:

A small bull dozer will be used to clean existing roads to supply access to potential drill sites.

10. Environmental Protection Requirements:

Measures to be taken to minimize adverse environmental impacts and reclaim disturbed areas. (36 CFR 228.8):

We anticipate that there will be no significant disturbance or impact as we will be using surface facilities already in place.

11. Map of Surface Disturbance:

A map is attached which shows the location and size of the areas of surface disturbance. (This map is required. A map scale of about 1"=1/2 mile is adequate.)

12. Signature:

Operator's signature is required for Notice of Intention and Basic Operating Plan.



Signature

24 June 1988

Date

NOTICE TO OPERATORS:

1. Approval of this notice of intention/operating plan does not constitute recognition of certification of ownership by any person named as owner herein.

2. Approval of this notice of intention/operating plan does not constitute now or in the future recognition of the validity of any mining claims to which it may relate or to the mineral character of the land on which it lies.

3. If previously undiscovered cultural resources (historic or prehistoric) are exposed as a result of operations under an approved notice/plan, the operator shall leave such discoveries intact and immediately notify the District Ranger. The operator shall not proceed until he is notified by the District Ranger that he has complied with the provisions for mitigating unforeseen impacts as required by 36 CFR 228.4(e).

FOREST SERVICE EVALUATION--NOTICE OF INTENTION

The described operation would cause surface resource disturbance that is:

- Not significant. No Plan of Operation is required.
- Significant. A Plan of Operation is required.

FOREST SERVICE EVALUATION--OPERATING PLAN

The information provided:

- Is not sufficient to constitute a Basic Operating Plan. A more detailed operating Plan must be prepared and submitted to this office.
- Is sufficient to constitute a Basic Operating Plan, and is approved subject to the Notice to Operators.
- Is sufficient to constitute a Basic Operating Plan, and is approved subject to the Notice to Operators and appended conditions _____ through _____.

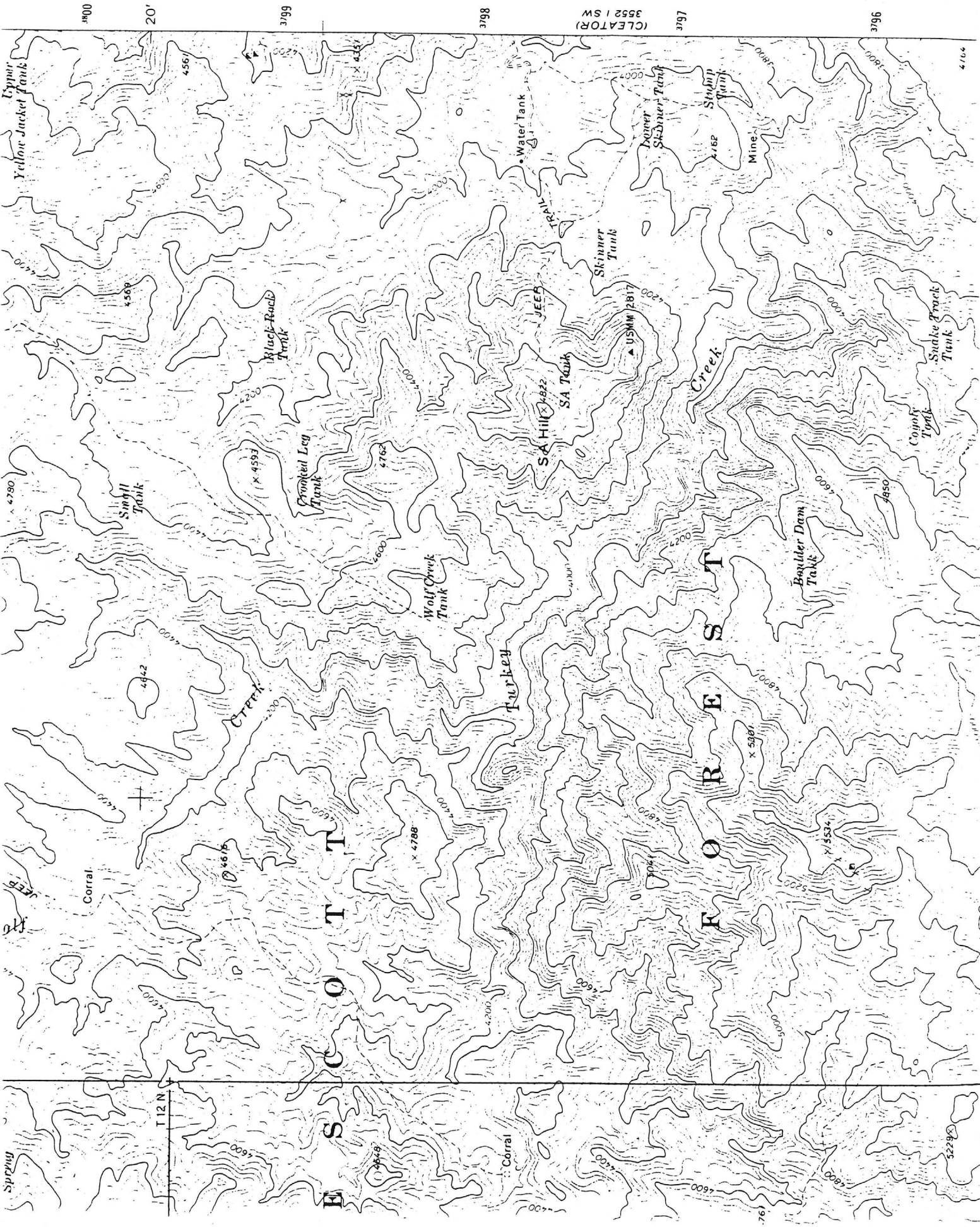
A special-use permit:

- Is required
- Is not required

A cash or surety bond to assure reclamation as described in item 10 "Environmental Protection Requirements."

- Is required in the amount of \$ _____ as determined in the Evaluation and Report of Notice.
- Is not required.

<u>Bill Cotee</u> Evaluation by	<u>7-28-88</u> Date	<u>William C. Cotee</u> Signature	<u>Minerals & Lands Asst.</u> Title
<u>MARTHA M. ROBERTS</u> Approved by	<u>8-18-88</u> Date	<u>* M M Roberts</u> Signature	<u>Acting District Ran</u> Title



3796

3797

3798

3799

3800

T 12 N

3796

3797

3798

3799

3800

(CLEATOR)
3552 1 SW

Upper
Yellow Jacket Tank

Snake
Tank

Corral

Springs

Black Rock
Tank

Wooded Lay
Tank

Wolf Creek
Tank

Turkey
Creek

SA Hill
4822

SA Tank

Skinner
Tank

Water Tank

Upper
Yellow Jacket Tank

Snake
Tank

Corral

Springs

Mine

Boulder Dam
Tank

Coyote
Tank

Snake
Tank

32290

NOTICE OF INTENTION TO OPERATE/BASIC OPERATING PLAN
(Ref. 36 CFR 228, FSM 2817)

Forest Service--Unit No. 03 ✓
2817
Date Rec'd: JUL 9 8 1936

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Notice of Intention to Operate/Basic Operating Plan
Page 2

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Road Work: August, 1988

Other Operations:

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AF #4	232614	20 Dec 1984	X	
AF #5	232615	20 Dec 1984	X	
AF #6	232616	20 Dec 1984	X	
AF #7	232617	20 Dec 1984	X	
AF #8	232618	20 Dec 1984	X	
LH #1	243803	15 Aug 1985	X	
LH #2	243804	15 Aug 1985	X	
LH #3	243805	15 Aug 1985	X	
LH #4	243806	15 Aug 1985	X	
LH #5	243807	15 Aug 1985	X	
LH #6	243808	15 Aug 1985	X	

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Specify, under "status," whether owner, lessee, assignee, designee, etc.:

Name	Address	Telephone No.	Status
REDCO	P.O. Box 21088	(702) 329-0666	Owner
Royal Gold, Inc.	1660 Wynkoop St. Denver, CO 80202-1132	(303) 573-1660	Optionee (with right of entry)

Field Representative:

Name	Address	Telephone
Roger C. Steininger	3401 San Mateo Dr. Reno, NV 89509	(702) 323-7775

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Signature

24 June 1988

Date

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FOREST SERVICE EVALUATION--NOTICE OF INTENTION

The described operation would cause surface resource disturbance that is:

- // Not significant. No Plan of Operation is required.
- // Significant. A Plan of Operation is required.

FOREST SERVICE EVALUATION--OPERATING PLAN

The information provided:

- // Is not sufficient to constitute a Basic Operating Plan. A more detailed operating Plan must be prepared and submitted to this office.
- // Is sufficient to constitute a Basic Operating Plan, and is approved subject to the Notice to Operators.
- // Is sufficient to constitute a Basic Operating Plan, and is approved subject to the Notice to Operators and appended conditions _____ through _____.

A special-use permit:

- // Is required
- // Is not required

A cash or surety bond to assure reclamation as described in item 10 "Environmental Protection Requirements."

- // Is required in the amount of \$_____ as determined in the Evaluation and Report of Notice.
- // Is not required.

_____ Evaluation by	_____ Date	_____ Signature	_____ Title
_____ Approved by	_____ Date	_____ Signature	_____ Title

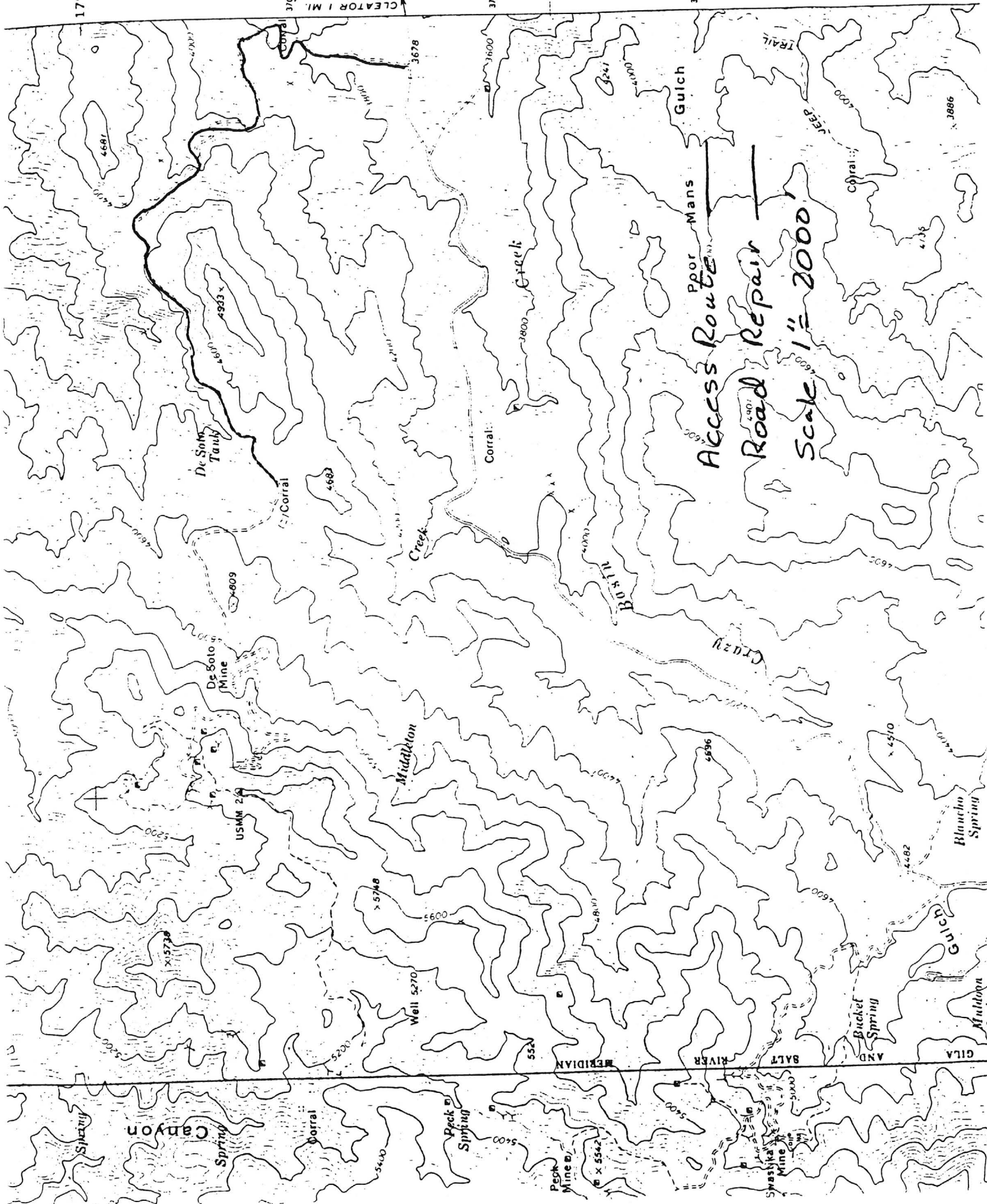
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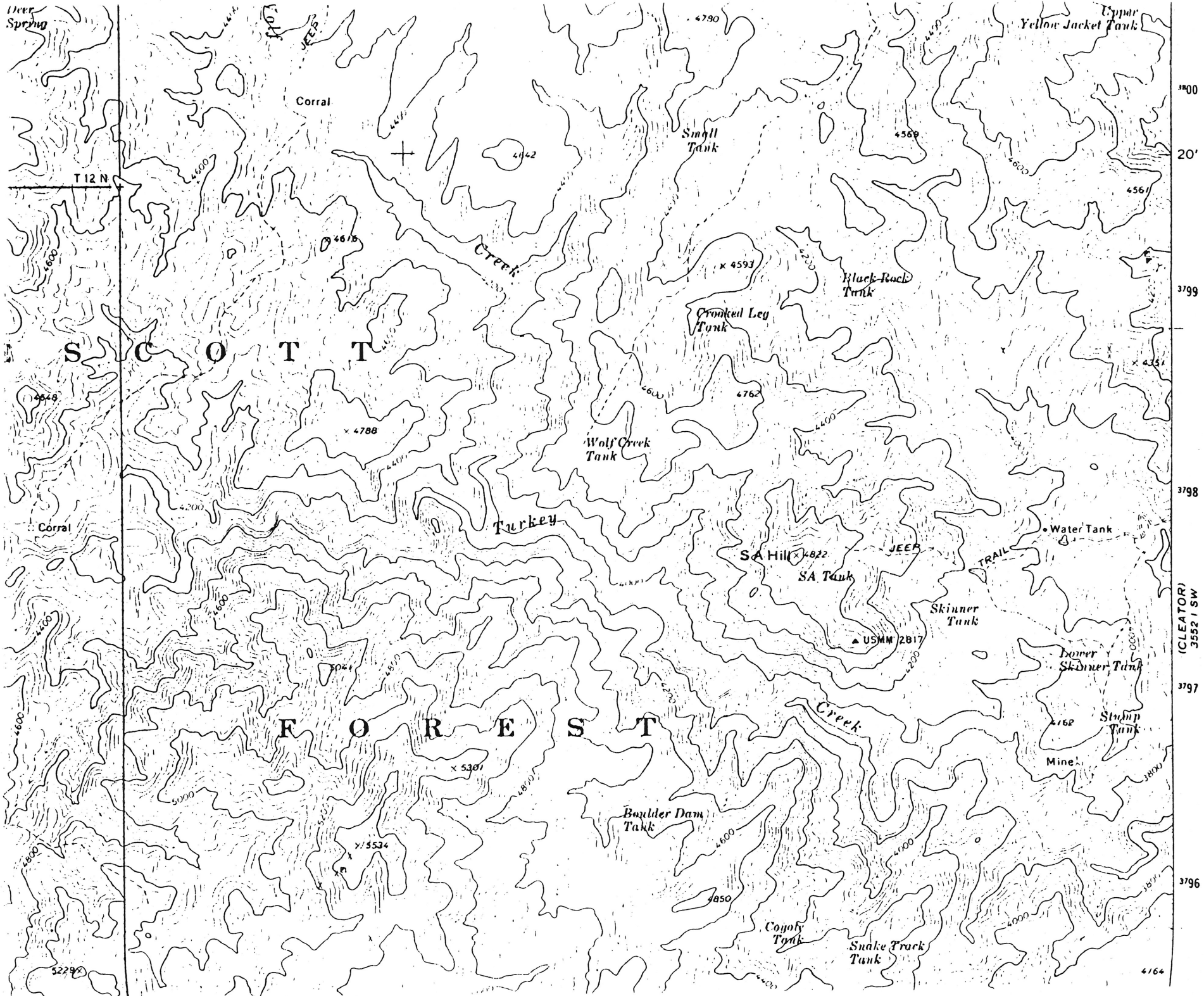
3193

3192

3191000m N.



Access Route
 Road Repair
 Scale 1" = 2000



(CLEATOR)
3552 / SW

3800
20'

3799

3798

3797

3796

4164

T 12 N

Upper
Spring

Upper
Yellow Jacket Tank

Corral

Small
Tank

Black Rock
Tank

Crooked Leg
Tank

Wolf Creek
Tank

SA Hill
SA Tank

Skinner
Tank

Lower
Skinner Tank

Boulder Dam
Tank

Coyote
Tank

Snake Track
Tank

Stump
Tank

Mine

S C O T T

F O R E S T

Creek

Turkey

Creek

Corral

Water Tank

JEEP

TRAIL

52292

BIOLOGICAL EVALUATION

FOR ROYAL GOLD AF^ELH CLAIM GROUP EXPLORATION

DATE 7-28-88

1. The proposed project area has been compared to the known or suspected location of endangered, threatened, and sensitive plants and animals as identified in the Forest Plan Biological Evaluation. The proposed project area does not conflict with any identified area locations.

WAC.
Initials

2. An official species list was utilized which was updated within the last six months.

WAC.
Initials

3. Site surveys are completed and no Federal or State listed or sensitive species were identified.

WAC.
Initials

4. The proposed project has been reviewed and no endangered, threatened, or sensitive plant or animal have been identified as occupying the project area. The proposed project area is not within any critical, essential, or potential habitat for any threatened or endangered species.

J. A. Menden

Forest Wildlife Biologist

Reply To: 2810

Date: August 4, 1988

Roger C. Steininger
Royal Gold, Inc.
1660 Wynkoop St., Ste. 1000
Denver, CO 80202-1132

FOREST SERVICE RESPONSE TO NOTICE OF INTENTION TO OPERATE

We have evaluated your Notice of Intention to Operate dated 7-5-88 for the AF Nos.1-8 and LH Nos.1-6 mining claim(s), pursuant to 36 CFR 228.4 and FSM 2817.1

Please be aware that the following stipulations apply to this operation:

1. This operation is authorized to begin immediately. A substantial change in your operation will need to be covered by a new Notice of Intention to Operate or a Basic Operating Plan.

2. All internal combustion engines must be equipped with an approved spark arrestor prior to operation on Government land.

3. All operations on National Forest lands must also comply with State law governing water quality standards for surface waters, A.C.R.R., Title 9, Chapter 21.

4. Other stipulations: No ground disturbance other than road maintenance is authorized with this notice. A Minimum Standards For Single Lane Fair Weather Road specifications sheet is enclosed and will be used as a guide in your maintenance of Forest Road 259B. Waterbars / Grade Dips will be installed every 100' on those segments of the road that exceed 6% grade.

Please sign and return one copy of the Response to this office. Upon receipt, a copy of your approved Notice of Intention to Operate will be furnished you.

If you have any questions concerning the above, you should contact us at your earliest convenience. Maintaining good communications with this office during this operation will be mutually beneficial, so please do not hesitate to contact me or my field representative at any time.

John W. Holt
JOHN W. HOLT
District Ranger

The above stipulations have been reviewed and are agreed upon.

Signature of Operator

* I have considered this Operating Plan/Notice of Intent within the guidelines and direction of the 1872 Mining Act Regulations (36 CFR 228). The plan was found to be consistent with the Act. The NEPA scoping process indicates there is some effect on the human environment; however, the proponent has a legal right to operate and mitigating measures to reduce environmental impact are being required in accordance with 36 CFR 228. There are no floodplains, wetlands, endangered species or cultural resources involved in the area proposed to be mined. I find that categorical exclusion in regard to further documentation of the NEPA process is appropriate.

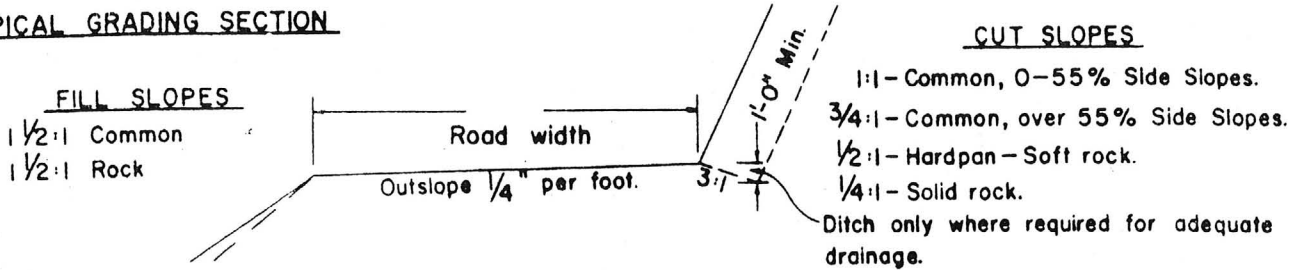
U.S. FOREST SERVICE — REGION 3

MINIMUM STANDARDS FOR SINGLE LANE FAIR WEATHER ROAD

DESIGN CRITERIA

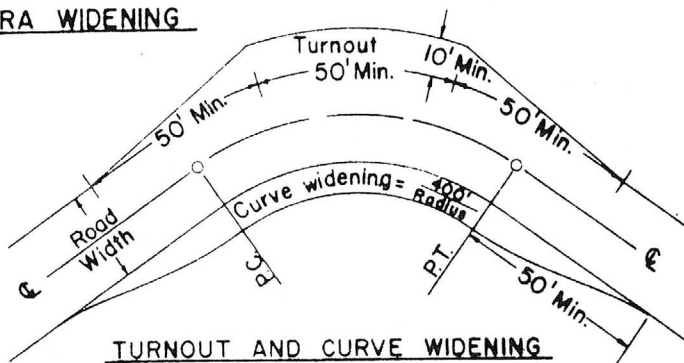
- Grade — Maximum of 8% unless approved in writing by the Forest Service.
- Alignment — Minimum radius 50 ft.

TYPICAL GRADING SECTION



Side cast on contour grade line permitted except where topography is so broken that designed end haul is necessary to obtain reasonable minimum alignment standard.

EXTRA WIDENING



WIDENING ON FILL

Height of fill at Shoulder	Widen each Shoulder
0' - 6' ($1\frac{1}{2}:1$ Fill Slopes)	1'-0"
Over 6' ($1\frac{1}{2}:1$ Fill Slopes)	2'-0"

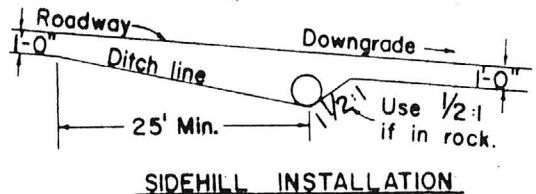
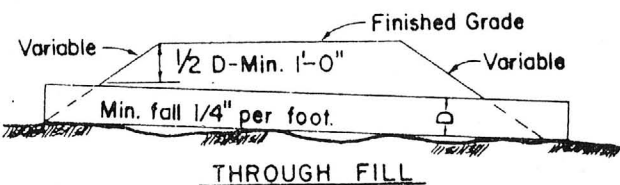
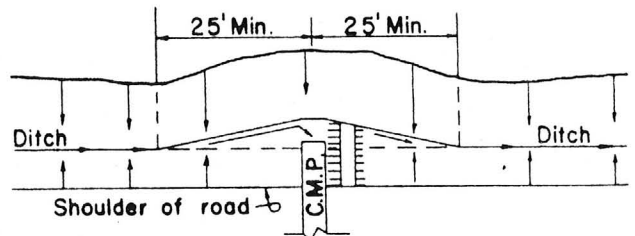
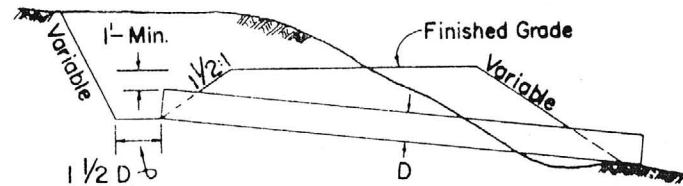
TURNOUT SPACING

Turnouts to be located on blind curves and supplemented between blind curves as necessary to keep spacing less than 1,000 ft.

SURFACING

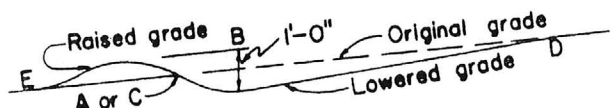
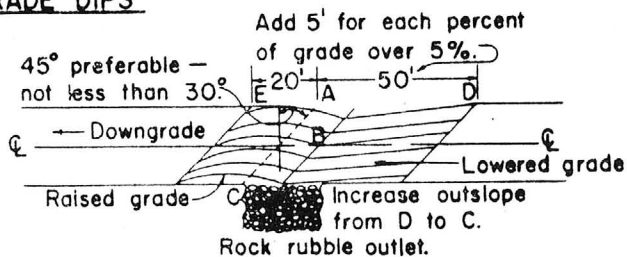
Spot surface with selected material where needed.

CULVERTS



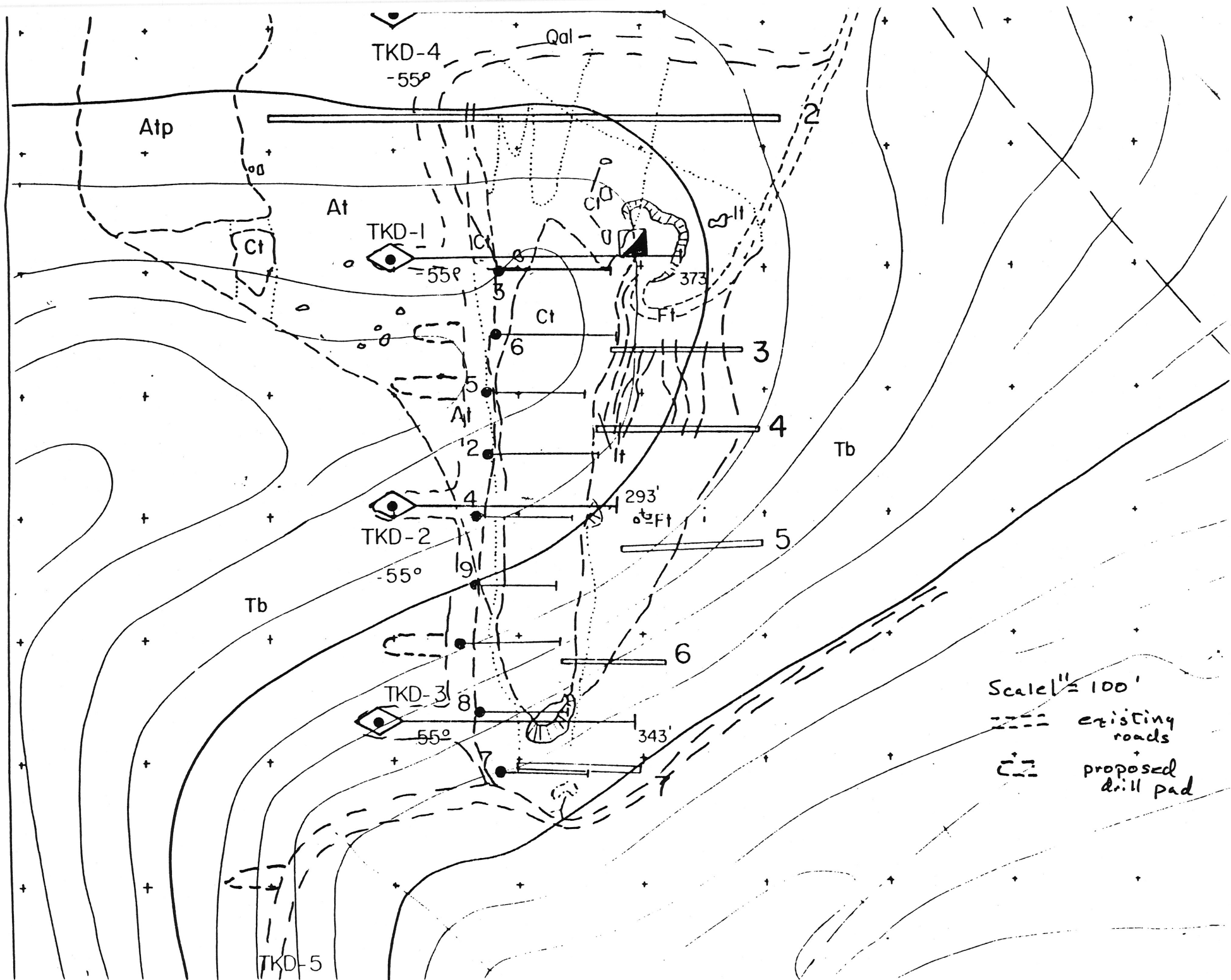
All culverts must discharge at natural ground level unless slope under pipe is protected by rock fill. Gradient of culverts on Sidehill Installation not less than approaching ditch gradient.

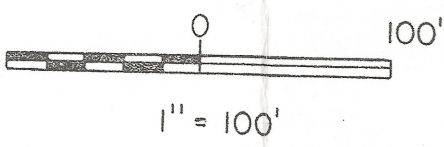
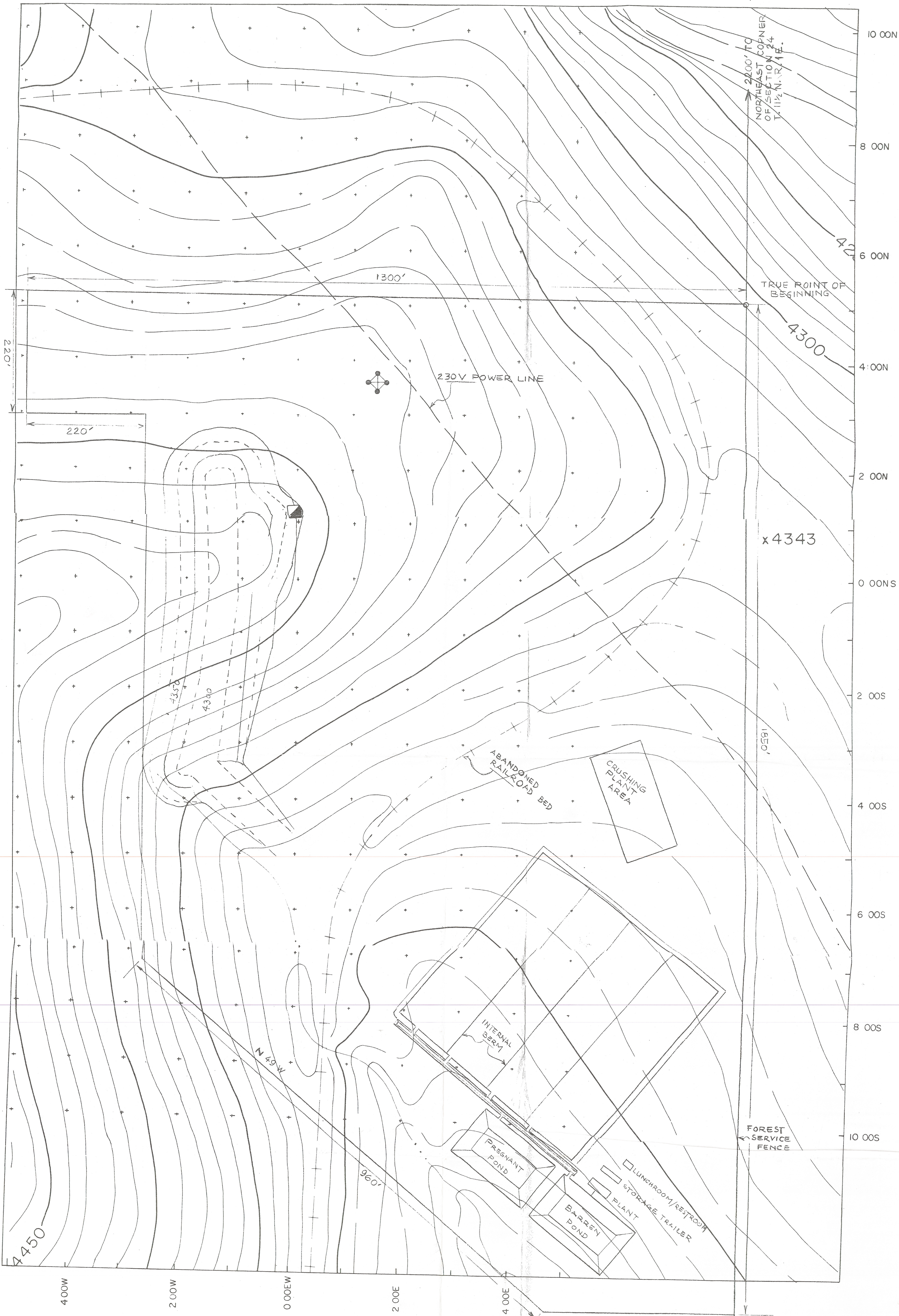
GRADE DIPS



Grade Dips may be used in lieu of culverts ordinarily used for ditch relief.

For spacing of Grade Dips and Ditch Relief Culverts see F.S.M. 5613.54.





ROYAL GOLD, INC.	
TREASURE KING MINE LAYOUT	
DATE: 24 DEC. 1988	DRAWN BY: A.M.J.
SCALE: 1" = 100'	

AS PLANNED