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BEFORE THE

UNITED STATES DEPARTMENT OF INTERIOR

IN THE MATTER OF:

United States of America

Contestant,

vs.

L. Dean Beutler,

Contestee

Arizona 9861

Old Post Office
522 North Central Avenue
Phoenix, Arizona

Monday, January 28, 1980

Pursuant to Notice, the above-entitled and numbered matter came on for hearing at 9:00 a.m.

BEFORE: John R. Rampton, Jr., Administrative Law Judge

APPEARANCES:

For the Contestant: Fritz L. Goreham
Office of the Solicitor
U. S. Department of Interior
2080 Valley Bank Center
201 North Central Avenue
Phoenix, Arizona 85073

For the Contestee: Westlyn C. Riggs
Attorney at Law
231 North Alma School Road
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P R O C E E D I N G S

JUDGE RAMPTON: This is the case of United States of America, Contestant versus L. Dean Beutler, Contestee, Arizona 9861 involving the Morgan Number Three lode mining claim within the Papago Indian Reservation.

May the record show that the parties are present and are represented by counsel. We have, prior to going on the record, discussed a procedure whereby the Government would present a, at least a prima facie case based on the examinations that have been done by a mineral examiner, and that then we would continue the hearing to allow the contestee to gather further information to--in support of his denial of the allegation in the complaint that there's been no valid discovery of a valid mineral, or a valid, back up there--there's been no, there has not been made upon the claim a valid discovery, and that the land within the claim is non-mineral in character.

Now Mr. Goreham has expressed, during his discussion prior to going on the record that there has been a withdrawal, and I would presume that you would make that clear in your opening statement, Mr. Goreham, and I will allow you to make that statement at this time.

MR. GOREHAM: Fritz L. Goreham, Office of the Field Solicitor, Phoenix representing the contestee, United States, contestant, excuse me.

The claim which is the subject of the contest today is located within the exterior boundaries of the Papago Indian Reservation. Mr. Beutler as the owner has filed an answer.

Originally, the complaint listed two claims, the Morgan lode claims number two and three. The government, has at the present time, withdrawn charges against the Morgan number two without prejudice. So the remaining claim in contest today is the Morgan number three.

Now the Papago Indian Reservation, at various times of its existence, has been open or closed to mineral location. Prior to 1932, the reservation was open to entry, and that's at the time the original location of these claims January 30, 1930 by, I believe, a Mr. Knight.

The reservation was subsequently closed for a short period of time and then reopened, and then finally by Act of Congress May 27, 1955, was closed to any further mineral location. But this claim was located prior to that time.

It's the government's position based on the law that there has to be a discovery as of that date as well as a present discovery.

Now shortly after the reservation was closed, the Papago Tribe and the Bureau of Indian Affairs requested the Bureau of Land Management to do an inventory of the

multitude of mining claims located on the Papago Reservation. That was done in the late 50's and early 60's. Some claims were published out because of lack of ownership and other claims were just abandoned by the owners, and it is my understanding based on the discussion off the record that the then owner had several claims in the Morgan group, and he relinquished some, but kept the Morgans two and three.

The BLM examiner at that time felt, based on the evidence presented and the intentions of the then owner, that they would remain valid for that purpose. So the claims have been in that status since that time.

Now the Papago Tribe in the middle 70's requested an update of the inventory and mining activity on the reservation, and the Bureau of Land Management was asked to conduct that investigation having that responsibility.

The Bureau of Land Management did not have the personnel to conduct an immediate examination and the Papago Tribe and the Bureau of Indian Affairs requested a more immediate action, so an alternative plan was augmented, and that was to hire, through competitive bid contract, private consulting firms to actually conduct the examination of the mining claims, with the final say being with the Bureau of Land Management.

The low bidder was Dr. C. L. Fair and

Associates of Tucson, and they conducted a three year, two to three year examination of all the claims.

My witness today will be Wallace Platt, a geologist who was employed by Dr. Fair at that time, who actually conducted an examination of the two claims and made a report to the Bureau of Land Management.

Mr. Platt will be my sole witness. I will offer into evidence his report, a copy of which has been provided the claimant, and we will have testimony as to present day discovery based on what he found on the claims and also as to the May 27, 1955 date.

JUDGE RAMPTON: Thank you.

Do you have any opening statement, and would you enter your appearance for the record, please.

MR. RIGGS: My name is Westlyn Riggs and I'm attorney for the contestee, Dean Beutler, and we will reserve our statement until such time as we're allowed to put on our evidence at the continuation of this bifurcated hearing.

JUDGE RAMPTON: All right.

You may call your witness, Mr. Goreham.

MR. GOREHAM: Call Wallace Platt

WALLACE SIMMONS PLATT

was called as witness by and on behalf of the Government, and after having first been duly sworn, was examined and

testified as follows, to wit:

DIRECT EXAMINATION

BY MR. GOREHAM:

Q. State your name, please.

A. My name is Wallace Simmons Platt.

Q. Where do you reside?

A. My residence at this time is 3065 East Highway 50, Canyon City, Colorado, Apartment B-7.

Q. By whom are you employed?

A. I am presently employed as a long term or full time consultant by Dorchester Gas Corporation of Dallas, Texas.

Q. And what does your present work entail?

A. Presently most of my work is involved in the exploration and development of coal.

Q. Briefly, what has been your education and experience as it relates to the field of mining?

A. My education was obtained from the University of Arizona, a B.S. in geological engineering in 1958, an M.S. in geology in 1964.

The experience consists of approximately eight years as mining geologist for Inspiration Consolidated Copper Company in Arizona. Approximately one and one half years following that for the Cerro Corporation as an exploration geologist in the south west for base metals,

mostly copper.

From '72 to the present, I have been an independent geologist, consulting and doing various work pertaining to exploration for various other consulting firms as well as mining and exploration firms.

Q. So it would be safe to say that you've been involved in the searching out or looking for mining claims, valuable mineral deposits.

A. Yes, sir.

Q. Okay.

Are you familiar with Dr. Charles Fair?

A. Yes, sir.

Q. In what capacity?

A. Well, I was employed by Dr. Fair to examine various claims on the Papago Reservation, and this is an outcome--or should I say Dr. Fair had a contract either with the BIA or the BLM to conduct these surveys, and he employed my help in many of these claims.

Q. Did you in fact conduct an examination of the Morgan three, which is the subject of this contest today?

A. Yes, sir.

Q. Do you remember when that examination took place?

A. Yes, sir. The property was examined on

March 21, 1977.

Q. And who was present on that date?

A. Myself, Mr. Ed Robb, who accompanied me as a helper, and Mr. Beutler and Mr. Britton.

Q. Did you have any trouble finding the claims on the ground?

A. No, sir.

Q. Okay.

Was there an agreement as to where the claims were located?

A. Yes, sir.

Q. I say claims, because at that time you were searching for the--examining the Morgan two as well as the three.

A. Yes, sir.

Q. All right.

And where are these, I'm going to continue to say plural--where are these claims located?

A. These two claims are situated in the Quijotoa Mountains, southwest of the Quijotoa Trading Post in Pima County, Arizona, within the confines of the Papago Reservation.

Q. What took place during that examination?

A. Well, we met and moved on to the claims. I explained to, or attempted to explain to Mr. Beutler and Mr.

Britton why I was there and what we hoped to obtain, the type of information, and stressed that we were, that I had to depend on them to show me the most favorable zones, so that I could sample what would appear to be at least a representative, if not the best, sample site, that is value site along the mineralized structure.

Well, we walked along the structure, which had considerable evidence of past mining, and noted that access to the workings were dangerous, at best, so that we did not enter most of the workings, and discussed the best place to sample under the existing conditions of safety.

We agreed that--well, let's see we're to confine this discussion to only the number three.

Q. Right.

A. On the Morgan number three we, that is all concerned, all parties present, were unable to find any significant workings. By significant workings, I mean workings which show or reveal the mineralized structure, at least within the time that we spent on the claims.

So I sampled what appeared to be a surface outcrop which, with all agreement, agreement with all the parties, was probably the best place to sample that we could find at that time.

Q. Are you including Mr. Beutler?

A. Yes.

Q. All right.

Now let me state at this point--ask you, what was the general topography of the area?

A. On the claims themselves, the topography was--well, easily accessible by foot, no problems at all. There were no dangerous cliffs that had to be traversed or evidence of sliding rock that is from landslides or movement of lose earth. There was nothing dangerous about the surface. It was easily accessible.

Q. Okay.

What is the general geology of the area?

A. Well, the general geology, based upon work done by previous people, namely a published map, geologic map of Pima and Santa Cruz Counties, indicates a granite and a diorite porphyry, which are igneous types of rock.

In the field a hand held field indentification of the rock is a quartz diorite. The rock, quartz diorite, country rock, was cut or intersected by a northwest trending fault, and this is apparently one--

MR. RIGGS: May I interrupt. Are you reading from your report at this point?

THE WITNESS: No, sir, but I am looking at the report and just extracting in my mind.

MR. RIGGS: I was just wondering what page you were locking at particularly.

THE WITNESS: The second page, sir, under general geology.

MR. RIGGS: Okay.

THE WITNESS: It is one of a number of more or less parallel faults in the area, but this is the only fault on the claims that we found that day.

The fault has been mineralized with a quartz vein and there was no other evidence of metallic mineralization in the rocks that we examined or in the vein that we were able to examine. I repeat, we were not able to get underground or into the deeper workings to detect other types of mineralization such as base metal.

BY MR. GOREHAM:

Q. Now you actually took a sample on the claim three?

A. Yes, sir.

Q. Okay.

How did you take that sample?

A. The sample was taken by using a--well, probably the geologic pick as I remember, to actually dislodge or break lose a series of chips in a continuous cut, leaving a, shall we say, a very shallow channel. It was cut across what appeared to be the rocks in the same, or within the zone of the fault zone itself.

Q. Did you collect the sample?

A. All the chips were collected, put into a bag that was in my possession, the bag was marked, sealed, kept in my possession.

Q. Did you deliver it to an assayer?

A. Yes, sir. The bag was returned by me to Tucson, and on the next available working day, or within several days at least, the sample was delivered to a certified assayer by the name of Skyline Labs.

Q. Did you request that it be assayed?

A. Yes, sir. The lab was given authority to proceed with an assay for gold and silver.

Q. Did you, in fact, receive an assay?

A. Yes, sir, a certificate of analysis was received from the laboratory for gold and silver for this sample which was marked DBM #3.

Q. Now did you have the opportunity to prepare a validity examination report? Did you prepare such a report on this claim?

A. Yes.

Q. I hand you what's been marked Government's Exhibit-1 and ask you to identlfy it.

(Whereupon the above mentioned exhibit was marked for identification.)

A. Yes, sir. This is the report prepared by myself and carries my seal as a registered geologist.

Q. Looking first at figure one, what does that represent?

A. Figure one is the location map showing the general area. It's a reprint, of course, of the government publication.

It shows the location of the claim in question.

Q. Okay.

Figure two?

A. Figure number two is a somewhat detailed illustration of the workings that were found on the ground, three location monuments or at least boundary monuments which were found on the ground, and which all of us agreed were representative of the common connecting end of the two claims. And there are notations here as to the content or description of the vein material which we were able to observe closely.

Q. Is the sample site on Morgan three identified thereon?

A. Yes, sir.

Q. How?

A. It is identified by a small plus sign and in the legend it is indicated where, or the description of this locality is indicated in the legend and on the map.

Q. Does this detailed sketch drawing correctly

portray what it purports to show?

A. Yes, sir.

Q. Also in the report, is there a copy of the assay report?

A. Yes, sir, there is a copy of the assay report appendage approximately near the end of this report.

Q. Then I ask you to look at what's designated as figure four, the last page, and I ask you to explain what that is.

A. This is a photograph of--well, as I recall, that is Mr. Robb and presumably I took the photograph.

Q. What is it a picture of?

A. He is showing the width of the zone that was samples, and, of course, it shows the sample bag.

Q. Does it correctly portray what it purports to show?

A. Yes, sir.

Q. Now in reference to the report, did you set forth in there the description of the sampling?

A. Well, on page there there is a table which summarizes the width of the sample and includes the results of the analysis made.

Q. Okay.

Now referring to that table and also the assay certificate, what did the sample on Morgan three assay

for gold?

A. One tenth of one ounce.

Q. Silver.

A. Of gold, and eighteen hundreds of an ounce of silver.

Q. Did you set forth in your report any evidence as to mining costs?

A. Yes, on page four some figures are used which were extracted or taken from, I should say, the U.S. Bureau of Mines Information Circular published in 1975, two years prior to the time of the examination.

This circular offered a number of mining costs and that was the most recent publication which we could find to assist us in evaluation of this matter. It certainly does not include all costs. It does not go into great detail, but it includes some of the more prominent, obvious day to day costs that are involved.

Q. Okay.

Which would involve the actual removing from the ground and what else?

A. As well as shipping costs and treatment costs at the, and whatever charges that a buyer might impose.

Q. Now at the time you authored the report, what value for gold did you use?

A. I used the value of $136.30, and this figure

was taken from a recent engineering and mining journal of March, 1977. That was, I believe, the Handy and Harmon, precious metal dealers.

Q. If you haven't already figured it out, take the time to do so, but at point one percent, what value is that?

A. You mean at one tenth of an ounce?

Q. Yes.

A. Well, the gross value at one tenth of an ounce at the price discussed would be approximately $13.60.

Q. Okay.

At present day price, whatever it may be, I haven't checked this mcrning's paper.

JUDGE RAMPTON: Six twenty-five or something around there.

MR. GOREHAM: Down that low?

JUDGE RAMPTON: Well, it went down again.

BY MR. GOREHAM:

Q. Well, could you--

A. Well, let's see just off hand here--

MR. RIGGS: It's simply a mathematical calculation.

THE WITNESS: Yeah, approximately five times the price used in this report, and five times thirteen and a half dollars would be 65, 68, somewhere around there.

Q. Sixty-five dollars or so. That would be the gross values.

A. Gross, yes, sir.

Q. Now what if you know, what would be your mining costs today?

A. Well,--

MR. RIGGS: May I ask a question on voir dire?

JUDGE RAMPTON: Yes.

VOIR DIRE

BY MR. RIGGS:

Q. All right.

Have you, since you made this report, have you since that time tried to determine what it would cost to mine ore after this report?

A. No, sir. This is off the top of my head.

Q. I see.

Well, I think unless Mr. Goreham wants to go into more detailed foundation, I don't think that that would be helpful to the Court at all.

BY MR. GOREHAM:

Q. Are you aware of the mining costs involved in an operation like this?

A. Not in this small an operation, only in what we might extrapolate.

Q. But at the time you offered the report, you offered an opinion as to the cost.

A. Oh, yes, sir.

Q. And how did you determine that?

A. Well, again that was taken from a published article.

Q. So you at least had that as a basis.

A. Yeah, that was a very firm basis.

JUDGE RAMPTON: Well, I take it you're not going to testify in detail as to what it would take today to mine, but just to give a general opinion, and I think I would allow that, as to the general rise in cost of labor and mining since that time, and it would be more of a general opinion rather than a specific opinion as to, say the cost of drilling etcetera.

Could you do that and was that your intention?

THE WITNESS: Well, that wasn't necessarily my intention, but I can come up with several prices, current prices and--

JUDGE RAMPTON: You mean as to the labor?

THE WITNESS: Yes, labor and to some extent cost of machinery, but labor, at at least a larger operation, costs an employer, a skilled laborer, at least $125 per man day.

Now this is in the larger companies with

their various package benefits and what not.

JUDGE RAMPTON: Would that apply to a small operation such as this where you might employ, not necessarily a skilled labor, but labor which has some experience, but would not command the benefits and the high prices that a union laborer at a large mine might.

THE WITNESS: No, it is my opinion that the cost would be considerably less.

JUDGE RAMPTON: Half?

THE WITNESS: I would say as much as half.

JUDGE RAMPTON: All right.

Okay, Mr Goreham.

BY MR. GOREHAM:

Q. At the time you offered your report in 1977, you talked in terms of $12.81, short ton.

A. Yes, sir.

Q. That would be direct labor cost.

A. That includes not only the direct labor costs. but the costs involved in the depreciation or use of the machinery associated with that labor.

Q. With mining the claim?

A. Oh, yes, sir.

Q. Okay.

Do you have an opinion as to in present day whether that cost would be higher or lower?

MR. RIGGS: I think the Court can take judicial notice it would be higher based on inflation.

BY MR. GOREHAM:

Q. Okay.

Now were you able to ascertain in any way the possible amount of reserve there on the three?

A. Yes, a computation--oh, no, on number three, it was only in conjunction with the reserves that were estimated on number two, and I extended part way into number three, but only in conjunction with those reserves in number two.

Q. Okay.

Now the amount of reserves--is that important when it comes to determining whether or not a mining operation is going to be conducted.

A. Oh, yes, sir.

Q. In other words, it takes some tonnage, right?

A. Yes, sir.

Q. Ascertained tonnage.

A. Yes, sir.

Q. Okay.

Now were you able to ascertain--let me start over again.

What was the cost of gold on May 27, 1955?

A. Well, I believe for many many years it was

held at $35 an ounce, and that was the government's decision.

Q. And at point one percent, then we'd have a gross value of how much?

A. One tenth of 35 or three fifty per ounce, gross value.

Q. Okay.

Now when we talk in terms of gross value, then you're talking about how much is actually--that means the gross value, but would there be a lesser amount that's returned at the smelter?

A. Yes, sir.

Q. So we have a three fifty, $3.50 value as in May 27, '55, based on this sample.

A. That is correct, sir.

Q. Are you familiar in any way with the mining costs at that time?

A. Not directly, no.

Q. Were you able to ascertain from any publications what costs might have been at that time?

A. Well, not any publications that were issued at that time, but there is available a publication that goes back to '66 put out by Mr. Crumloff of the University of Arizona, an updated version on the exploration and development of small mines, and in '66 a miner and helper would charge $44.80 per day, that is their combined.

Q. Uh, huh.

A. And, of course, this is what we used in this report, a miner and a helper.

Based on that figure, if we assume an inflation rate of from '55 to '66 of more or less three and a half to four percent, and assuming that all of the other mining costs mentioned were in proportion, where you could come up with a figure of total costs of getting that short ton up on the surface of about six forty, $6.40 per ton in 1955.

But this is without any firm figures from the year 1955.

Q. You're testifying based on Crumloff's publication.

A. Yes.

Q. All right.

There would be additional costs besides getting it up onto the surface.

A. Probably the major additional cost would be the transportation.

Q. And smelter charges.

A. Yes, smelter charges.

Q. Now I'm going to ask you, based on your examination of these claims and the results obtained there from, and your education and experience, have you formed an

opinion as to whether a reasonably prudent man would invest his time and money with a reasonable prospect of developing a paying mine on Morgan three as of May 27, 1955?

A. Yes, sir, I have.

Q. And what's your opinion?

A. In the case of the Morgan number three based on the examination made by myself, a prudent man would not spend his time and money in a development of a mine.

Q. And what about under present day situation? What would be your opinion?

A. Under present day situation--you mean today?

Q. Present day discovery. Based on the values found there. That's what the claimant's entitled to. Based on present day prices, both value and cost of mining and that return, based on your sampling, do you have an opinion?

A. Based on today's prices, the present day gold price, say 600 plus per ounce, there still remains insufficient tonnage showing to encourage a man to spend further time and money in the development of the Morgan three.

Q. Would it justify further exploration?

A. Further exploration, yes.

Q. But based on your findings what was present, you feel that they would not be justified in developing a mine at this point.

A. That is correct.

Q. Nothing further.

Oh, I want to offer Government's Exhibit-1, I'm sorry.

JUDGE RAMPTON: Any objection?

MR. RIGGS: Without admitting the validity of it and only to the weight of what it is, we have no objection to it going in as a supplement to the testimony which has already come in with Mr. Platt.

JUDGE RAMPTON: Exhibit-1 is received.

(Whereupon Government's Exhibit 1 was received into evidence at this time.)

CROSS EXAMINATION

BY MR. RIGGS:

Q. Mr. Platt, have you been in Arizona for a number of years?

A. Yes, sir.

Q. Do you happen to be born here?

A. No, sir, I was born in California.

Q. I see.

There are several Platts in Apache County. I thought you might be related to them.

A. No.

Q. How many claims did you investigate for Dr. Fair?

A. I can't give you an exact figure, but an approximation of the cuff would be, I suppose, 20.

Q. Did you do them all at the same time?

A. No, they were spaced out, not with any regular sequence, based mostly on the availability of the claimant or owner to accompany one of us, or one geologist, into the field.

Q. You would not then go and make an examination unless the claimant was there?

Q. Well, that was our desire, but not necessarily the way it turned out. In some cases the claimant could not be present due to health--I believe that was one of the major factors.

Q. Now this Ed that was with you, is he a geologist also?

A. Yes, sir.

Q. In getting your degree from the University of Arizona, did you study under Eldrid D. Wilson?

A. No, sir.

Q. J. B. Cunningham?

A. No, sir.

Q. Or a G. M. Butler?

A. No, sir.

Q. Were you aware of these men in their field of mining at all at the University of Arizona?

A. Oh, yes, sir.

Q. Are you familiar with the bulletin 137, The Arizona Bureau of Mines, which I guess was put out initially in 1934 and then revised in 1967.

A. And it's title sir?

Q. "Arizona Lode Gold Mines and Gold Minings."

A. Yes, sir, I've seen it and certainly read parts of it.

Q. Would this be considered as an authoritative book, similar to those that you've been quoting from from the Bureau of Mines?

A. Yes.

Q. Okay.

And also it is a bulletin which is put out which would be similar to the one which you testified to earlier, "Exploration and Development of Small Mines," which is also put out by the University of Arizona.

A. Yes, sir.

Q. You mentioned that for safety reasons you did not enter any of the workings.

A. Most of the workings.

Q. Most of the workings, okay.

Now in your mind can you separate what you did on Morgan number two from what you did on Morgan number three?

A. Would you rephrase that. I don't quite understand what you're driving at.

Q. Okay.

We're talking specifically about Morgan number three.

A. Yes, sir.

Q. And I want you to remember what you did on March 21, of '77. Did you visit any other claims other than Morgan number two and Morgan number three on that day?

A. I don't believe I did. Normally it was just one group.

Q. Okay.

Can you separate in your mind what you did on Morgan number three from what you did on Morgan number two?

A. I believe so, yes.

Q. Did you enter any workings on Morgan number three?

A. On Morgan number three, as I recall, we only found the three pits shown on figure number two.

I do not specifically remember whether or not I was actually able to get in and out of those three pits. Certainly I went around the perimeter hunting for whatever we could find resembling a mineralized area, something we could sample. And as the descriptions imply, they were

examined as closely as safety permitted.

Q. Okay.

Now you say there were three pits on Morgan number three?

A. Yes, sir.

Q. And particularly so I'll understand this, where were those indicated, showing you Exhibit-1?

A. Here and here and here according to the legend.

Q. Okay.

Every place that there is a small indication like a square. That would indicate that there was a pit there?

A. Yes.

Q. And would that indicate that previously there had been mining then in those three locations?

A. Yes, sir.

Q. These weren't just caves or natural holes in the ground.

A. No, they were man made for either a mining effort, presumably for exploration.

Q. Did you see any indication on Morgan number three that there had been any mining for more than exploration?

A. No, sir.

Q. Was there, on the Morgan number two, did it appear that there had been any workings or more than exploration?

A. Yes, sir.

Q. Now when you were talking about reserves you said that you only considered reserves in conjunction with Morgan number two.

A. That is correct, sir.

Q. Now looking at figure two--well, tell me first how you figured the reserves?

A. Well, from whatever exposures are physically assessible I made a measurement, that is the width, and placed this information on a map to enable me to in turn determine approximately the distances between one exposure and the next, the idea being to get a string of exposures, at least two if not more, with the accompanying measurement, then get a--and from the length of exposure thus make an educated guess as to the depth at which this thickness may continue below the surface, that is into the subsurface.

So by having a length, depth and thickness, we can ascertain the volume and each volume is based upon that one thickness, that is that would extend, that thickness would extend halfway to the next measured thickness, so that you'd take what we call a weighted determination.

So that you end up with if there's five

exposures, five measured widths, you can then compute five volumes. Adding those volumes together, you come up with a total volume.

Of course, the problem is how much of that volume has been removed by prior or previous mining, and without assess, there's no way to determine that.

Q. Based on your report then was it determined that the Morgan number two would be feasible to mine that?

A. Yes, sir.

Q. I take it then that you felt most of the reserves were on Morgan number two.

A. Yes.

Q. Now looking at figure two, could you indicate where those reserves are as you testified to?

A. You'll note that in the boundary lines separating Morgan two from Morgan three, there is a site of the sample on Morgan three very close to that common boundary.

Q. That's marked by the X.

A. By the X, yes, sir.

And then a comparable distance on the other side of the boundary line, there was an exposure of the structure or the mineral bearing scene.

Now from what we could find on the surface, or those areas that were accessible, it appeared that the quartz vein, which is presumed to be the mineral bearer, or

the bearer of the values, did not extend into the Morgan number three. Now this is based on the observations made that day.

Q. And on the surface.

A. At the surface.

What might happen underground is anybody's guess.

Q. But you did observe on the Morgan number two then, outcropings in a line, which if you would continue to draw the line in that general direction, would have extended on through Morgan number three. But you didn't find any outcropings on the surface to substantiate that.

A. The outcropings on Morgan number three suggest strongly that the structure is present, but the mineral bearing rock was not in that structure on the Morgan number three.

Q. Okay.

On what do you base that?

A. Visual observation.

Q. Okay.

Explain to me, because I'm not a geologist, what is the difference that you observed from a visual standpoint, that's different on Morgan number three than on Morgan number two.

A. All right.

On both the common factor, on both Morgan number two and number three is the fault structure itself, where there's actually been a displacement, a change in elevation on one side of this some imaginary line and the other. The earth has actually moved along this line crushing and grinding the country rock, sometimes down to a clay-like powder and other times fragments of the country rock.

Now this creates, this is automatically a zone of weakness and provides the opportunity for other geologic phenomena to occur, namely the passage of shall we say mineral bearing waters. Now by mineral, I don't mean necessarily a valuable, any type of mineral.

In this case, quartz. Shall we say solutions of unknown origin and unknown composition apparently moved along this zone of weakness. There are chemical and physical reactions which promoted the deposition of the mineral we call quartz.

And typically, if there are gold values that accompanies the quartz, either initially, at the time of the deposition, or more commonly at a later date where there may be additional movement of the earth which crushes and grinds up that quartz that was deposited, and additional solutions come in and deposit quartz along the fractures between--and it deposits gold or other metals along the fractures in the quartz.

It is a favorable zone or favorable environment for the deposition of precious metals. So visually, an observer may say that this is quartz. It has been broken again or only once or several times by earth movement, and there has been a deposit of valuable minerals.

Of course, that almost always comes out in the assay, but the structure can be seen by the inherent characteristic of the broken country rock. The structure is the fault. The quartz is identified by megascopic or or hand-held observation.

The gold, in most cases, is identified only by analysis.

Q. Then I take it anything which was north west of the site of the sample on Morgan number three did not contain any quartz. You didn't see anything north and west of there.

A. That is correct, sir.

Q. Now sometimes isn't it true that veins may go underground and not necessarily show that they're up at the surface.

A. That is correct.

Q. Along with the vein--and you've mentioned gold and silver, are sometimes other metals present also?

A. Yes, sir.

Q. For instance, I would assume that maybe iron

sometimes would be present.

A. Yes.

Q. Lead.

A. Yes, that is sometimes present.

Q. Zinc.

A. Yes, sir.

Q. When you requested this assay report which is part of Exhibit-1 from Skyline Labs, did you ask for any determination of any metals other than gold and silver?

A. No, sir.

Q. Looking at Exhibit-1 and particular the assay report, it appears that there was another sample which says DBM-2. I assume that was a sample which was taken from Morgan number two.

A. Yes, sir.

Q. If in mining one were able to extract along with the gold and silver, some lead, zinc or other precious-- well, other metals, might there be enough value there to possibly help off set some of the cost of mining?

A. Well, yes, it has that potential.

Q. And if you take all of the ore to the smelter, whatever's in it, you'll get all of it out, gold, silver plus the others, wouldn't you?

A. Generally not.

Q. Generally not. Would you explain why not?

A. Well, you specified the smelter, and the general practice of a smelter is to penalize for some of the base metals that accompany the ore delivery, especially in the case of zinc.

There is a, often--in fact I might even say usually, a penalty because the zinc actually costs them money, and they do not save it and it goes right up the stack.

So there is question of how much is in there. If there's enough, well then you instead might send it to a particular smelter who is geared up to handle lead or zinc, generally not both, or the ore, the shipment is treated in a mill where the valuable minerals are separated and then shipped separately to appropriate smelters.

Q. I guess you'd call that concentrate or something like that.

A. Yes, sir.

Q. Showing you Exhibit-1 and particularly referring to figures three and four, I note that there are red lines on those photos. Could you explain what those are for?

A. The red lines are there as a visual tool to assist the reader in visualizing the width of the area sampled.

Q. Okay, now you placed those there yourself I

would assume.

A. Yes, sir.

Q. And it was done with a marking pencil of some sort.

A. Yes, sir.

Q. And that would be true of all of the photos?

A. That is correct, sir.

Q. Particularly looking at figure number four.

A. Yes, sir.

Q. When you were talking about costs and partciularly when you were estimating costs in 1955, May of 1955, you said that you assumed an inflation factor of three and a half percent, and you took that from your 1966 publication.

A. Yes, sir.

Q. Did you use a compound factor for inflation or straight?

A. Just straight.

Q. Do you know what the actual inflation was over that same ten year period?

A. I can't quote any figures, sir.

Q. Okay.

Basically then you used--well, 66 to 55, I'd guess it 11 times three and a half--

A. Yeah, I might have even taken ten.

Q. Basically, 37 or 38 percent then, is basically the factor that you used.

A. Yes, sir.

Q. If a person were going to really find out what values were on the mine, and particularly the Morgan number three, they would not just take surface samples, would they?

A. Well, when you say really, I suppose you mean they really want to know and that means they're ready to put out some money.

Q. I think you mentioned that it would be worth further exploration, Morgan number three would be worth further exploration, but you didn't think, based on what you saw on the surface, it would be worth going into developing Morgan number three at this point.

A. That is correct, sir.

Q. Okay.

Now further exploration, I would take it, would not mean going around and walking around on the surface all over that 20 acres. It would be something else; is that correct?

A. That is correct, sir.

Q. Core drilling I would assume--you know better than I do.

A. Well, the first step to be taken is to see

how far toward or into the existing workings penetrate the Morgan three from the Morgan two. It may penetrate it quite a bit. It may not even come close. But that is the cheap, inexpensive method.

JUDGE RAMPTON: How do you do that?

THE WITNESS: Well, again with--we'll have to get some ladders to get into the old workings and based on the condition of the ribs of the walls and the roof or the back, whether or not there is any timbers in there supporting it, the condition of that wood--they go in with a bar and see how lose these rocks are in the back.

In other words it's safety. You proceed north west along those workings, and it's just a matter of whether or not you as an individual want to risk your well being as you proceed to investigate those workings.

So you might be able to, once you get down in there, walk right back in there with no hesitation whatsoever.

BY MR. RIGGS:

Q. But you didn't go down in there and make such a determination.

A. No, sir.

JUDGE RAMPTON: At the same token, pardon me, if you did get down there you don't what you're going to find, whether or not this vein or this structure may be

mined out or whether or not it may be more valuable at depth or what you may find. There's just no way of knowing without actual taking the samples down into the old workings. Is that correct?

THE WITNESS: That is correct, sir.

BY MR. RIGGS:

Q. And that would be the best way to determine whether there's values there or not.

A. That's an initial relatively inexpensive first step, exploit the opportunities that are available.

Q. I have no further questions.

JUDGE RAMPTON: Mr. Goreham?

MR. GOREHAM: I have no redirect.

JUDGE RAMPTON: I just have a clarifying question. When you said $44 per man or for a miner and a helper per shift for your cost of labor, and I think this was a '65 figure.

I'm assuming that they would mine 12 tons, as you have here on your analysis.

A. Yes, sir.

JUDGE RAMPTON: On page four.....and so that a cost per ton would be 12 divided into four, forty-four for the cost of labor.

A. Yes, sir.

JUDGE RAMPTON: That's all I have.

Nothing further? Thank you very much. You're excused.

Now then the question arises as to how long before we come back or if we come back. How much time do you need?

MR. RIGGS: I would say we need a minimum of 60 days, but I would think that if we could have 120 it would be really much more feasible. I'd hate to ask for another continuance because we didn't get everything done.

It might be simple to walk in as Mr. Platt has said, but then again we might have some other problems too..

JUDGE RAMPTON: Do you have any suggestions or proposals, Mr. Goreham?

MR GOREHAM: No, whatever's convenient.

I might ask, do you intend to also do work on the two at the same time?

MR. RIGGS: We would need to, yes.

MR. GOREHAM: It might be advantageous to both sides if you did so that we could have somebody from the BLM there to ascertain which way we might decide to go on the two also. I'm just talking about advantageous for everybody.

If you could let me know when you intend to go down there, then I can contact somebody from the BLM who could also maybe be present.

MR. RIGGS: Are you taking this down?

JUDGE RAMPTON: It's on the record. Would you prefer to have it off the record.

MR. RIGGS: I think so. Let's go off the record.

JUDGE RAMPTON: Off the record.

(Whereupon a brief discussion was held off the record.)

JUDGE RAMPTON: Back on the record.

May the record show that we have discussed the possibility of the reconvening of this hearing, and now we're thinking of the date for reconvening this hearing. It seems agreeable that May 22, at the present time would fit every schedule. Did I say May, I'm sorry, April 22, at 9:00 a.m. and the parties will be notified of the exact place of the hearing.

I would appreciate hearing from either party if there are any changes or any developments which would affect the date of this hearing as soon as that information becomes available to them.

With that then, this hearing is recessed until April 22, at 9:00 a.m.

(Whereupon the hearing was recessed for the day.)

I CERTIFY THAT I took the foregoing matter in shorthand, that the same was transcribed into typewriting under my direction, and that the foregoing 42 pages of typewritten matter contain a full, true and accurate transcript of all proceedings and testimony, all to the best of my skill and ability.

DATED at Phoenix, Arizona this 12 day of February, 1980

Court Reporter

C. T. Tour and Associates
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VALIDITY EXAMINATION

Morgan Lode Claims Nos. 2, 3

L. Dean Beutler, Claimant

Contract #H50C14209834

U. S. Bureau of Indian Affairs

Phoenix, Arizona

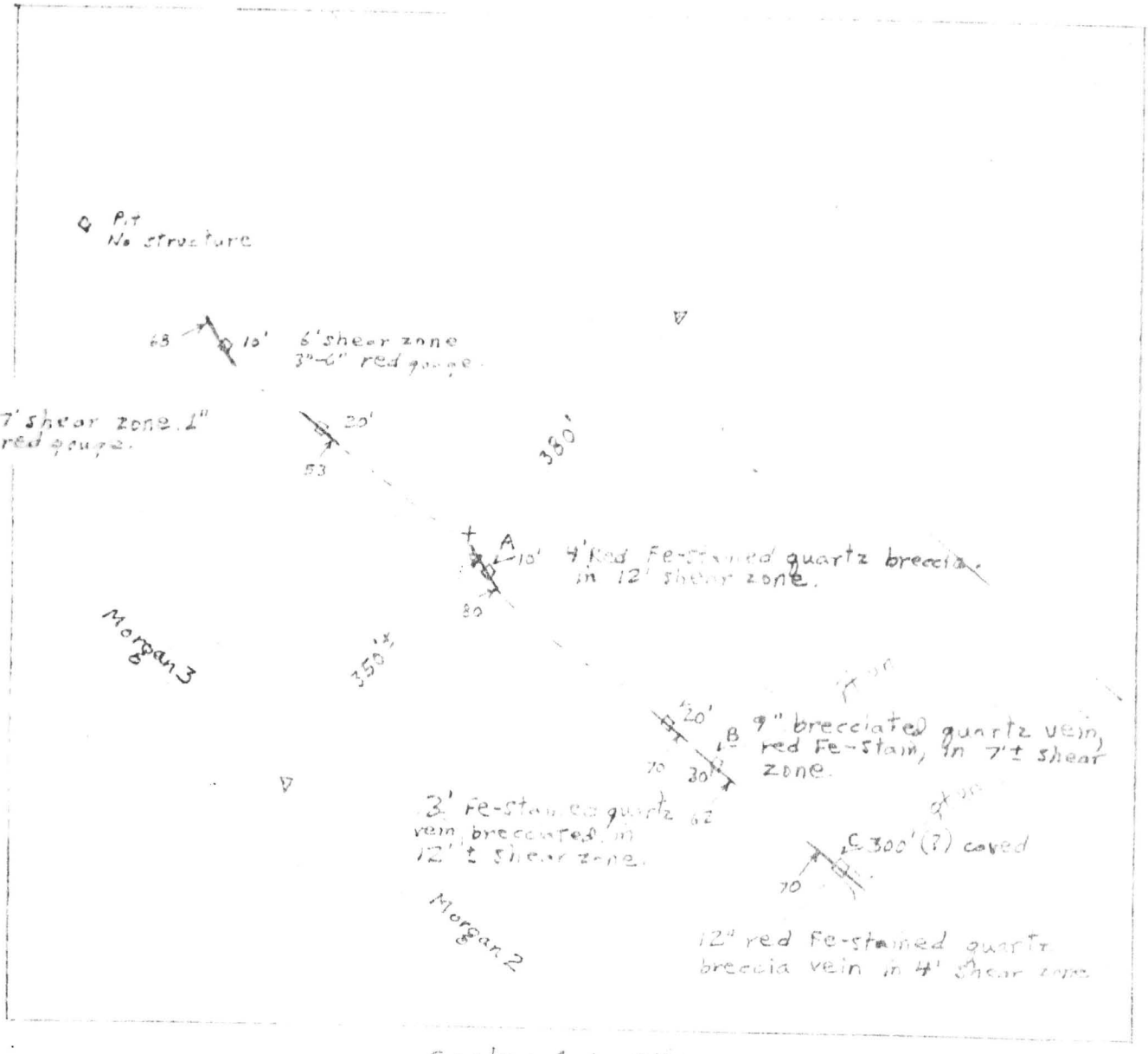
REGISTERED GEOLOGIST
CERTIFICATE NO.
ZONE
WALLACE S.
PLATT
STATE OF
ARIZONA
8/13/72

File No. 3-030-030
Tucson, Arizona

FIGURE 1

Location Map
Morgan Nos. 2, 3 Lode Claims
Pima County, Arizona
Scale 1:62500

After U.S.G.S. Quijotoa Mtns.
15' Quad. (1963).
Contour Interval 40'



Scale : 1 to 2400

Legend

□ 20' shaft & depth

60 fault & dip

△ stone monument

A, B, + 3 localities for sample DBM #2

site of sample DBM #3

FIGURE 2

Claim Plat & Geology Map
Morgan Nos. 2, 3 Lode Claims
Scale 1" = 200'
1 cm = 24 m

W. Platt
E. Robb
3-21-77

REGISTERED GEOLOGIST
CERTIFICATE NO.
7591
WALLACE S. PLATT
DATE SIGNED 3/31/77
Arizona U.S.A.

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VALIDITY EXAMINATION

Morgan Lode Claims Nos. 2, 3

L. Dean Beutler, Claimant

INTRODUCTION

The Morgan Lode Claims Nos. 2 and 3 are situated in the Quijotoa Mountains 5½ km (3.4 miles) south-southwest of the Quijotoa Trading Post, Pima County, Arizona. Access to the property is feasible with a pickup truck or similar vehicle (Figure 1).

The claimant is L. Dean Beutler, Route 3, Box 7, Chandler, Arizona, 85224. Following correspondence with Mr. Beutler in January and March, 1977, an examination of the property was made March 21, 1977 by W. Platz, Ed Robb, Mr. Beutler and Mr. Eual Britton who acted in an advisory capacity to Mr. Beutler.

Three stone monuments were found in the field (see Figure 2), which, by common consent, were assumed to be the common end center and common corners.

GENERAL GEOLOGY

The Geologic Map of Pima and Santa Cruz Counties, Arizona, prepared by the Arizona Bureau of Mines, shows Laramide granite and diorite porphyry in this area. The rock type identified in the field is a quartz diorite, more or less equigranular (1-3 mm), greenish grey, weathering to a buff, competent, with the following composition: 30% quartz, 25% biotite/chlorite, 45% white feldspars (plagioclase) and a trace of magnetite.

The topography is steep without prominent ridges indicating a uniform rock type in the immediate area.

The only significant structure is a fault striking N. 50°W. and dipping 50° to 80° NE. This fault is one of numerous northwest structural features affecting the acidic intrusives in the

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Quijotoa Mountains (Arizona Bureau of Mines Bulletin 137, p. 178). The fault zone varies in width from 6 cm to 4 m (2" to 13') or more. In addition to a persistent red gouge zone of 2 to 10 cm thickness, there is a zone of crushed and/or brecciated wall rock with numerous slickensides and considerable shearing occupying a width of up to four meters (13').

MINERALIZATION

The quartz diorite host rock appears to be fresh and unaffected by pervasive alteration. Epidote veinlets occur sporadically in fractures. At least one linear zone of epidote flooding (up to 0.3 m (1') wide) was observed parallel and near to the vein.

Occupying the fault is a vein of grey, dense, banded quartz. This vein pinches and swells up to 1.24 m (4'). The quartz is locally stained red with a coating of hematite. The vein has been locally crushed and cemented with specularite, calcite and quartz at least once, followed by another phase of brecciation. The gold and silver values were introduced along with the cementing materials (Arizona Bureau of Mines Bulletin 137, p. 179).

SAMPLING

No recent workings or road improvements were noted on the property and none of the open shafts were accessible.

Three stone monuments were found and presumed to be the common end center and corners between the Morgan #2 and #3.

At the request of the owner a composite sample (DBM #2) of three different outcrops along the vein was taken on the Morgan #2 claim (Figure 2). The assay results do not necessarily represent a true weighted average of the three samples. A channel cut was made across the vein at the extreme southeast end of Morgan #3. This cut was made on an outcrop which was assumed to be in place: the amount of soil cover and rock debris placed some doubt on the "in-place" status of the outcrop,

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but no other sites were accessible. Assays are shown in Table I. A Certified Assay Report is appended. See attached Figures for photographs of sample sites.

TABLE I

Sample	Width	Au	Ag
DBM 2A	1.24 m		
DBM 2B	0.9 m		
DBM 2C	0.3 m	↓	↓
DBM 2 (composite)		0.32 oz	0.30 oz
DBM 3	0.6 m	0.100 oz	0.18 oz

INTERPRETATION OF RESULTS

Computation of ore reserves is based upon measured vein widths, strike length and the assay at that point or a projected assay value. Three samples were cut along the vein on the Morgan 2 and combined into a single sample: This value will be used at all four vein exposures on this claim. Vein thickness at any one exposure is projected down dip 91.5 m (300') and one-half the distance to the next surface exposure. Vein dimensions and tonnages are shown in Table II as follows:

TABLE II

Site	Length	Thickness	Depth	Short tons*
DMB 2C	190' (5.8 m)	12" (0.3 m)	300' (91.5 m)	4750
DMB 2B	135' (41 m)	3' (0.9 m)	300' (91.5 m)	10125
20' shaft	180' (56 m)	9" (0.23 m)	300' (91.5 m)	3375
DMB 2A	157' (48 m)	4' (1.24 m)	300' (91.5 m)	15700
DMB 3	127' (38.7 m)	2' (0.6 m)	300' (91.5 m)	6350
	789'			40300

* St = L' x T' x D' ÷ 12

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Mining costs may be approximated from figures published in the U.S. Bureau of Mines Information Circular 8673 (1975):

Costs/shift to mine 12 short tons:

Miner, helper	= $63.51
Mucking (mach. & sup)	= 3.11
Drilling	= 14.42
Blasting	= 11.74
2 surface helpers (hoist, sort ore)	= 60.96
Total	$153.74
or	$ 12.81/short ton

A minimum mining width is equal to 1.24 m (4'). The total tonnage to be mined and hoisted is equal to L' x T' x D' ÷ 12 = 789' x 4' x 300' ÷ 12 = 78900 short tons at a cost of 78900 x $12.81 = $1,010,709.

Shipping costs of 10¢/ton-mile (sorted ore) over a round trip distance of 110 miles equals $11.00 per ton for a total cost of 40,300 x $11.00 = $443,300.

Mining and shipping costs equal ($1,010,709 + $443,300) $1,454,009 or (1,454,009 ÷ 40,300) $36.08 per ton delivered to the smelter at Ajo.

Gross value of one short ton at the smelter is estimated as follows:

Silver - ½ oz deducted - no value
*Gold - .02 oz deducted and 92½% of remainder less one dollar (0.32 - .02) x $136.30 x .925 - $1.00 $36.82
The net profit = $36.82 - 36.08 = $.74/short ton.

The smelter may be willing to pay a credit if the ore meets their qualifications for a silica flux. This information is not available.

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CONCLUSIONS AND RECOMMENDATIONS

Because of the above geologic and economic considerations it is my Professional Opinion that a prudent man would not expend his time or money in the hope of development of a mine on the Morgan #3 claim. I recommend that steps be initiated by the Bureau of Land Management, acting for the Bureau of Land Management, to declare the Morgan #3 Lode Claim null and void based upon this examination.

Some past production has occurred from the Morgan #2, (small dumps, 4 carloads shipped). On the basis of assay and probable reserves, it is my Professional Opinion that a prudent man would expend his time and money with a reasonable prospect of developing a mine on this property. I recommend, therefore, that the Morgan #2 Lode Claim should be allowed to remain as a valid claim on the Papago Indian Reservation.

Wallace S. Platt

Wallace S. Platt

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Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

CERTIFICATE OF ANALYSIS

ITEM NO.	SAMPLE IDENTIFICATION	Au oz/ton	Ag oz/ton
1	DBM-2	0.320	0.30
2	DBM-3	0.100	0.18

TO
C. L. FAIR & ASSOCIATES
2420 North Huachuca Drive, Suite 9
Tucson, Arizona 85705

REMARKS
Project No.: PIR
Single analysis by Fire Assay

CERTIFIED BY: William L. Lehmbeck

DATE REC'D 3/21/77 | DATE COMPL 4/5/77 | JOB NUMBER 770665

MARKETS

Iron ore: Other US iron ore producers Oglebay Norton, Hanna Mining, Pickands Mather, and US Steel last month met the 4.5% price hikes posted in January by Cleveland Cliffs.

Tungsten: Union Carbide hiked prices on March 1: ammonium paratungstate from $155 to $175 per stu, UCAR ferrotungsten from $10.50 to $11.75 per lb, and tungsten metal powder from $11.80 to $13.05 per lb. Tungsten ore prices have risen dramatically since January. London sources quoted ore at $172.50-177.00 per mtu ($156.49-160.57 per stu) late in February, with predictions of $190-195 per mtu by May.

Manganese: Negotiations for 1977 ore contracts have dragged since late 1976, although they may gather some momentum early this month. With ore and alloy stocks high and alloy prices low, ore consumers have held out for a 1977 contract price no greater than the 1976 levels ($1.47-1.53 per ltu for metallurgical grades). Ore producers want at least a 3% hike to help cover rate for escalations in the cost of materials and labor.

Rhodium: By far the strongest of the precious metals, rhodium began rising sharply late in January and sustained the strength through February. Bullishness stemmed from increased recognition that rhodium will be widely used in three-way auto catalysts. Late in February, New York dealers were asking $420-425 per oz.

Platinum: Revived [illegible] interest helped sustain dealer quotes just below $60 in February. Customer inventories were low, and metal in dealers' hands was comparatively tight. Another producer hike of $5-10 appeared quite possible late in the month.

Average prices February

(Metals Week quotations)

For daily prices see p 54

Cents per pound unless otherwise indicated

Aluminum:
- Major US producer — 48.000
- NW US market — 46.145

Copper:
- US producer, delivered — 69.825
- Export, f.a.s. refinery — 69.725
- Major European cent. Europe — 64.673
- Brit. Ministry price, pound — 65.476
- NY dealer — 67.875

Lead, US producer — 28.692

Tin:
- NY spot price — 422
- NY New York dealer — 427

Zinc:
- US producers, FW — 27.500
- Foreign producers ($ per mt) — 594.000

Gold, $/oz:
- London final — $138.256
- Handy & Harman — $138.274

Silver:
- New York spot price, $/oz — 4[illegible]
- London fixing, pence/troy oz — 2[illegible]

Sterling Exchange (dollars) — 1.7[illegible]

Platinum, $/troy oz — $90.000

Palladium, $/troy oz — $[illegible]

Antimony:
- 99.6%, cif — [illegible]
- Chinese, Rotterdam — [illegible]
- New York dealer — [illegible]

Beryllium, 99% powder — [illegible]

Bismuth, 99.99% — [illegible]

Cadmium, MW — [illegible]

Cobalt, 99.5% — [illegible]

Germanium, $/kg — [illegible]

Indium, 99.97% — [illegible]

Lithium, 99% — [illegible]

Magnesium, ingot — [illegible]

Mercury, $/76-lb flask — [illegible]

Nickel, 99.9% — [illegible]

Free gold market

February brought a renewed advance in the price of gold. From a low of $131.80 per troy oz at the beginning of the month, the London fixing advanced steadily, reaching $142.75 at month's end the highest level since December 1975. The news that the People's Republic of China had shipped some 80 tons of gold to Great Britain last December had no effect on trading, because it was assumed that this amount had been sold to Far East dealer interests rather than due for entry on the market.

The volume of transactions remained moderately high in Western European centers. Paris reported that despite the 4% tax on gold sales, trading volume here in and South Africa reported that its sales were [illegible] but free market purchases. There was very little buying interest in gold coin markets during the month.

Futures markets, especially in Hong Kong and New York, registered quite active turnovers as operators took buying rides from breakout of chart formations. At the end of February, [illegible] at $138 per troy oz and in Singapore at $138.50. In Winnipeg, the April 1977 contract was traded at around $153 per troy oz.

PRICES WORLD DOLLAR EQUIVALENCE

	Gold		Silver	
	Feb 28	Feb 21	Feb 28	Feb 21
New York	[illegible]	[illegible]	[illegible]	[illegible]
Manila	[illegible]	[illegible]	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]	[illegible]	[illegible]
Singapore	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	NA	NA	NA	NA
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Note: [illegible]

Miscellaneous metals

Wholesale lots (a) f.o.b. ship pt., (b) delivered, (c) f.o.b. NY, (d) dep. on size of lot, (e) dep. on grade, (n) nom.

Aluminum, eff. 8.11.76
- unalloyed ingot, (b), lb. — 48¢

Antimony, (99.5%), bulk, lb., domestic, eff. 9.16.76
- RMM, f.o.b. Laredo — $1.75
- Lone Star, f.o.b. Laredo — $2.10
- Imported, N.Y. (lb.) 5 ton lots, (d), [illegible] — $1.43-1.46

Beryllium:
- ind. 5 ton, (b), (d), lb. — $[illegible]

Bismuth, (b), ton lots, eff. 2.27.76 — $7.50

Cadmium, (b), eff. 8.30.76
- US producer — $3.00

Chromium, (b), lb. of material, eff. 10.1.76
- 99% min. thermic, 0.2% — $2.63
- 99% min. [illegible], 0.8% — $2.63
- [illegible] — $2.70

Cobalt, (b), lb.
- [illegible] — $5.25
- [illegible] — $5.20
- [illegible] — $5.35

Tungsten, 98% +
- [illegible] — $8.87
- [illegible] — $8.80
- [illegible] — $8.55

Columbium, lb., 99.8-99.8%
- Reactor grade — $16.25
- Reactor grade, wire — $20.45

[illegible] — 45¢

[illegible] — $3.60

For [illegible] see p 54

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FIGURE 3

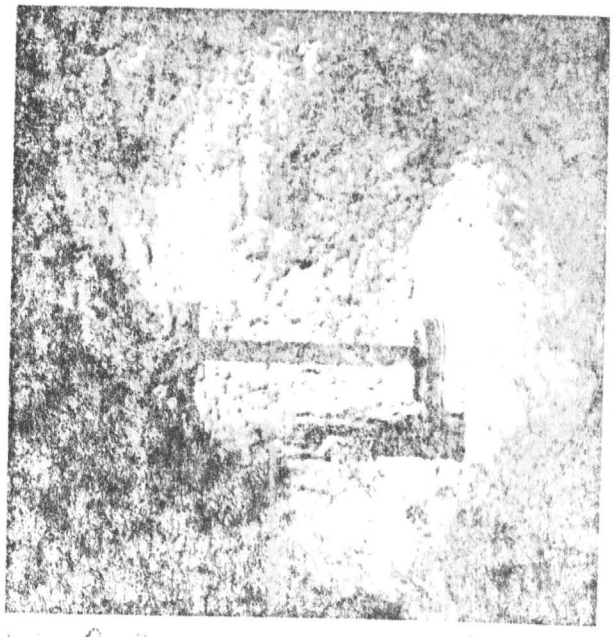

Photo 1:
Morgan 2
DBM 2A

DBM 2A
MORGAN 2
3-21-77

Photo 2:
Morgan 2
DBM 2B

DBM 2
MORGAN 2
3-21-77

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Consulting Geologists
Tucson, Arizona 85715

2400 N. Alvernon, Suite 9
(602) 881-3761

FIGURE 4

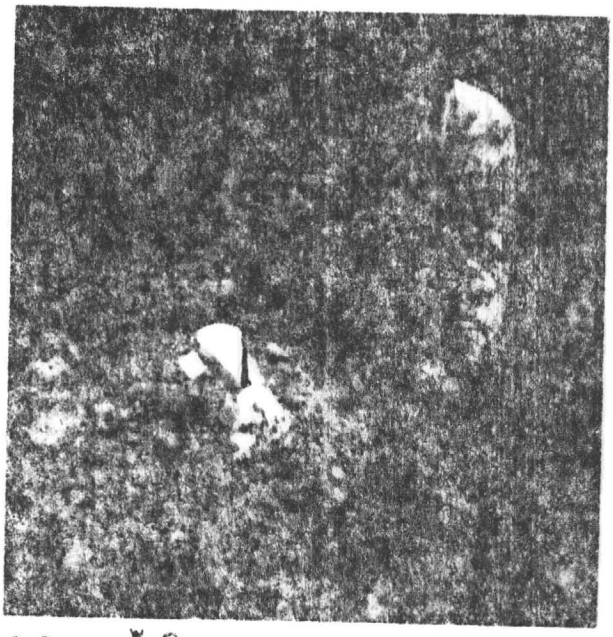


Photo 1:
Morgan 3
DBM 3

DBM-13
MORGAN 3
3-31-77

3' CHANNEL
20' NW of Morgan center

Wallace S. Platt 8/12/77

LAW OFFICES OF
SMITH, RIGGS, BUCKLEY & FARNSWORTH

DARRELL F. SMITH
WESTLYN C. RIGGS
GUY M. BUCKLEY
E. EVANS FARNSWORTH
STEVEN G. SMITH

231 NORTH ALMA SCHOOL ROAD
MESA, ARIZONA 85201

TELEPHONE
AREA CODE 602
834-3344

November 10, 1980

Mr. Walter Heinricks
Box 5964
Tucson, Arizona 85703

Re: Your Job No. 1479

Dear Mr. Heinricks:

Enclosed you will find copies of Exhibit "A" and "B", which should help you with your report. I still have not received a copy of the transcript of the hearing. As soon as I receive the same, I will forward it to you.

Also enclosed is a copy of the original transcript, having the testimony of Wallace Platt therein.

Sincerely,

SMITH, RIGGS, BUCKLEY & FARNSWORTH

Westlyn C. Riggs

Westlyn C. Riggs

WCR:llk

Encs:

1435 SOUTH 10TH AVENUE
TUCSON, ARIZONA 85713

Jacobs Assay Office

Registered Assayers

Since 1880

PHONE 622-0813

Certificate No. 60691

TUCSON, ARIZONA 85713 13 November, 1980

Sample Submitted by Mr WALter Henrichs

SAMPLE MARKED	GOLD Ozs. per ton ore	GOLD Value per ton ore *	SILVER Ozs. per ton ore	COPPER Per cent Wet Assay	~~LEAD~~ Per cent Wet Assay	..... Per cent Wet Assay	..... Per cent Wet Assay
#1	0.057		0.15	0.04			
#2	0.043		0.10	0.03			
#3	0.098		0.20	0.02			
#4	0.242		0.65	0.01			
#5	0.354		1.20	0.67			
#6 Bucket	0.758		1.45	0.91			
#7	0.184		0.45	0.01			
#8	0.010		0.15	0.01			

* Gold Figured ~~$300.00~~ per oz. Troy

Charges $ 68.00

GEOEX Job #1479

Very respectfully,

REGISTERED ASSAYER CERTIFICATE NO. 11660 MICHAEL GEORGE JACOBS TUCSON ARIZONA, U.S.A.

1435 SOUTH 10TH AVENUE
TUCSON, ARIZONA 85713

Jacobs Assay Office

Registered Assayers

Since 1880

PHONE 622-0813

Certificate No. 60691

TUCSON, ARIZONA 85713 3 Nov., 1980

Sample Submitted by Mr Walter Henrichs

SAMPLE MARKED	GOLD Ozs. per ton ore	GOLD Value per ton ore	SILVER Ozs. per ton ore	COPPER Per cent Wet Assay	LEAD Per cent Wet Assay	Per cent Wet Assay	Per cent Wet Assay
		@$600/oz					
#1	0.057	34.20	0.15	0.04	Morgan 3-dump grab, reject(?).		
#2	0.043	25.80	0.10	0.03	N. Ridge " " pyritic-diorite dump.		
#3	0.098	58.80	0.20	0.02	Morgan 3 dump grab - reject(?)		
#4 (Burlap)	0.242	145.20	0.65	0.01	" " Coplin #4 tunnel dump grab		
#5	0.354	212.40	1.20	0.67	" " #3 Shaft Select hand cobbed dump grab.		
#6 Bucket	0.758	454.80	1.45	0.91	" 2#2 " " " "		
#7	0.184	110.40	0.45	0.01	" (Rejects) 3 " " " "		
#8	0.010	6.00	0.15	0.01	" 2-2 foot cut across surface vein		

FIRE ASSAYS - Au Ag (Geox Job # 1479)

* Gold Figured ~~$300.00~~ per oz. Troy

Charges $ 68.00

Very respectfully,

Jacobs

REGISTERED ASSAYER CERTIFICATE NO. 11680 MICHAEL GEORGE JACOBS ARIZONA, U.S.A.

M.C. EX.-A.

1435 SOUTH 10TH AVENUE
TUCSON, ARIZONA 85713

Jacobs Assay Office

Registered Assayers

Since 1880

PHONE 622-0813

Certificate No. 60691

TUCSON, ARIZONA 85713 13 3 Nov, 1980

Sample Submitted by Mr Walter Heinrichs

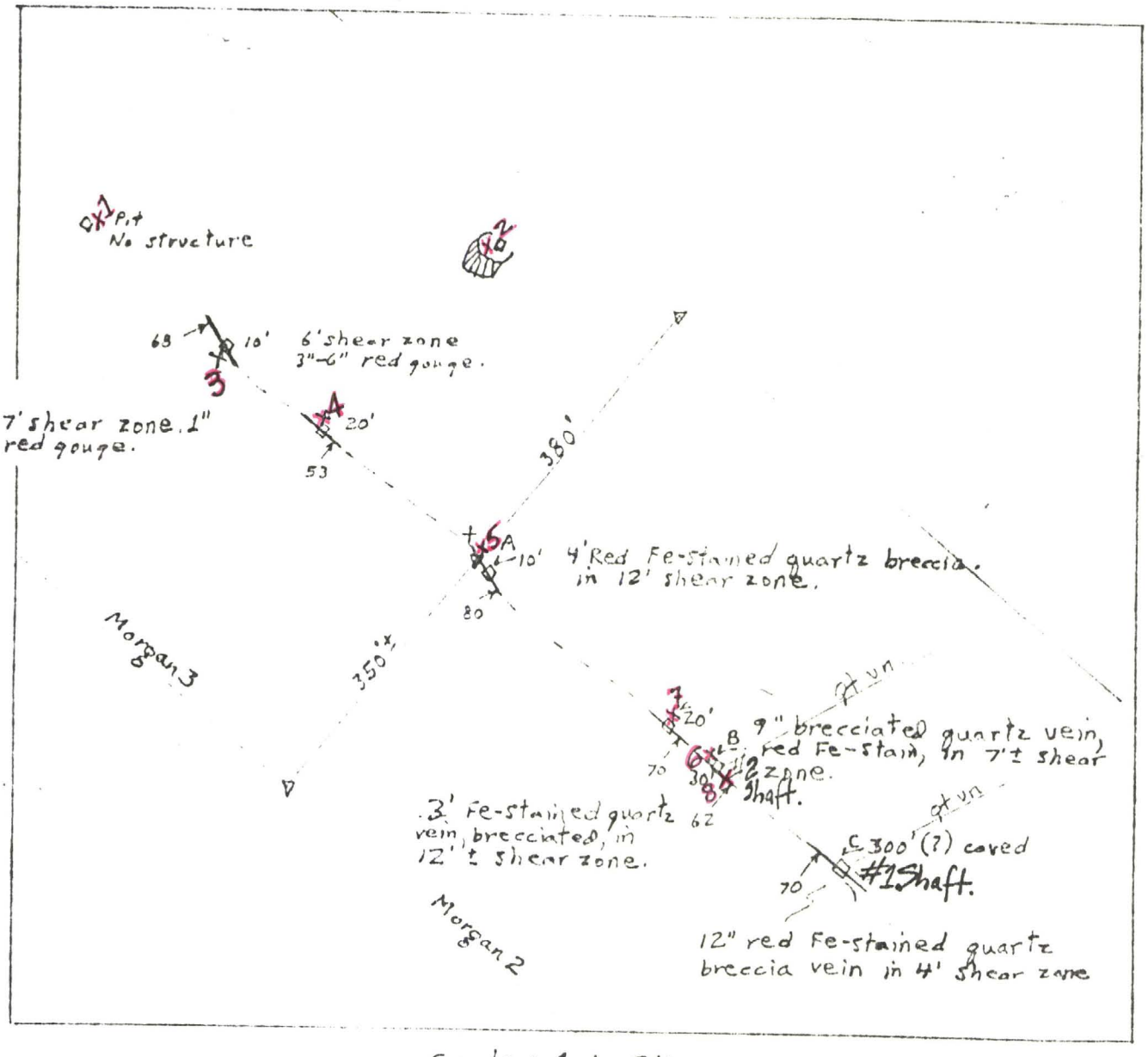
SAMPLE MARKED	GOLD Ozs. per ton ore	GOLD Value per ton ore *	SILVER Ozs. per ton ore	COPPER Per cent Wet Assay	~~LEAD~~ Per cent Wet Assay	~~.....~~ Per cent Wet Assay	~~.....~~ Per cent Wet Assay
#1	0.057		0.15	0.04			
#2	0.043		0.10	0.03			
#3	0.098		0.20	0.02			
#4	0.242		0.65	0.01			
#5	0.354		1.20	0.67			
#6 Bucket	0.758		1.45	0.91			
#7	0.184		0.45	0.01			
#8	0.010		0.15	0.01			

* Gold Figured ~~$300.00~~ per oz. Troy

Charges $ 68.00

Very respectfully,

M.C. EX-B



Scale : 1 to 2400

Legend

- □ 20' shaft & depth
- 60 fault & dip
- △ stone monument
- 3 localities for sample DBM #2
- \+ site of sample DBM #3
- × W.E.H. Sample Nos.

FIGURE 2

Claim Plat & Geology Map
Morgan Nos. 2, 3 Lode Claims
Scale 1" = 200'
1 cm = 2½ m

W. Platt
E. Robb
3-21-77

REGISTERED GEOLOGIST
CERTIFICATE NO.
7591
WALLACE S. PLATT
DATE SIGNED 3/31/77
Arizona U. S. A.

November 25, 1980

Mr. Westlyn C. Riggs
Smith, Riggs, Buckley and Farnsworth
231 North Alma School Road
Mesa , AZ 85201

Re: Morgan 3 Mining Claim
Quijotoa, Papago Reservation
Pima County, AZ
GEOEX #1479

Dear Mr. Riggs:

Enclosed herewith are two copies of my letter report on the above-referenced Mining Claim, together with seven pages of annotated snapshots. We are keeping the original letter report and original snapshots in our file and will be glad to furnish more copies if you need them.

Also enclosed is a copy of our statement to Mr. Farnsworth dated November 21, 1980.

Sincerely,

s

Walter E. Heinrichs , Jr.
Consulting Geological Engineer-
Geophysicist
P.E. & C.P.G.

WEH:mt
Enclosures: 3

HEINRICHS GEOEXPLORATION COMPANY

P. O. BOX 5964, TUCSON, ARIZONA 85703, 806 WEST GRANT ROAD, PHONE: (602) 623-0578

November 25, 1980

Mr. Westlyn C. Riggs
Smith, Riggs, Buckley and Farnsworth
231 North Alma School Road
Mesa, AZ 85201

Re: Morgan 3 Mining Claim
Quijotoa, Papago Reservation
Pima County, AZ
GEOEX #1479

Dear Mr. Riggs:

This letter report will summarize my involvement on behalf of Dean Buetler and associates in connection with the matter concerning the Morgan 3 claim, the "validity" of which is being contested by the U.S. Government. It is also intended that the contents of this letter report will serve as a partial basis for the brief requested during the hearing held on 4 November 1980 in Phoenix and in which I participated as a Contestor witness.

On Tuesday 21 October 1980, Dean Buetler and Ray Farnsworth and I examined from the main workings of the main dump and adit portal on the Morgan #2 claim to the farthest working on the vein toward the northwest which still lies on the southeast side of the small ravine which crosses the vein on the upper portion of the Morgan #3 claim.

The vein is not continuously exposed at the surface along its trend because of erosional variables, soil cover or minor patches of talus. Nevertheless, the workings are persistent enough along the vein that these, together with the exposed outcroppings of the vein, leave no doubt that the vein (which Mr. Platt calls a fault) (it's probably both a vein and a fault zone) exists continuously along the full strike length of both claims as far as it was examined in both directions. Only the extreme N.W. and S.E. ends of the two-claim-group were not examined. Possible parallel or subparallel veining may also exist, but this aspect was not specifically examined.

Mr. Platt's sampling apparently concentrated on the quartz breccia or silica portion of the vein on the presumption that it was the mineral bearer (28 January 1980 hearing testimony pages 31-32). Based on the one in-place channel

sample that was taken on 21 October 1980 (sample No.8, M.C. Exhibit "A") which ran only 0.010 troy ounce per short ton - the least of all eight samples taken that day - Mr. Platt's presumption would seem to be incorrect. Rather than just the main silica ledge portion of the vein, indication is that the main values lie in either the ferruginous hanging and/or foot wall portion and/or portions of the vein or, and/or some other unidentified aspect and/or aspects of the mineralized structure. Apparently the somewhat less prominent strong surface evidence of quartz on the Morgan 3, influenced Mr. Platt's opinion regarding the mineral character of the obviously mineralized Morgan 3 vein and/or fault structure.

A total of eight samples of surface-exposed mineralized or siliceous vein material were taken. Results, as indicated on M.C. Exhibit"A", were analyzed for gold and silver by Jacobs Assay Office in Tucson, Arizona and both the pulps and rejects are being retained at Heinrichs GEOEX offices in Tucson. Locations of the sample sites are indicated on the sketch map marked M. C. Exhibit "B". As already stated, only sample #8 represents in-place material. The other seven samples represent material from all indications obviously mined and left as waste dump and/or as hand sorted reject material, i.e.: low grade or lower grade. Samples number one through five are from workings on the Morgan #3 claim and samples six through eight from Morgan #2 workings.

Dump and reject material was taken in preference to in-place material, because it would be more nearly indicative of the nature of material mined in the past. Moreover, the old workings are now inaccessible and, as previously indicated, the surface exposures of the vein are intermittent which makes meaningful outcrop or in-place sampling much more difficult. In addition to these factors, it is obvious that the previous workers of the claims, living with or on the properties and working underground for many months, would be extremely more knowledgeable and familiar with the nature of the vein occurrence and mineralization characteristics, than anyone else could be in a first time, brief, one-day examination of just the surface alone.

As a result of M.C. Exhibit "A" sampling , my observations of the vein where exposed and its structure and mineralization, leaves no doubt that the mineral character is such that a prudent man would have logically spent his time and money on the property to make a paying mine under 1955 or 1965 circumstances. Based on 1955 cost estimates of $5.00 per ton and six tons mineable per man shift on a small scale selective mining basis, two men would produce 12 tons per shift at a cost of $60.00. At $35.00 per troy ounce of gold and with no credit value for any contained silica , silver, lead, or copper and no penalty for contained alumina or zinc, sales value at the Ajo Smelter of Phelps Dodge would have to approach roughly $12.00 per ton of ore to pay for mining and

transportation costs from mine to smelter. The latter costs are estimated at $0.05 per ton mile in 1955 for 110 miles, or $5.50 per ton shipped, or $66.00 for shipping 12 tons. Add $60.00 mining costs to $66.00 shipping costs equals $126.00 total costs to produce and ship 12 tons of ore to the Ajo Smelter. At a sales value of $12.00 per ton this would yield $144.00 gross value, less $126.00 direct costs, leaving $18.00 for indirect costs, contingencies and profit. Though not tested, the silica content looks like it would be quite high and the zinc and alumina very low or nil. In the past, the Ajo Smelter has paid a significant premium for high-silica ores which contained little or no zinc and alumina. This does not count for any silver, copper or lead credits which might have occurred as well.

At $12.00 per ton gross value and $35.00 per oz for the price of gold in 1955, the mean grade of the ore shipped would have had to run 0.3429 ounces of gold per ton of ore. Based on the present sampling theory applied and discussed above and the sampling results obtained, the material apparently mined and shipped from the Coplin tunnel workings (adit #4) and vicinity on the Morgan 3 claim, would appear to have run at least about this amount or more.

As to the potential reserve tonnage of ore available at least 1000 feet of strike length on the observed vein is estimated and there could be much more than this which remains totally or relatively unexplored. Reported depth of the main Morgan #2 shaft is 700 to 800 feet or so and the main dump is certainly large enough to account for workings that extensive. Assuming a volume-weight ratio of 12 cubic feet per short ton of ore in place, a four foot mineable width of vein, a strike length of only 500 feet on the Morgan #3 claim alone and an apparently proven depth extent of at least 700 feet deep, yields the following:

4' X 500' X 700' = 1,400,000 cubic feet of potential ore, divided by 12 cubic feet per ton, equals 116,667 potential short tonnage reserve. That amount alone, without being added to the Morgan #2 potential, begins to approach what could be sufficient to begin considering in a preliminary way, possible ore beneficiating efforts on the premises and, such considerations would not have been out of the question in 1955. Feasibility of such considerations would include the important aspects of separating, recovering, and selling the contained by-products other than the gold, (silver, copper, lead) besides a savings in transportation costs to the point of sale and having a more readily saleable overall product or products to market.

Based on all of the above observations and conclusions and Mr. Platt's report and testimony, the Government's position seems arbitrary and capricious. I have known Mr. Fair and Mr. Platt for quite a few years and am familiar with some of the background and history relating to Papago mineral rights including

Mr. Fair's previous contracts with the Department of Interior and this particular one with the Phoenix office of the Bureau of Indian Affairs in which Mr. Platt participated. The objective procedure and policy of the latter, (stated but probably unwritten) was obviously to try to void at least some claims. Otherwise, the effort would have had no purpose from the Government and/or Indian point of view. Additionally, I believe this was the second claim status review conducted since the 1955 Federal Papago Mineral Rights legislation sponsored by Senator Goldwater was originally passed. Just why more than one review, I do not know.

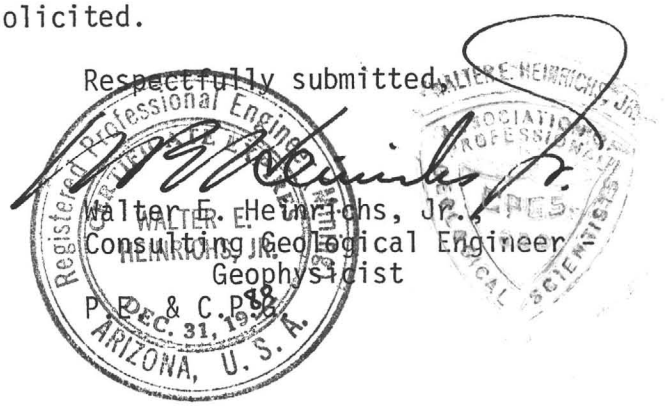
Since actual mining and shipping from the Morgan 3 claim is definitely evident, the question of prudence, whether in 1955 or any other time, seems irrelevant and immaterial. What better evidence of an actual mining claim discovery is there than ore having been mined and shipped from the claim? In addition, Mr. Platt, in his report of 8/13/77, admits to "persistent red gouge" and "a zone of crushed and/or brecciated wall rock with numerous slickensides and considerable shearing". Although the quartz diorite host rock is fairly fresh, flooding of epidote seems fairly extensive - at least in vicinity of the vein. In spite of the host rock freshness, there is considerable visible pyrite noted in the rock at sample site No.2 which was apparently not examined by Mr. Platt. Relationship of this mineralization to the main Morgan vein is uncertain, but its relationship to the Morgan 3 claim is unquestionable.

Altogether, this leaves no doubt whatsoever that the Morgan 3 claim was originally, is now and always has been mineral in character and moreover, a valid mineral discovery has been made on the claim, as of 1955, 1965, or, any other particular date you would care to choose since its original location.

Sixteen annotated black and white snapshots taken of or from the sample sites accompany this report.

Your questions and comments are solicited.

Respectfully submitted,



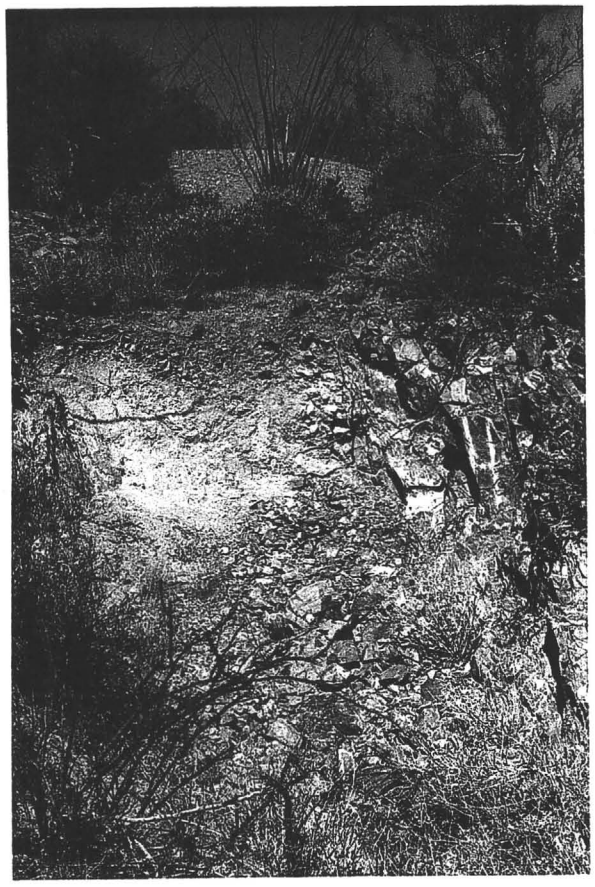
Walter E. Heinrichs, Jr.
Consulting Geological Engineer
Geophysicist

GEOEX #1479
25 November 1980
Box 5964
Tucson, AZ 85703
(602) 623-0578

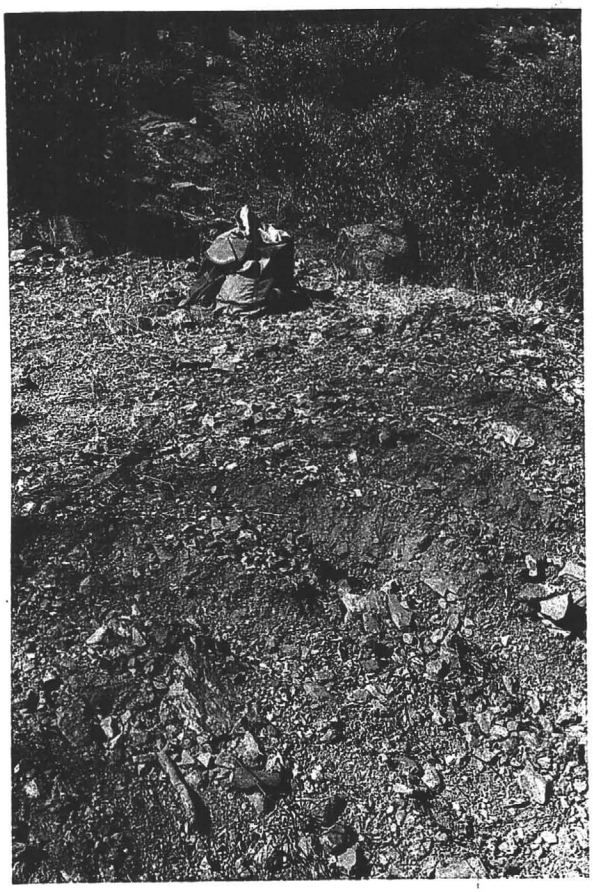
WEH:mt

Appended: 7 pages, 16 pictures of snapshots, annotated.

GEOEX #1479
November 25, 1980



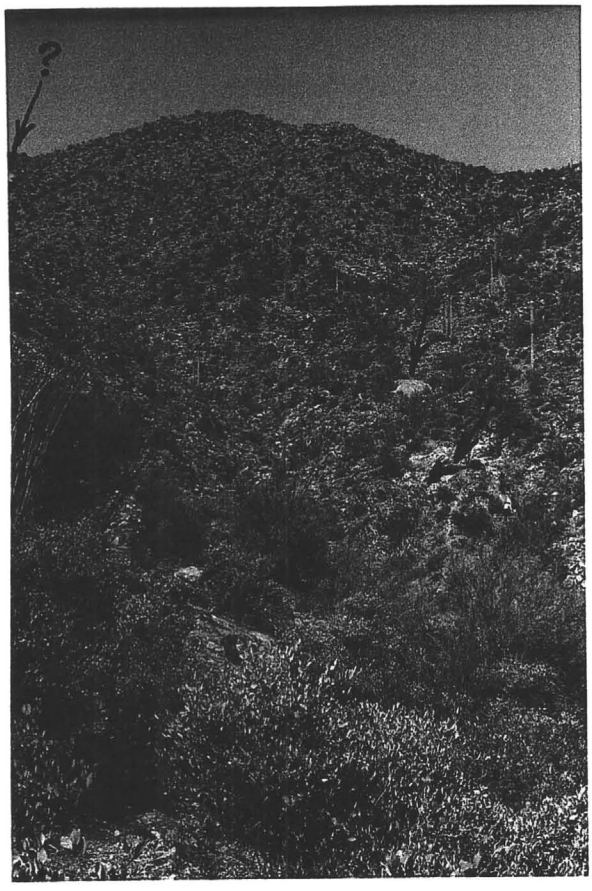
1) (#4Neg.) #4 Caved Adit Portal on Morgan 3 Claim



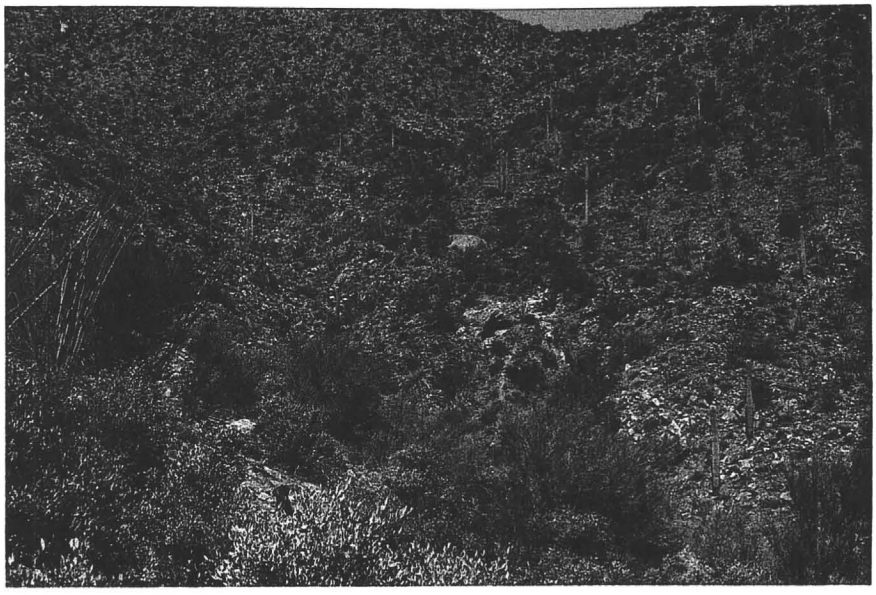
2) (#5Neg.) Sample #1 Dump Material From Shaft Above Adit #4 Site (Coplin Tunnel ?) on Morgan 3 Claim

GEOEX #1479
November 25, 1980

3) (#6Neg.) Sample 1 Site Shaft Above #4 (Coplin) Adit.



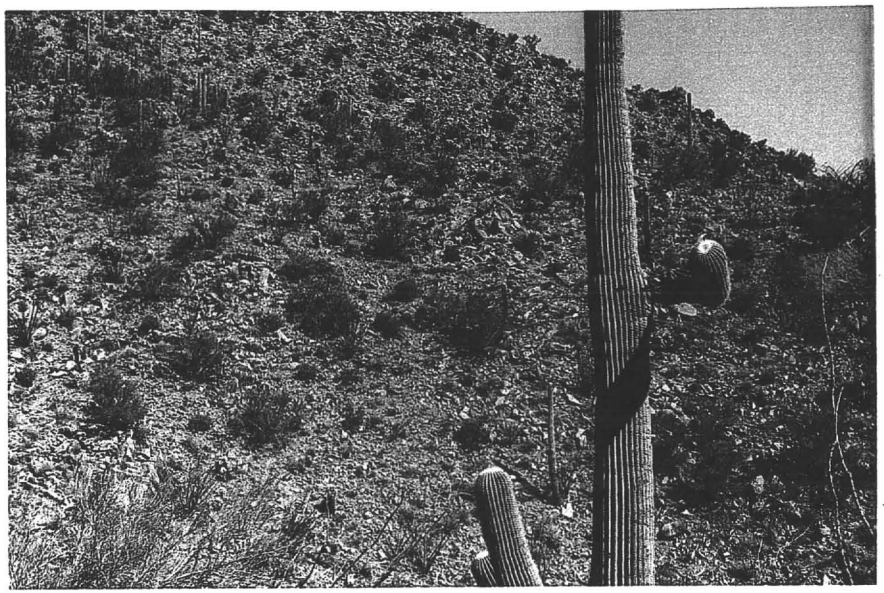
4) (Neg.#7) Additional Workings to NW on Morgan 3 Vein and Possible Parallel Vein to S.W.(?).
Taken From Sample Site #1



(5) Neg.#8) Same View As Pix #4 Looking
NW on Morgan 3 Vein

6) (Neg.#9) Pyritic Dump, Qtz Diorite Host Rock
Sample Site #2 Pix Taken From Sample
Site #3, Pit Dump on Morgan
#3 Vein

GEOEX #1479
November 25, 1980



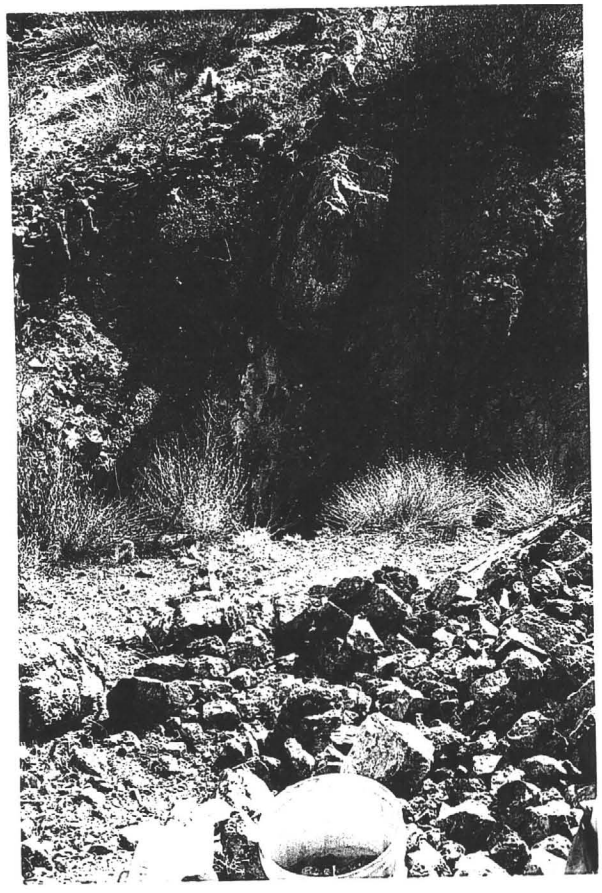
(7) (Neg.#10) Same As Pix #6. Taken From Sample Site #3.

(8) (Neg.#11) Pit At Sample Site #3.

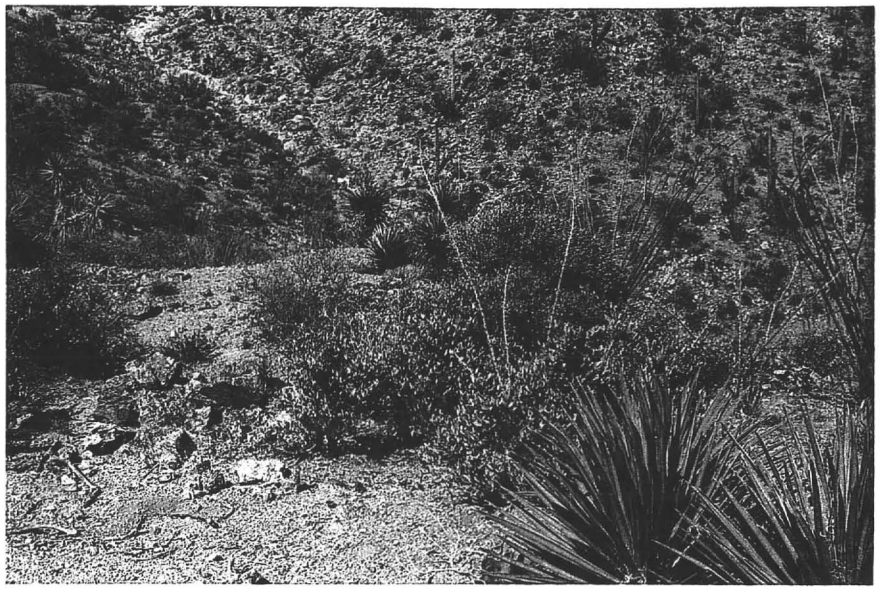
(9) (Neg. #12) Morgan 3 Vein Showing
Quartz-breccia.

(10) (Neg.#13) #4 (Coplin) Adit Dump
Sample Site #4

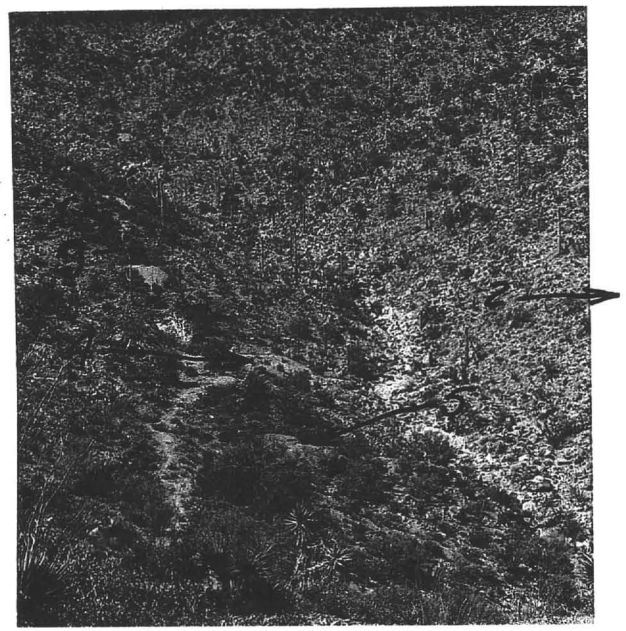
(11) (Neg. #14) Hand Cobbed Hi-grade Selected
Dump Grab. "Bucket" Sample #6



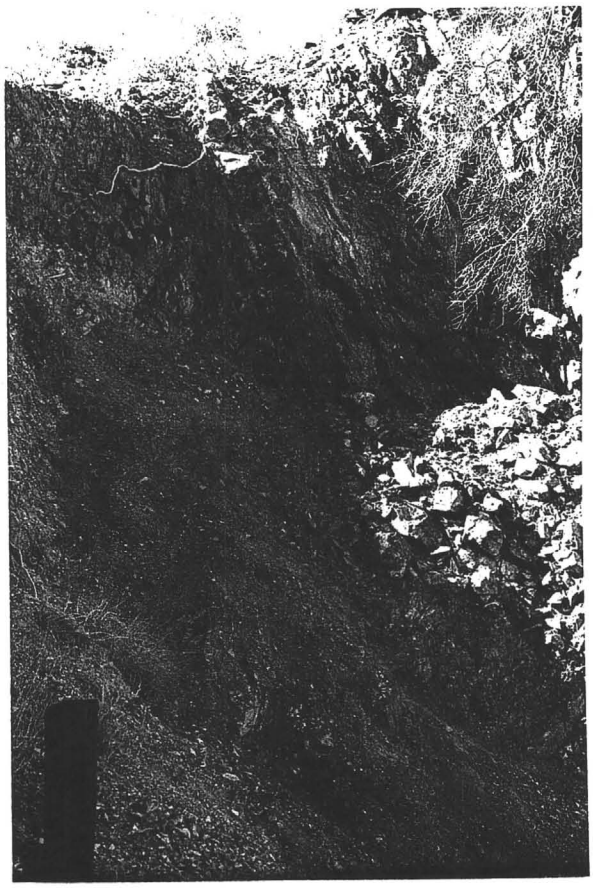
(12) (Neg.#15) Same as Above
Also Showing Morgan
Vein Structure



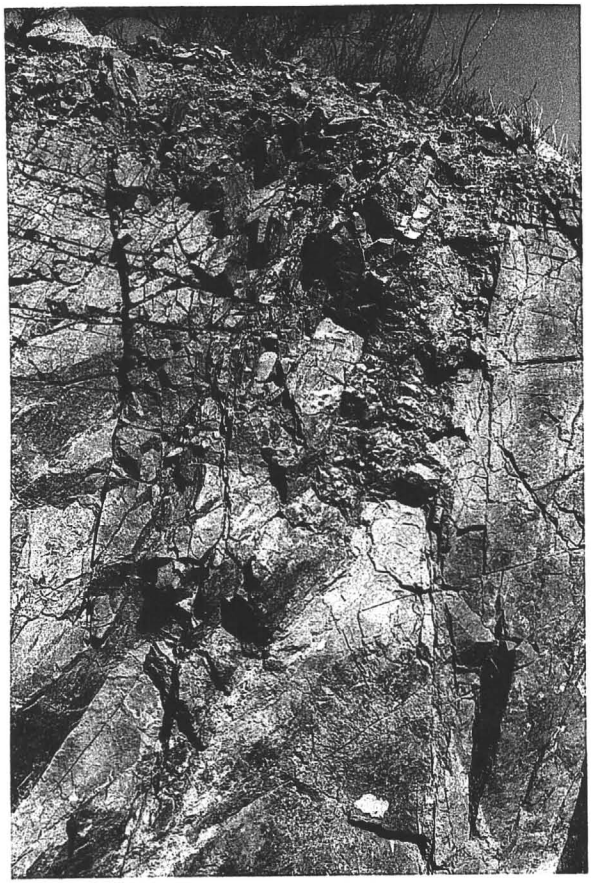
(13) (Neg.#16) Looking Northwesterly at Main Morgan Shaft (upper) Dump.



(14) (Neg.#17) Same As #14 Above, But Showing Workings On Morgan 3 Claim and Sample Sites 1,3,4 & 5.



(15) (Neg.#18) Morgan #2 Discovery Monument and Main Dump Caved Adit Portal.



(16) (Neg.#19) East Wall of Caved Main Adit Portal.

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF HEARINGS AND APPEALS
HEARINGS DIVISION
6432 Federal Building
Salt Lake City, Utah 84138

UNITED STATES OF AMERICA, Contestant,	)	A 9861
v.	)	CONTESTANT'S MOTION TO WITHDRAW COMPLAINT TO SPECIFIC CLAIMS
L. DEAN BEUTLER, Contestee.	)	

Comes now Fritz L. Goreham, Office of the Field Solicitor, Phoenix, as attorney for the Contestant, and moves to withdraw the complaint against the Morgan No. 2 and requests the Office of Hearings and Appeals, Hearings Division, to dismiss the same without prejudice. The action requested herein is not intended to affect the charges against the remaining claims in said complaint.

Executed this 29th day of August, 1979.

Fritz L. Goreham
Attorney for Contestant

A copy of the foregoing was sent by Certified Mail this 29th day of August, 1979, to:

/////

Mr. L. Dean Beutler
Route 3, Box 7
Chandler, Arizona 85224

Fritz L. Goreham
Attorney for Contestant

C. L. Fair and Associates
Consulting Geologists
Tucson, Arizona 85705

2420 N. Huachuca, Suite 9
(602) 882-8701

August, 1977

Mr. L. Dean Beutler
Rt. 3, Box 7
Chandler, Arizona 85224

Re: Unpatented Mining Claims held on the Papago Indian Reservation.

Dear Claimant:

As you are aware, we have spent this past year in a survey of validity of unpatented mining claims on the Papago Indian Reservation under authority designated by the U. S. Bureau of Indian Affairs under Contract #H50C14209834, dated June 9, 1976.

Our recommendation to the Bureau of Indian Affairs and Bureau of Land Management with respect to your claims are outlined below. Please take note that these are merely recommendations; the Federal agencies involved may or may not agree with these recommendations. In particular, recommendations for validation may be over-ruled based upon more complete information in Government files.

We recommended that the following claims be judged as valid:

Morgan #2 Lode Claim.

We recommended that the following claims be declared null and void:

Morgan #3 Lode Claim.

Your next notification will be from the Bureau of Land Management office in Phoenix.

Very truly yours,

Charles L. Fair

Charles L. Fair

Book KKK
Pg. 346

Notice of Mining Location

LODE CLAIM

TO ALL WHOM IT MAY CONCERN

This Mining Claim, the name of which is the Red Devil Mining Claim, situate on lands belonging to the United States of America, and on which there are valuable mineral deposits, was entered upon and located for the purpose of exploration and purchase by Keith Knight and James J. Kunney American Citizens

the undersigned, on the 1st day of March, 1927

The length of this claim is One thousand five hundred feet, and we claim one thousand two hundred feet in a South Westerly direction and Three hundred feet in a North Easterly direction from the center of the discovery shaft, at which this notice is posted, lengthwise of the claim, together with Three hundred feet in width of the surface grounds, on each side of the center of the said claim.

The general course of the lode deposit and premises is from the North East to the South West.

The claim is situated and located in the Quijotoa Mining District, in ~~the County~~ County, in the ~~State~~ Pima State of Arizona, about four miles in a Westerly direction from Quijotoa Post Office also known as Covered Wells

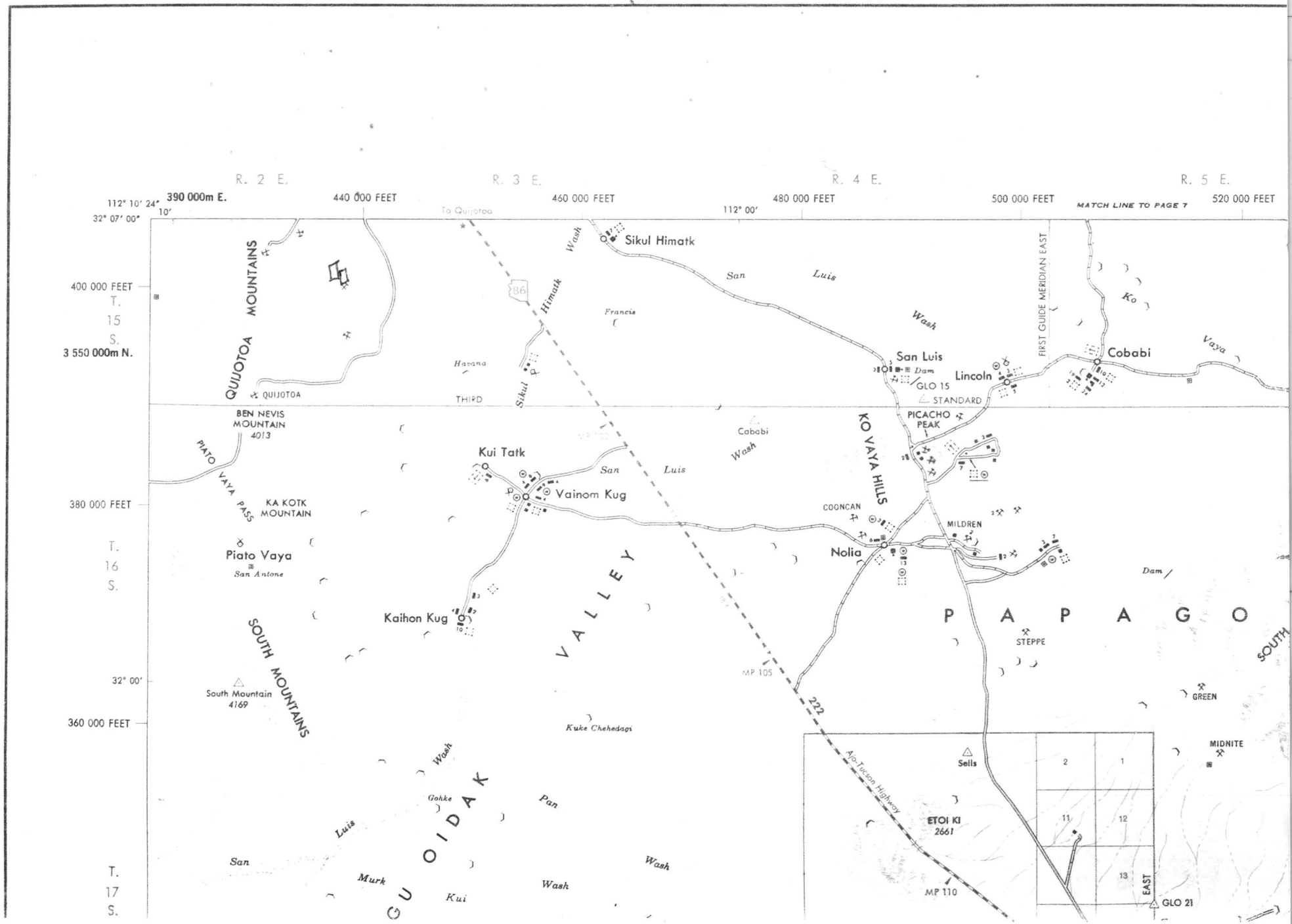
The surface boundaries of the claim are marked upon the ground as follows: Beginning at a Monument at Location and marked with four end posts and two center end monuments at a point in a Northerly direction Three hundred feet from the discovery shaft (at which this notice is posted) being in the center of the North end line of said claim, thence Three hundred feet to a post being the North East corner of said claim: thence One thousand five hundred feet to a post being at the South East corner of said claim: thence three hundred feet to a Monument at the center of the South end of said claim: thence three hundred feet to a post being at the South West corner of said claim: thence One thousand five hund.— feet to a post at the North West corner of said claim, thence three hundred feet to the place of beginning.

Dated and posted on the grounds this first day of March, 1927.

James J. Kunney

Keith Knight

Filed and recorded at request of Knight & Kunney ... M.


R. 2 E.
R. 3 E.
R. 4 E.
R. 5 E.
112° 10' 24"
32° 07' 00"
390 000m E.
440 000 FEET
460 000 FEET
480 000 FEET
500 000 FEET
520 000 FEET
112° 00'
MATCH LINE TO PAGE 7
400 000 FEET
380 000 FEET
360 000 FEET
T. 15 S.
T. 16 S.
T. 17 S.
3 550 000m N.
32° 00'
To Quijotoa
QUIJOTOA MOUNTAINS
QUIJOTOA
BEN NEVIS MOUNTAIN 4013
PIATO VAYA PASS
KA KOTK MOUNTAIN
Piato Vaya
San Antone
SOUTH MOUNTAINS
South Mountain 4169
Kaihon Kug
Kui Tatk
Vainom Kug
Sikul Himatk
Himatk
Wash
Francis
Havana
Sikul
THIRD
Cababi Wash
San Luis Wash
San Luis
Dam
GLO 15
STANDARD
Lincoln
FIRST GUIDE MERIDIAN EAST
Cobabi
Ko Vaya
PICACHO PEAK
KO VAYA HILLS
COONCAN
MILDREN
Nolia
MP 105
222
PAPAGO
STEPPE
GREEN
MIDNITE
SOUTH
Dam
Ajo-Tucson Highway
Sells
ETOI KI 2661
MP 110
EAST
GLO 21
GUOIDAK VALLEY
Kuke Chehedagi
Gohke
Pan
Murk
Kui
San Luis Wash
1
2
11
12
13

MINEXCO, INC.

Exploration and Mining Services

1050 East Southern Avenue, Suite F-3
Tempe, Arizona 85282
Telephone (602) 968-3891
(602) 968-3782

PATRICK D. DARCY
Geological Engineer

TIM M. TUCKER
Mineral Economist

★★★★★★★★★★★★★★

Mineral Property
Examination
Evaluation
Acquisition
Exploration
Feasibility Studies
Landman Research

★★★★★★★★★★★★★★

Domestic and International Service

★★★★★★★★★★★★★★

STATEMENT

June 3, 1975

RE: THE MORGAN CLAIMS

Consulting fees ($100.00 per/day) X 2 days.	$ 200.00
Transportation (220 miles X 12¢ per/mile)	$ 26.40
Photographs (color prints & descp.)	$ 7.00
Assays (Arizona Testing Labs.)	$ 71.50
TOTAL.....	$ 304.90

Paid 6-27-75 Ck #3 Entrprise

Tim M. Tucker

TMT:cv

MINEXCO, INC.

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Mineral Property
Examination
Evaluation
Acquisition
Exploration
Feasibility Studies
Landman Research

****

Domestic and
International
Service

****

TIM M. TUCKER

Consultant:

- Landman investigations - mineral deposits or companies.
- Negotiations and acquisitions.
- Mineral economics - feasibility studies to measure expense and/or profit connected with exploration and development.
- Mining regulations - U.S.A. and Mexico.

Experience:

1966 - mineral scout in Mexico for University Development, Brigham Young University.

1968-69 - evaluation and acquisition of mineral properties in Sonora, Mexico; research of ownership rights, taxes, corporate entities and principals; location of mining claims.

1970-74 - mineral economist for Parnasse Company, Inc., an exploration subsidiary of Le Nickel - Penarroya of France.

1974 - landman work for Urania Exploration, Inc., a subsidiary of Mokta of France.

Education:

Brigham Young University (6 years - 1957-59, 1962-66)
B.A. Degree, Economics
M.A. Degree, Archaeology & Anthropology

University of Utah, School of Law (2 years - 1966-68)

Universidad Nacional Autonoma de Mexico (1 year - 1969)
Attended classes and solicited counsel from professional sources regarding Mexican law.

Author:

"Excavations in Mound III, Chiapa de Corzo, Mexico"
"Quest For Silver - A Universal Wealth"

Languages:

Fluent - English and Spanish.

ABSTRACT

The Morgan claims are located some five miles southwest of Quijotoa, Pima County, Arizona, within the Quijotoa mining district.

The property consists of two unpatented lode claims; situated within an Indian Reservation. However, these claims were staked over thirty-five years ago and therefore are excluded from current mining restrictions pertaining to Reservations. Gold is present in several persistent quartz veins which cut Pre-Cambrian metamorphic rocks at various angles. Altitude of the veins, easy access and a presence of milling ore (in some cases, free milling gold) suggest that a small high grade mine could be developed. A short and inexpensive exploration program consisting of geologic mapping, opening up of faces and abandoned shafts and/or tunnels, and bulk sampling would verify or disprove the existence of mineable tonnage and grade of ore on this property.

Location

The Morgan #1 and #2 unpatented lode mining claims are located approximately 103.5 miles southwest of Chandler, Arizona. Property is accessible by automobile: Starting at Casa Grande, proceeding on Highway 15 to a point of intersection with Highway 86 (This junction is the village of Quijotoa, which is one of many Indian centers within the Papago Reservation); continuing south on Highway 86 for a distance of two miles, then west on a graded dirt road; continuing westward, ascending on to an alluvial plain which meets a small range of mountains; continuing two additional miles, whereupon an unimproved dirt road leads southwest and upward for a distance of 1.5 miles, to a point 300 yards from the mine or principal shaft. It is possible, using a four-wheel drive vehicle, to drive on up to the mine. It is estimated that the elevation at the mine site is about 3500 feet.

History and Production

The Morgan claims were apparently active during the early 1900's, and continued on a sporadic basis until and during the depression of the 1930's. There is evidence of several shafts, one of which is sunk at least 400 feet on a vertical vein which inclines to the east. It is reported that the quartz vein ranged from 18 inches to 12 feet, the latter of which was composed of rich "stringers" of ore. Limited data in past reports on production is available; however, it is not stated herein. Perhaps it should be mentioned that small-scale dry placer mining also

occurred some 500 yards below the property in the 1930's.

Geology

The structural geology of the Morgan claims consists of a Pre-Cambrian rock, although further analysis may indicate that segments of the property reach into the Creataceous age. In any case, what many people construe as granite is mainly Gneiss derived from igneous and sedimentary rocks. Shist is also common, which represents metamorphosed sediments and volcanics. Within this Pre-Cambrian metamorphic rock are white quartz veins which exceed 5 in number, and extend from three sides of the hill to intersect somewhere at the middle. Here is where the main shaft was created. In many cases, the host rock appears bedded, is poorly altered, yet contains mineralization such as iron, copper, and a high silica content. The primary ores are, however, a composite of lead, silver, zinc, and gold, with copper and even traces of turquoise appearing.

Numerous vertical quartz filled structures with various strike are present on the property. Some are gold bearing and others are not and the relationship of these structures to mineralization is not clear. There is some evidence that these vertical veins are gold bearing at and above their intersections with the low angle concordant vein. These veins are 1 to 5 feet wide and can normally be traced 200-500 feet before they lens out, although most are poorly exposed and may be much longer. The veins are filled with white to rusty quartz and altered wall rock and evidence of sulfide is abundant.

Gold-quartz veins in late Pre-Cambrain rocks are commonly associated with a particular bed or zone within the sedimentary section. In the Belt Basin in Montana and Idaho precious metal mineralization is localized near the contact of the Prichard and Burke formations and the resulting small but good grade veins occur as both concordant and discordant structures within the contact zone. Although the overall control of the mineralization seems to be a sedimentary feature, the localization of ore within the zone is structural. Ore shoots follow fractured and brecciated zones caused by minor cross faults. Mineralization generally doesn't extend very far above or below the contact zone but is persistent along the contact.

Current thinking is that the gold was originally deposited with or enriched in certain beds in the sedimentary basin. When the basin was subjected to regional metamorphism, both quartz and gold were remobilized and redeposited in lenses, veins and stringers that occupy fractures, shears and bedding plane faults that were active during the period of metamorphism. Evidence is that in these types of deposits the gold never moves very far from the original source bed and generally only

a short distance above it. Vertical quartz veins may be barren below the favorable zone and be ore bearing where they intersect the source bed with the gold values extending several tens to hundreds of feet above the zone. Within the favorable zone, economic grade mineralization of wall rock may be present.

The sedimentary features of the Pre-Cambrain rocks in Western Arizona have been masked by regional metamorphosm, but it is likely that the widespread gold mineralization is associated with some particular zone or contact in the old sedimentary sequence.

Sampling

Sampling to date on the property has been minimal and purely qualitative in nature. These consisted of samples of sorting reject piles near old workings, one of a vertical vein (the principal structure located on the summit), two of ore from low angle veins, and one of a wall rock some distance away towards the north.

The assay results from Arizona Testing Laboratories are fair. However, it must be understood that: (1) High-grade was not purposely selected for such does not constitute representative ore trends, (2) It was not possible to descend alone into the shafts and cut samples directly from the veins, and (3) The dumps or reject piles situated near the mouth of the shafts do not include the limited yet good ore. (See Assay Certificate attached hereto.)

In order to better understand the mineralization on this property, a specimen of ore was submitted for qualitative spectrographic analysis. The elements therein substantiate the premise that gold is present, and compatible with the other ores. (See report of spectrographic examination attached hereto.)

Economic Potential

Any accurate evaluation of the economic potential of this property will not be possible until additional data is obtained. This will be accomplished by re-opening the two vertical shafts, exposing the extent of low angle quartz veins with a large catepillar, and perhaps at greater expense, driving a drift near the base of the hill on the east side which will extend west and slightly upward to intersect the veins and ore mass. This latter consideration is the best method for mining and allows extraction of ore on a gravity feed.

Summary

While this property has unusual geologic formation and has good potential, it does not represent a mine for investment as strictly pertaining to the parties now requesting this report.

A second alternative will increase the statistical probability of profits over losses: This is a small allocation of $3,000 for the purpose of improving the road ($500), cutting and exposing the quartz veins ($1500), and making the second deepest shaft accessible to examination by person without using a winch ($500) and getting a more intensive study and report, including aerial photographs, title examination, and further evaluation ($500).

Thereafter, the property would be offered on a cash sale; i.e., no payments accruing from production royalties.

The marketability of these claims rests on the good mineralization, including converging quartz veins, other veinlets, stringers, and quartz cemented breccia. Moreover, accessibility to highways, power, water, labor, and markets is excellent. And finally, the conservative socio-economic trends as a resistance to federal government policies offers strong desires by many to own gold mining claims.

Tim M. Tucker,
Mineral Economist

INVOICE

Invoice No. № 2644

Arizona Testing Laboratories

A DIVISION OF CLAUDE E. McLEAN & SON LABORATORIES, INC.

815 West Madison · Phoenix, Arizona 85007 · Telephone 254-6181

In Account With: Mr. Tim M. Tucker
1050 East Southern Avenue
Suite F-3
Tempe, Arizona 85282

PURCHASE ORDER •

DATE •May 30, 1975

LAB. NO. • 9491, 9494

PLEASE PAY FROM THIS INVOICE • STATEMENT UPON REQUEST

DATE	QUANTITY	ITEMS	UNIT PRICE	AMOUNT
	5	ore sample preparation charges	1.00	5.00
	4 ea.	gold, silver, lead & zinc assays	15.00	60.00
		less 10% on $65.00 charge		(6.50)
	1	spectrographic analysis		13.00
		Total Due		$ 71.50

ARIZONA TESTING LABORATORIES

A DIVISION OF CLAUDE E. McLEAN & SON LABORATORIES, INC.
817 WEST MADISON ST. PHOENIX, ARIZONA 85007 PHONE 254-6181

For: Mr. Tim. M. Tucker
1050 East Southern Avenue
Suite F-3
Tempe, Arizona 85282

Date: May 30, 1975

Lab. No.: 9494

Received: 5-28-75

Marked: Sample #13

Submitted by: same

REPORT OF QUALITATIVE SPECTROGRAPHIC EXAMINATION

ELEMENT	APPROXIMATE PERCENT
Boron	0.005
Silicon	Major Constituent
Aluminum	0.1
Manganese	0.04
Magnesium	0.04
Lead	Intermediate Constituent
Copper	0.1
Iron	9.0
Bismuth	0.05
Calcium	0.3
Titanium	0.003
Silver	0.01
Strontium	0.8

Respectfully submitted,

ARIZONA TESTING LABORATORIES

Claude E. McLean, Jr.

ARIZONA TESTING LABORATORIES

A DIVISION OF CLAUDE E. McLEAN & SON LABORATORIES, INC.
815 WEST MADISON STREET PHOENIX, ARIZONA 85007 PHONE 254-6181

For Mr. Tim M. Tucker
1050 East Southern Avenue
Suite F-3
Tempe, Arizona 85282

Date May 30, 1975

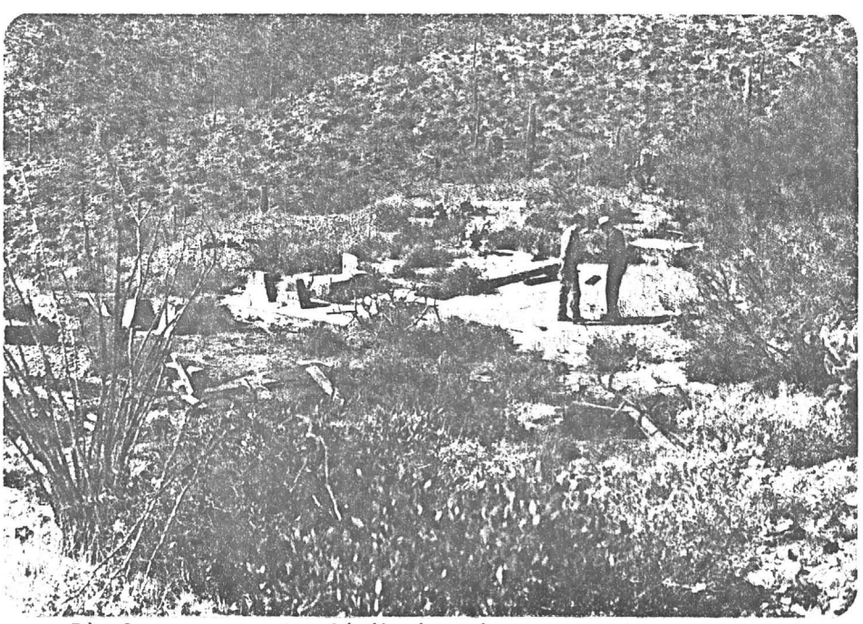
ASSAY CERTIFICATE

LAB NO.	IDENTIFICATION	OZ. PER TON		PERCENTAGES			
		GOLD	SILVER	COPPER	LEAD	ZINC	
9491	Spec #1 Main Shaft	nil	trace		nil	nil	
	Spec. #2 Shaft north of #	0.20	0.40		8.00%	nil	
	Spec. #3 Dump	0.01	0.15		0.04	nil	
	Spec. #4 face cut	trace	nil		0.03	0.01%	

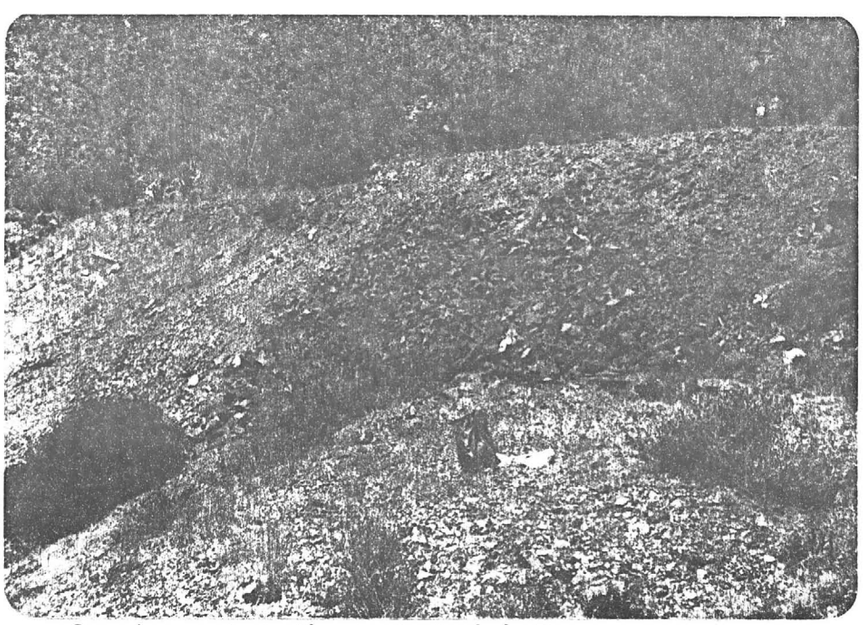
Respectfully submitted,
ARIZONA TESTING LABORATORIES

Claude E. McLean, Jr.

Entrance to principal shaft that descended some 400 feet.

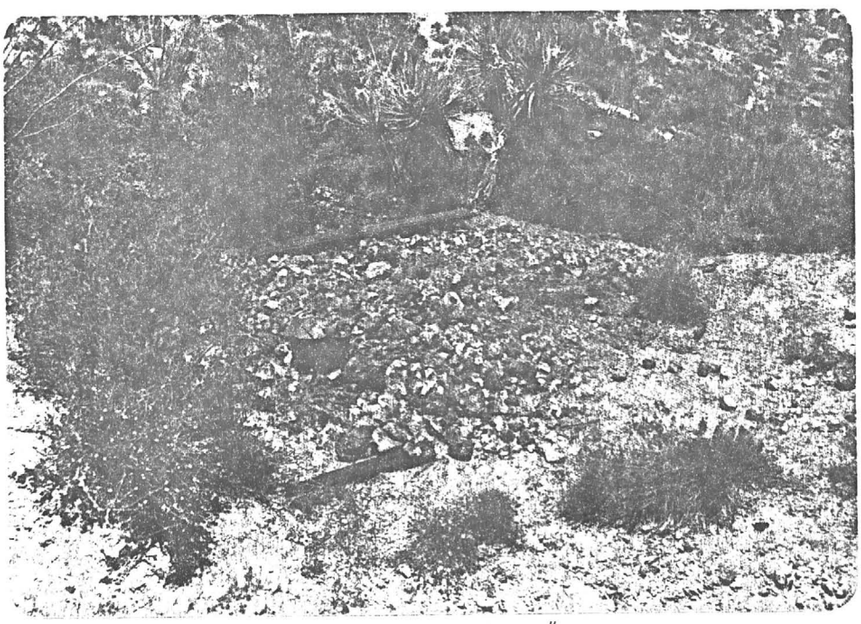


Platform on summit of hill where hoist and other equipment helped mine the principal shaft.

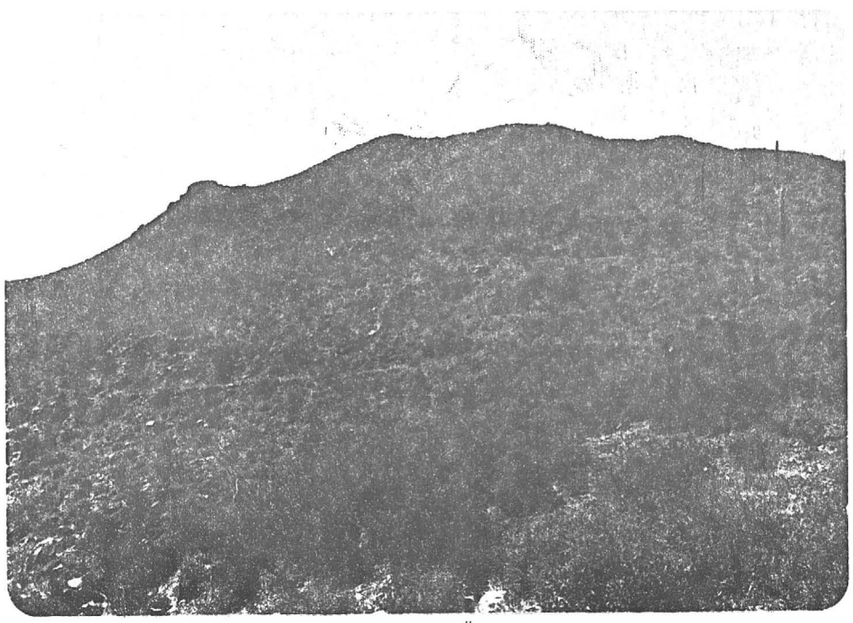


Ore-dump reject pile at principal shaft.

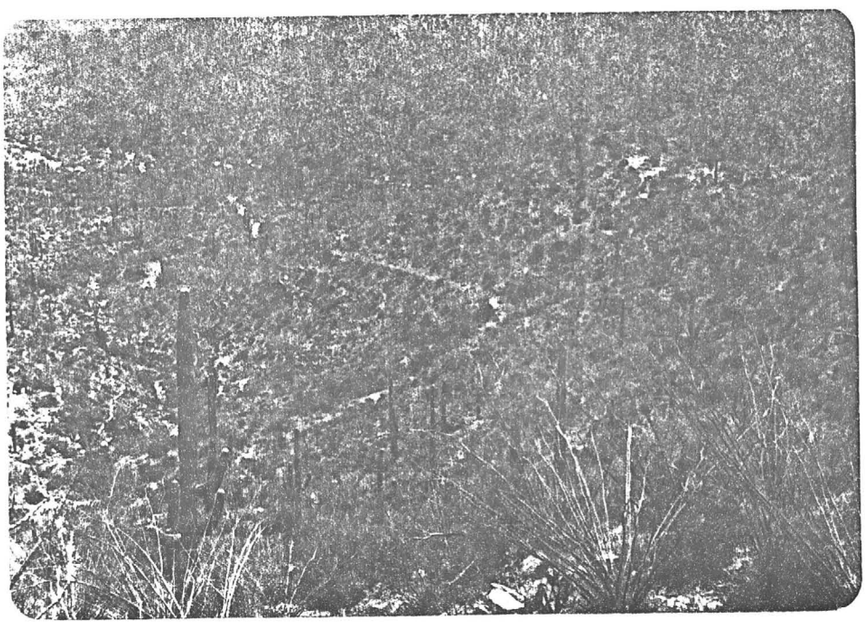
Reject ore piles adjacent to shaft #2



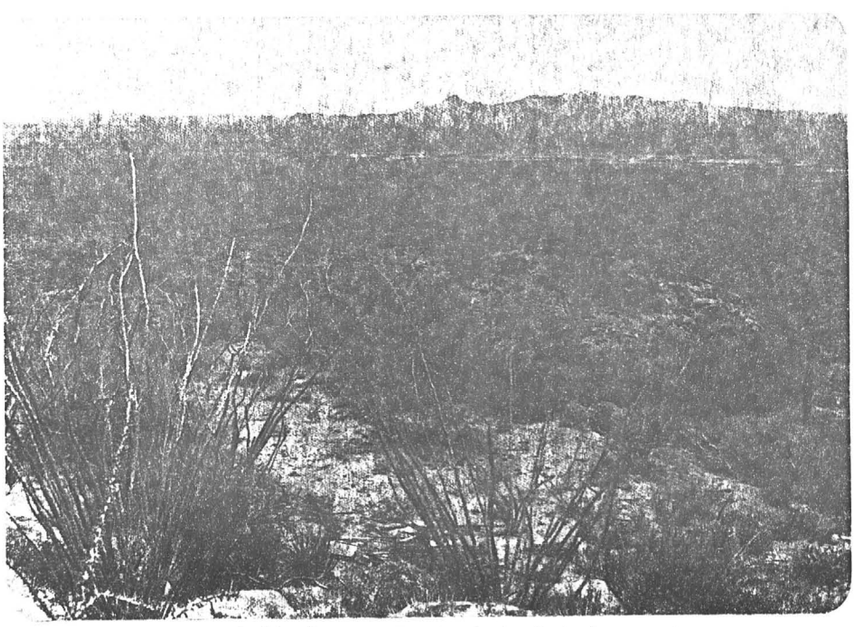
Reject ore piles adjacent to shaft #2



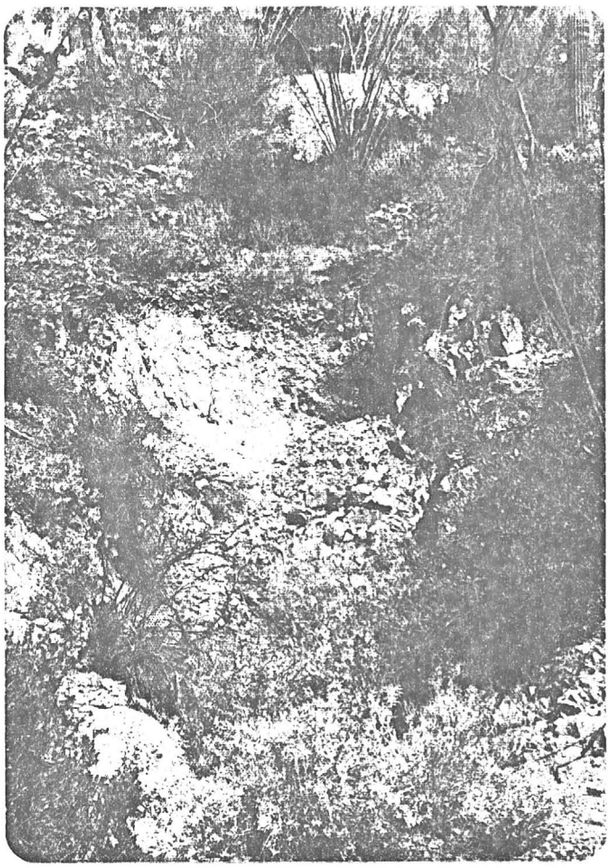
Ore dump adjacent to shaft #2



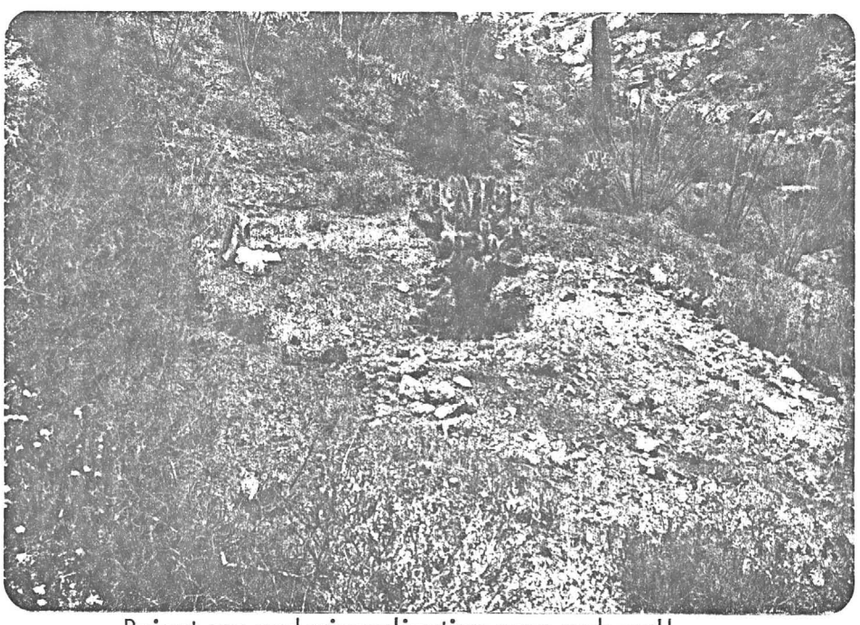
Looking eastward onto alluvial plain and location of dry gold placer mining.



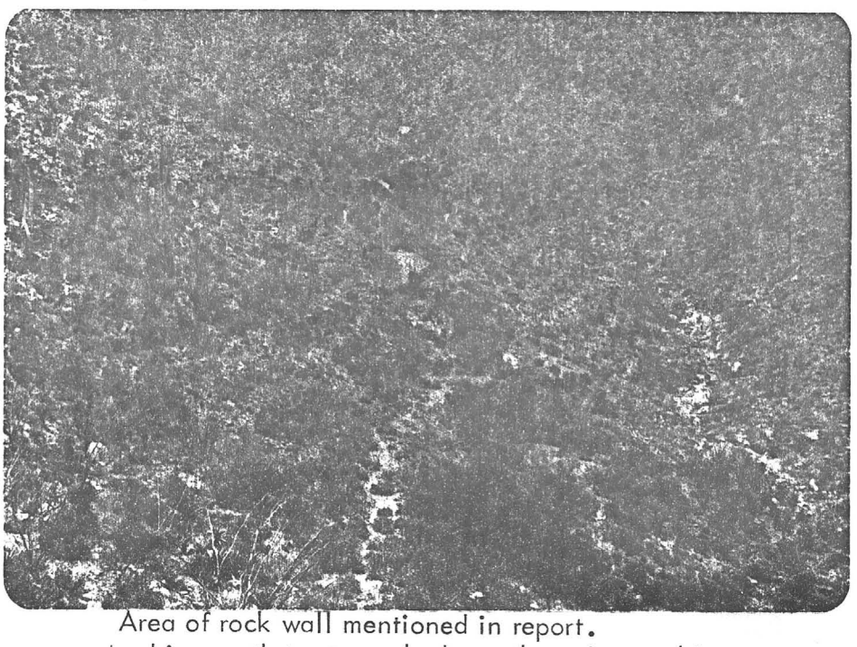
Summit or hill where principal shaft is located. Photo looks eastward onto alluvial plain.



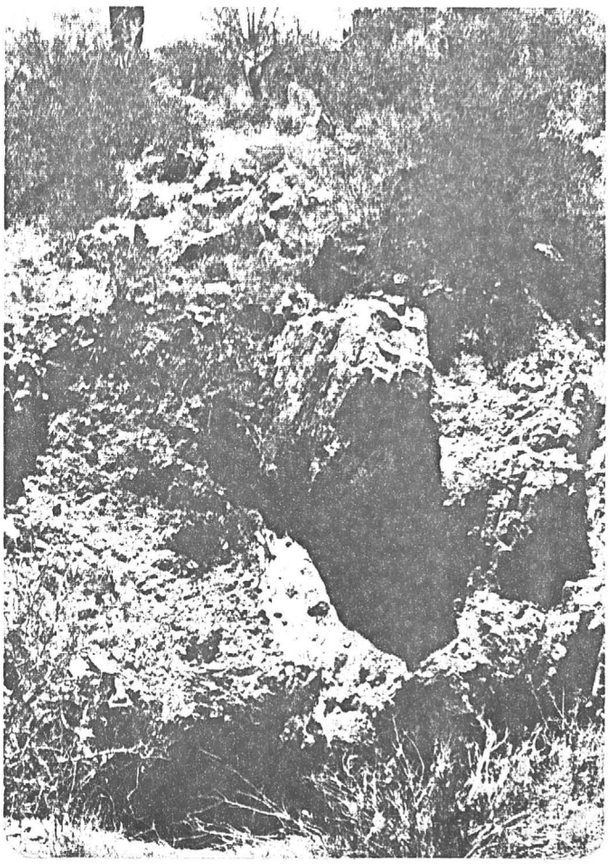
Rock wall mentioned in report.



Reject ore and mineralization near rock wall.



Area of rock wall mentioned in report.
Looking north to stream bed an other mine workings.



An example of a white quartz vein ascending the hill.

Book NNN
Pg. 362

LOCATION NOTICE

National Mining Association

LODE CLAIM

TO ALL WHOM IT MAY CONCERN:

This Mining Claim, the name of which is the Morgan No. 2 Mining Claim, situate on lands belonging to the United States of America, and in which there are valuable mineral deposits, was entered upon and located for the purpose of exploration and purchase by O T Richey & Keith Knight

the undersigned, on the 30 day of January, 1930

The length of this claim is 1500 feet, and nn claim 700 feet in a Northerly direction and 800 feet in a Southerly direction from the center of the discovery shaft, at which this notice is posted, lengthwise of the claim, together with 300 feet in width of the surface grounds, on each side of the center of the said claim.

The general course of the lode deposit and premises is from the S E to the N.W.

The claim is situated and located in the Quijoton Mining District, in Pima County, in the State of Arizona, about 5 miles in a southerly direction from Covered wells

The surface boundaries of the claim are marked upon the ground as follows: Beginning at monument at a point in a northerly direction 700 feet from the discovery shaft (at which this notice is posted) being in the center of the north end line of said claim, thence 300 feet to a monument being the N.W. corner of said claim; thence 1500 feet to a monument being at the S.W. corner of said claim; thence 300 feet to a monument at the center of the South end of said claim; thence 300 feet to a monument being at the S.E. corner of said claim; thence 1500 feet to a monument at the NE corner of said claim, thence 300 feet to the place of beginning.

This location of mining claim is made and done under and by virtue of the Laws of the United States and the Laws of the State of Arizona, relating to Mining locations.

Dated and posted on the grounds this 30 day of January 1930

Witnesses to location:

Lottie Morgan

O.T.Richey

Keith Knight

Locator

Filed and recorded at request of Keith Knight Apr 28 9-04 AM 1930

#6781

Mabel B;Cooper, County Recorder

By Alyne Crowder Deputy

Book NNN
Pg. 363

LOCATION NOTICE

Notice of Mining Location

Mining

LODE/CLAIM

TO ALL WHOM IT MAY CONCERN:

This Mining Claim, the name of which is the Morgan No.3 Mining Claim, situate on lands belonging to the United States of America, and in which there are valuable mineral deposits, was entered upon and located for the purpose of exploration and purchase by O T Richey

the undersigned, on the 30 day of January, 1930.

The length of this claim is 1500 feet, and I claim 600 feet in a Northerly direction and 900 feet in a Southerly direction from the center of the discovery shaft, at which this notice is posted, lengthwise of the claim, together with 300 feet in width of the surface grounds, on each side of the center of the said claim.

The general course of the lode deposit and premises is from the S.E. to the N.W.

The claim is situated and located in the Quijotoa Mining District, in Pima County, in the State of Arizona, about 5 miles in a southerly direction from Covered Wells

The surface boundaries of the claim are marked upon the ground as follows: Beginning at monument at a point in a northerly direction 600 feet from the discovery shaft (at which this notice is posted) being in the center of the north end line of said claim, thence 300 feet to a monument being the N.W. corner of said claim; thence 1500 feet to a monument being at the S.W. corner of said claim; thence 300 feet to a monument at the center of the South end of said claim; thence 300 feet to a monument being at the S.E. corner of said claim; thence 1500 feet to a monument at the N.E. corner of said claim, thence 300 feet to the place of beginning.

This location of mining claim is made and done under and by virtue of the Laws of the United States and the Laws of the State of Arizona, relating to Mining Locations.

Dated and posted on the grounds this 30 day of January, 1930.

O.T.Richey
Locator

Witnesses to location:
Keith Knight

Filed and recorded at request of Keith Knight Apr 29 1930 At 1930

#6782

Ethel B. Cooper, County Recorder

By _____ Deputy

LEGEND

SCALE: 2 INCH = 1 MILE

Approximate location and area of patented and valid claims in T. 15 S., R. 2 E.

Numbers preceding claim names refer to claim locations as plotted.

PATENTED CLAIMS

1 No One
2 No. 2

* * * * * * * * * * * * * * * *

NON-PATENTED VALID CLAIMS

GEORGE BALIAM CLAIMS

1 Dottie lode
2 Ethel lode
3 Pioneer lode
4 Black Jack #2 lode
5 Black Jack #1 lode
6 Horseshoe Basin #1 lode
7 Horseshoe Basin #3 lode
8 Horseshoe Basin #4 lode
9 Horseshoe Basin lode
10 Jack lode

JACK TURNBULL CLAIMS

1 Goldfield lode
2 Bell placer
3 Nuget placer
4 Horse Shoe placer
5 Arizona placer
6 Esperanza placer
7 Shur Shot placer
8 Bonanza placer

JAMES RICHMOND CLAIMS

1 Camp Bird lode
2 Black Iron #3 lode
3 Lottie #3 lode
4 Lottie #5 lode
5 Lottie #2 lode

ROBERT BYALL CLAIMS

1 Iron Dike #1 lode
2 Iron Dike #2 lode
3 Iron King #1 lode
4 Iron King #2 lode
5 Iron King #3 lode

RICHARD BALLAS CLAIMS

1 Dandy lode
2 Dixie lode
3 Peggy Ryan lode
4 St. Patrick lode
5 Jackson lode
6 St. Patrick #2 lode
*7 Midas lode

* Claimed by Lyda Ryan - (Richard Ballas' Grandmother)

MILTON GRAFF CLAIMS

1 Quarter Horse #1 lode
2 Quarter Horse #3 lode
3 Thunderbird #1 lode
4 Thunderbird #2 lode
5 Thunderbird #3 lode
6 Thunderbird #4 lode

KEITH KNIGHT CLAIMS

1 Morgan #2 lode
2 Morgan #3 lode

WILLIAM COPLEN CLAIMS

1 Golden Green placer
2 Samarskite lode
3 White Prince lode

FIGURE NO. 1

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

QUIJOTOA MTS. QUADRANGLE
ARIZONA—PIMA CO.
15 MINUTE SERIES (TOPOGRAPHIC)

3548 IV (CIMARRON PEAK)

3548 IV (SANTA ROSA MTS.)

3548 I (GU ACHI)

CASA GRANDE 51 MI.
GU ACHI 5.5 MI.

AJO 41 MI.
WAHAK HOTKONTK 6.8 MI.

3548 III (PISINIMO)

PISINIMO 4.9 MI.

(KOM VO) 3547 IV

KUPK 6 MI.

(GU OIDAK) 3547 I

GU OIDAK 6.9 MI.

(SELLS) 3647 IV

3648 III (COMOBABI)

TUCSON 72 MI.
SELLS 9.5 MI.

T. 15 S.
T. 16 S.

SIERRA BLANCA
Rabia
Black Prince Mine
Stoa Vaya (Site)
Gravel Pit
Quarry
Cem
BM 2458
Quijotoa Pass
BROWNELL MOUNTAINS
Brownell Peak
Brownell Valley
Santa Rosa Wash
Brownell Well
V O Mine
Mines
BM 2666
USLM 3578
Wells
Maish Vaya (Covered Wells)
WT
Quijotoa Wash
BM 2446
BM 2047
BM 2098
BM 2398
Quijotoa Trading Post
PAPAGO INDIAN RESERVATION
Narcho Santos
Quijotoa
Prospects
Well
Mines
QUIJOTOA MOUNTAINS
Quijotoa Mine
Weldon Mine
Ben Nevis Mountain
Nevis 4013
Piato Vaya Pass
Ben Lomond Mines
Ka Kotk Mtn
Piato Vaya
San Antone Well
South Mountain
Black Butte
QUIJOTOA VALLEY
SANTA ROSA VALLEY
Quijotoa Wash
Gurli Put Vo
BM 1951
BM 1975
BM 2004
BM 2051
BM 2083
San Tomos Well
BM 2097
BM 2123
BM 2261
Sikul Himatk Tank
BM 2142
Sikul Himatk
Cem
BM 2147
BM 2127
BM 2200
Francis Tank
BM 2111
Havana Tank
Himatk Wash
Old Quijotoa Well (Dry)
BM 2054
Vainom Kug
San Luis
Kui Tatk
BM 2020
Kaihon Kug
BM 1989
Nolia Tank
GU OIDAK VALLEY
FENCE
TRAIL
JEEP

112°15′ 112°00′ 32°15′ 32°00′

400 000 FEET
450 000 FEET
370 000 FEET

Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

Topography by photogrammetric methods from aerial photographs taken 1961. Field checked 1963

Polyconic projection. 1927 North American datum
10,000-foot grid based on Arizona coordinate system, central zone
1000-meter Universal Transverse Mercator grid ticks, zone 12, shown in blue

Where omitted, land lines have not been established

UTM GRID AND 1963 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET
GN MN
0°36′ 11 MILS
13½° 240 MILS

SCALE 1:62500

1 0 1 2 3 4 MILES
3000 0 3000 6000 9000 12000 15000 18000 21000 FEET
1 5 0 1 2 3 4 5 KILOMETERS

CONTOUR INTERVAL 40 FEET
DOTTED LINES REPRESENT 20-FOOT CONTOURS
DATUM IS MEAN SEA LEVEL

ROAD CLASSIFICATION
Medium-duty
Light-duty
Unimproved dirt
State Route

ARIZONA
QUADRANGLE LOCATION

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U. S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225 OR WASHINGTON, D. C. 20242
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

QUIJOTOA MTS., ARIZ.
N3200—W11200/15

1963

AMS 3548 II—SERIES V798

INTERIOR—GEOLOGICAL SURVEY, WASHINGTON, D. C.—1969