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James Doyle Sell Mining Collection

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PIPSOD RESOURCES INC 4449 E INJONIE VISTA TURSON, AZ 85712

ROBERT L CLANTON
PRECIOENT

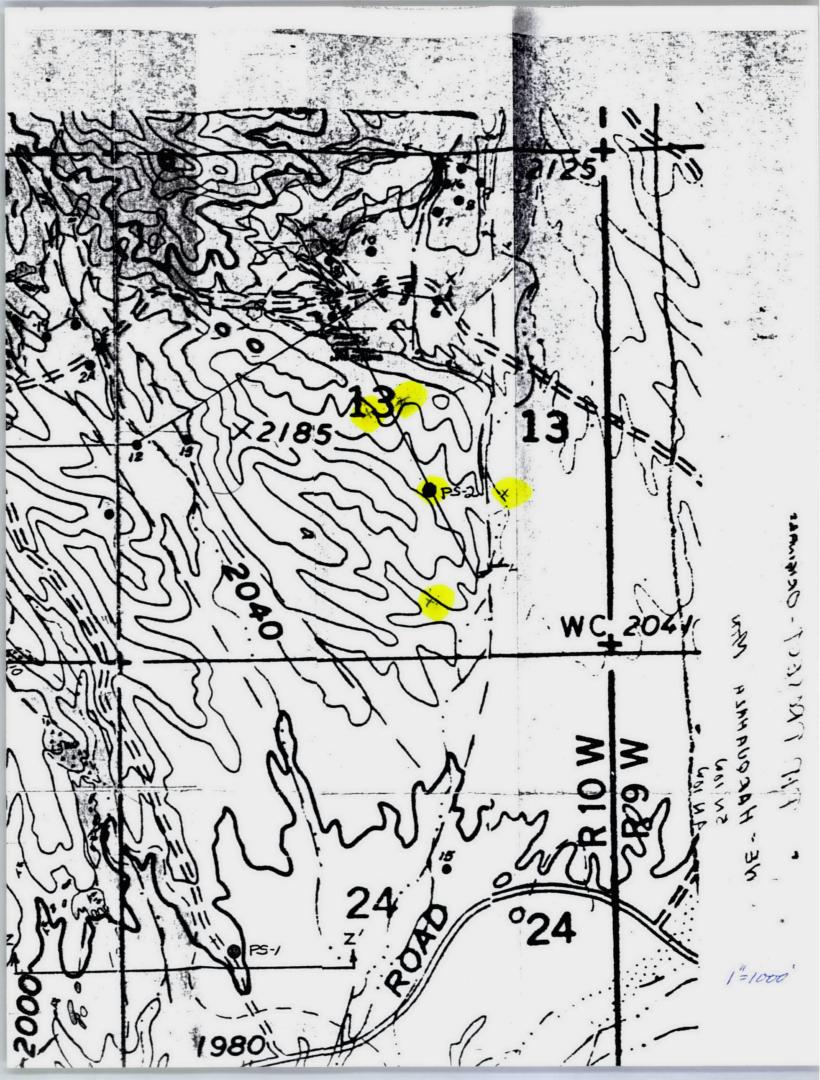
ph. 602/ 795-1183

mi Alw Rosolles : 100,0 Buy out of \$5,000,000 factual rife. item RBC notes of 3/2×193

2 100 hours noother 800 Ed #1

#3 - 1200'S of #1 baselt only No fount.

+4 d 5 holfweg to Norte oc. clay as top of facily.



JDS

ASARCO

June 11, 1991

FILE NOTE

PIPSOD Resources, Inc. PIP Claims Harquahala Mtns. Project Maricopa County, AZ

Mr. Bob Clayton has drilled in the center of his magnetic high and his magnetic low with interesting results. The "low" hole had an intercept of 10' (255'-265') of 0.03 opt gold and 30' (235'-265') of 1.27 opt silver.

Drill hole PS-1 was drilled in the magnetic high located in the southwest quarter of Section 24, T5N, R10W. Hole PS-1 entered the brown volcaniclastics after 45 feet of colluvium and remained in the coarse clastic material to the end of the hole at 310 feet. Some grey schist or phyllite was encountered from 255' to 280', but is interpreted as part of the volcaniclastic pile of debris. Clayton is not happy with the thought that the basalt-andesite in the clastics could have produced the magnetic high, since much of this type of material is elsewhere without this signature. He would have preferred a basalt plug or some other magnetic body.

Drill hole PS-2 was drilled in the center of the magnetic low in the southeast quarter of Section 13, T5N, R10W. After 15' of colluvium, the hole encountered a large landslide brecciated mass of diorite with the mafics altered to chlorite, down to 220'; 220'-235' was the reddish-brown clastic. At 235' fine-iron banded tan chert was encountered which contains some gold and appreciable silver ppm values. At 250' the detachment zone was encountered and the chlorite schist continued to 265' with the lower ten feet containing 0.03 opt gold and 33 ppm silver. Below the detachment fault the values dropped off in footwall felsic queiss and diorite to 325' T.D.

Clayton believes the magnetic low is a reflection of the altered and brecciated diorite mass in the hanging wall block and does not reflect the mineralization as found. Thus he believes that extending the mineralization in any direction is valid and that geophysics may not be revealing anything about the mineralization trends.

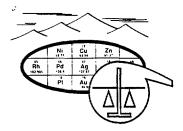
Attached is the Clayton map copied from his previous report, the new revised cross section Y-Y' showing the mineralization-chert from drill hole PIP-4 downdip to PS-2. Also attached are the assays and drill logs for the two drill holes.

James D. Sell

Clayton is still interested in securing outside drilling monies to further test for thicker and better values of gold-silver. To find some stratigraphic or structural prepared zone to give the increased tonnage capability, and feeder structures to add the values, it will be necessary to blindly step out as no apparent geophysical method is available to help guide the drilling.

JDS:mek Atts.

cc: W.L. Kurtz



SKYLINE LABS, INC.

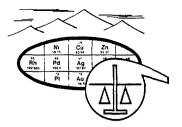
1775 W. Sahuaro Dr. ● P.O. Box 50106 Tucson, Arizona 85703 (602) 622-4836 REPORT OF ANALYSIS

> JOB NO. WFE 001 May 15, 1991 40545 TO 40607 PAGE 1 OF 2

PIPSOD RESOURCES, INC. Attn: Mr. Robert L. Clayton 4449 E. Monte Vista Tucson, AZ 85712

Analysis of 20 Rock Chip Samples

	ITEM	SAMPLE NO.	FIRE A Au* (ppm)	SSAY Ag* (ppm)	
P5-1	265-270 1	40545	.002	<.2	
Ps-2	<i>230 - 235</i> 2			2. <u>6</u>	
	-240 3	40591	.010	1	
	-245 4	40592	.024	I	
	- <i>250</i> 5	40593	.016	50.0	2702/7
					//
	<i>-255</i> 6	40594	.034	65.0	
	-260 7	().(/5/7	.790	48.0	
	-265 8	40596	// [1:100	14.0	
	- <i>270</i> 9	40597	.010	2.2	
	-275 10	40598	.008	2.2	
		10500	000	1 0	
	-280 11	40599	.008	1.8	
	-2 <i>85</i> 12	40600	.004	1.4	
	-290 13	40601	.002	1.4	
	-295 14	40602	.004	. 8	
	- <i>300</i> 15	40603	.002	. 4	



SKYLINE LABS, INC. 1775 W. Sahuaro Dr. • P.O. Box 50106 Tucson, Arizona 85703 (602) 622-4836

> JOB NO. WFE 001 May 15, 1991 PAGE 2 OF 2

	ITEM	SAMPLE NO.	FIRE Au* (ppm)	Ag* (ppm)	
PS-2	300-305 16	40604	.006	.6	
, O 2	·3/0 17	40605	.004	.2	
	-,3/5 18	40606	.004	.8	
	3 <i>20</i> 19	40607	.004	. 2	
	-3 <i>25</i> 20	40608	.004	.6	

*NOTE: Method of analysis by combination fire assay and atomic absorption.

PAGE _/ UF ___ DRILL LOG HOLE NO. 75-/ COLLAR ELEVATION _2010 T.D. 310 PROJECT PIP CLAINS INCLINATION _ - 90° CONTRACTOR BROWN DRILLING CO BEARING COORDINATES SE'S NWY SW'S SECTION 24. DATE STARTED 4/30/9/ COMPLETED 4/30/9/ ERENCES TON RIOW LOCKED BY_ 1 0 9 = 20 ASSAYS HOCK 147. .0 0-45 COLLUVIUM 20 -20 40 . -40 45-310 Reddish brown fg to coarse sediment ary clastic, closts 60 --60 consist mostly of redbrn basult or intermediate volcanic with varying proport. of altered diorite; 80 -80 felsic oneiss; qtz; granile and biotite U cschist as coarser gragments. 100 -100 Cuttings Wet

DRILL LOG LE NO. PS-/ 1.0. 310 COLLAR ELEVATION ____ PROJECT PIP CLAIMS BEARING __ INCLINATION ___ CONTRACTOR _____ DATE STARTED _____ COMPLETED ____ COORDINATES _ SURVEY REPERENCES_ LOCCED BY RLC ASSAYS ROCK 141. 120 -120 Cutting wet 130 -Driller added Had 140 - to keep rod clean -140 160 --160 180 -180 . 200 . 200 000 (0) 220 --220

PAGE ____ UP ____

T.D. 310 COLLAR ELEVATION PROJECT PIP CLAIMS INCLINATION ____ BEARING ___ CONTRACTOR _____ DATE STARTED _____ COMPLETED ____ COORDINATES ___ SURVEY REFERENCES LOCCED BY RLC LOG = 20 ROCK ASSAYS UNIT SKETCHES INT. 240 -240 Grey schist or - phyllite. 260 . -260 280 --200 600 300 -300 . 310 END OF HOLE 310

DRILL LOG

LE NO. P5-1

PAGE __ OF ___

DRILL LOG " HOLE NO. P5-2 PROJECT PIPCLAIMS 1.0. <u>325</u> - 90 BEARING _ CONTRACTOR BROWN DRILLING CO COORDINATES SE'A, NW' SEL, SECTION 13 DATE STARTED 5/01/91 COMPLETED 5/01/9. SURVEY REFERENCES TON RIOW LOCKED BY LOS 20 NOTES \$ VISUAL SKKTCHES INT. -0 0-15 Celluvium & Clay 15 - 220 20 --20 ALTERED DIORITE This moss of diorite is believed to represent a large land-Slide block. For to med or diorite with the masics aftera 40 . -40 to chlorita. Subordinate fromments or clasts, in varying proportions, of oness, grand reddish brn basattic 60--60 or interm volunterial. Q 0 80. .80 D 100 --100

FAUR 2 - 3 " HOLE NO. 75-2 DRILL LOG T.D. 325 COLLAR ELEVATION PROJECT PIP CLAIMS BEARING ____ INCLINATION ____ DATE STARTED ____ COMPLETED ____
LOGGED BY ____ RLC COORDINATES __ SURVEY REPERENCES_____ 404 MOTES & VISUAL male: /"= 20 4 SKET CHES 147. 120 --/20 140 . -140 160 --160 180 -180 . 00 200 . -200 13 220 -220-235 Reddish brn sediment. -220

2.6

dry clastic os vol

material.

235

DRILL LOG

PAGE 3 OF 3

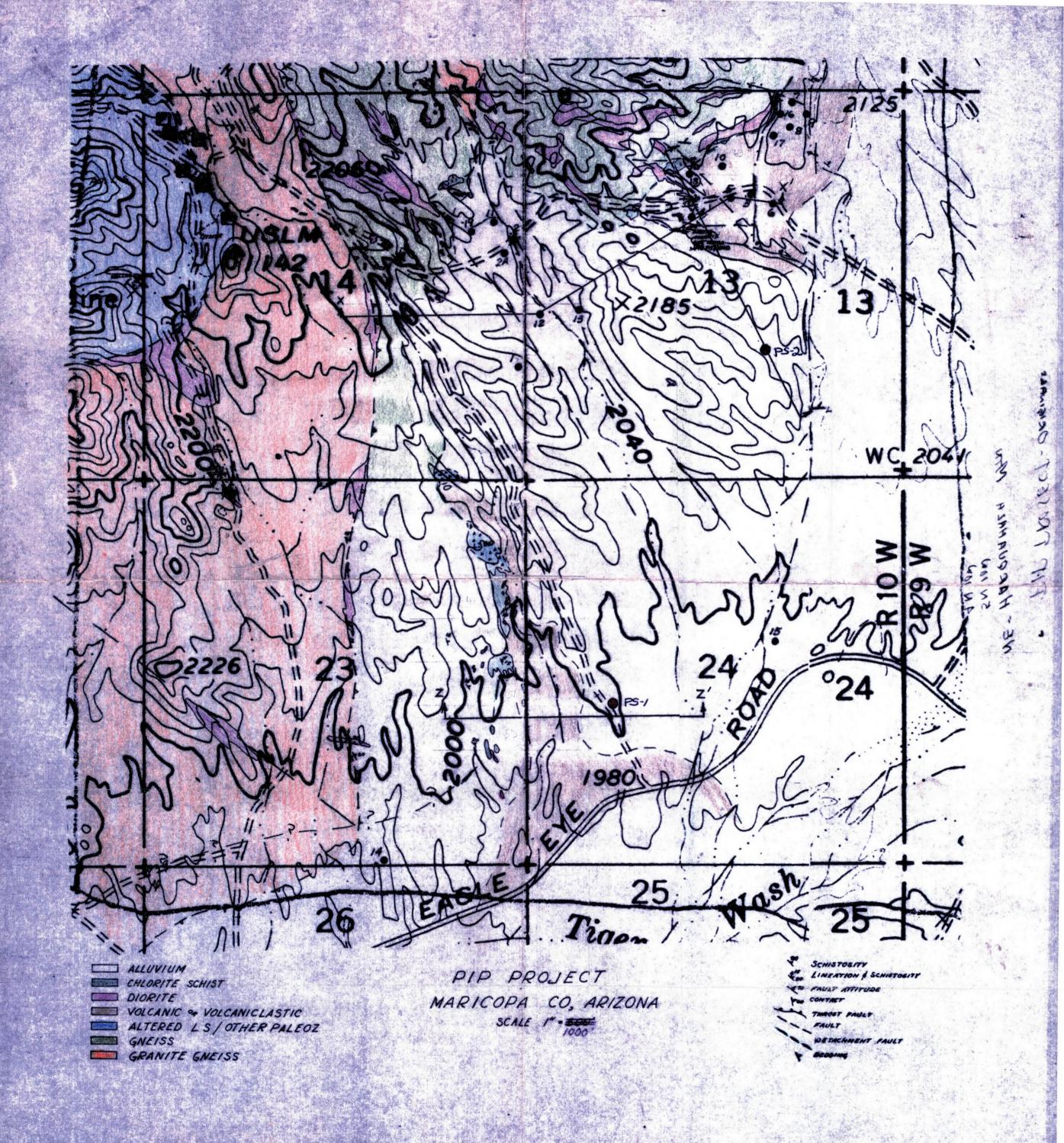
PROJECT PIP CLA	
CONTRACTOR	
	COMPLETED
LOGGED BY	RLC

1.0. <u>325</u> COLLAR ELEVATION BEARING _____ INCLINATION ____

COORDINATES __

SURVEY REPERENCES

INT.	PPM	AYS		Horas 4 A.	VISUAL ESTIMATES	AREAN AME.	LOG - 20'	ROCK UMIT	NOTES É SKRTCHES
50	Au Ao .024 34.0 .016 50.0						240	250	Ton chert with some for hemotite bonding. DETACHMENT FLT.
260 65	.034 65.0 .790 48.0 1.100 14.0		·				260 -	265 ~ ~	Chlorite schist with minor grs of hemotile and Cu O. 265-310 FELSIC GINEISS
75 280	.010 2.2 .008 2.2 .008 1.8 .004 1.4			RECOVERY			280 -	2 2 2 2 2	Altered oneiss with chi and epidate althe decreasing with depth
95 300	.002 1.4 .004 0.8 .002 0.4 .006 0.6	·		G000 R.			300 -	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	
10 15 320	.004 0.2 .004 0.8 .004 0.2			-			320-	310.	310-325 Diorite- with masic altered to chl.
25				·			325		



PIPSOD RESOURCES, INC.

HARQUAHALA MTNS PROJECT PIP CLAIMS

NORTH

SOUTH

REVISED SECTION Y-Y'

DETACHMENT FAULT N

DRILL HOLE PS-2

	ppm			
INTERVAL	Au	Ag		
235 - 240	.010	26.0		
- 245	.024	34.0		
- 250	.016	50.0		
- 25.5	.034	65.0		
- 260	.790	48.0		
- 265	1.100	14.0		

A STATE OF THE STA

LANDSLIDE GNEISSIC MATERIAL FROM HARQUAHALA MINS

SED VOLCANICLASTICS

BARITE, JASPEROID, CALCITE

CHERT, FN Fe BANDED

DIORITE, INTRUSIVE & LANDSLIDE MASS

GNEISS

SCALE: 1" = 500' DRN BY: RLC



March 22, 1991

R.L. Brown

PIPSOD Gold Target Maricopa County, AZ

I submit the attached report summarizing the geology, geochemistry, previous drilling, and new geophysical data on the 15 million ton gold target at the PIP claims, Maricopa County, Arizona.

Attached is a copy of the Memorandum of Agreement with Robert L. Clayton, President of PIPSOD, which should be signed either in New York or in Tucson, as you please, to secure the property. Mr. J.L. Woods has been sent a copy of the Memorandum for his review as to form. At the present time, SWED has a verbal hold on the property with Mr. Clayton, and he awaits Asarco's decision of acceptance or modification.

The attached Form 302-M requests \$60,250 to fund the project for a year, to pay the initial royalty payment, supervise, drill and assay five holes to test the major part of the geophysical magnetic low anomaly.

I look forward to the acceptance of this appropriation request and the drilling of a viable gold target as outlined.

Sincerely,

James D.Sell

Danish Sell

JDS:mek Atts.

cc: W.L. Kurtz

C.L. Snow

3/25/91

Mr. Kurty Holding original for your approval to distribute

PRINTED IN U.S.A. 1/73 FORM 302-M		New York No
APPLIC	ATION FOR EXPLORAT	TION APPROPRIATION
<u>March 22.</u> 1991.		inating OfficeTuçşon, ŞWED
DESCRIPTION:		•
LOCATION O	F PROSPECT/PROJECT:	PIPSOD Project, Maricopa County, Arizona
PARTNERS:	None	
	Partner's Per Cent	None
COMPANY:	ASARCO	100%
WORK CONTE	☐ Subsidiary. Spe EMPLATED:	ecify
Supervisio		ing & assaying. geophysical consultants.
Total estimated cost:	 1	\$.6.0., 25.0
	·	
_	. or Chief Acct.	Approved byVice President
Recommended by	nesto. Se CO ervisor	Approved by
Account Chargeable to To be designate	d by Comptroller	
Approved by Advisory	Committee	Approved by Board of Directors
•••••	19	19

Secretary



Exploration Department
Southwestern United States Division
James D. Sell
Manager

March 22, 1991

Mr. Robert L. Clayton, President PIPSOD Resources Inc. 4449 E. Monte Vista Tucson, Arizona 85712

> Memorandum of Agreement Lease and Purchase Option PIP Mining Claims Maricopa County, Arizona

Dear Mr. Clayton:

This Memorandum of Agreement formalizes the business terms of a lease with purchase option between ASARCO Incorporated as Lessee and PIPSOD Resources Inc. as Lessor. The Agreement will cover claims held by PIPSOD in Township 5 North, Range 10 West, Maricopa County, Arizona, as listed in Table 1, attached.

The lease/purchase terms will be:

Minimum royalty payments will be made by Asarco to PIPSOD as follows:

\$15,000 upon signature \$20,000 upon first anniversary \$25,000 upon second anniversary \$100,000 upon 3rd anniversary and annually thereafter through the term of the lease or until commencement of commercial production.

- 2. The production royalty will be 5% net smelter return, from commencement of commercial production.
- 3. The lease term will be 20 years. The lease will be renewable for an additional 20 years, and beyond, if mining or exploration operations are in progress at the expiration date.
- 4. Asarco will maintain the property in good standing throughout the term of the lease.
- 5. Asarco will submit a yearly exploration report.

- 6. PIPSOD grants Asarco the exlusive right and option to purchase the property for the sum of Five Million Dollars (\$5,000,000). All previous royalty payments/net smelter payments shall be applied to the purchase price. Any balance remaining on the purchase price shall be paid within sixty (60) days of the date on which the option is exercised.
- 7. Asarco may cancel this lease at any time after the initial \$15,000 payment is made.
- 8. Asarco will have a formal lease document drawn up incorporating the terms of this letter and including all standard mining lease clauses, for signature by you and Asarco.

If these terms are agreeable, please sign the document below. The first payment of \$15,000 will be forwarded to you upon receipt of the signed copy.

Sincerely,

JDS:mek Att. James D. Sell Manager, SWED ASARCO Incorporated

cc: W.L. Kurtz R.L. Brown J.L. Woods

I accept the terms outlined in the Memorandum of Agreement.

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Robert L. Clayton, President PIPSOD Resources Inc.

· f					
CLAIM NAME:	LOCATED:	RECORDED:	DOCUMENT NO:	BLM AHC NO:	
1					
PIP 1	6-4-86	6-26-86	86-322464	256670	
PIP 2 PIP 3	6-4-86 6-4-86	6-26-86 6-26-86	86-322465 86-322466	256671 256672	RECEIVED
PIP 4	6-4-86	6-26-86	86-322467	256673	B.L.M. AZ STATE OFFICE
PIP 5	6-4-86	6-26-86	86-322468	256674	-
PIP 6	6-4-86	6-26-86	86-322469	256675	DEC 1 2 1990
PIP 7	6-4-86	6-26-86	86-322470	256676	7:45 A.M.
PIP 8 PIP 9	6-4-86 6-4-86	6-26-86 6-26-86	86-322471 86-322472	256677	PHOENIX, ARIZONA
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PIP 11	6-4-86	6-26-86	86-322474	256680	
PIP 12	6-4-86	6-26-86	86-322475	256681	
PIP 13	6-4-86	6-26-86	86-322476	256682	
PIP 14 PIP 15	6-4-86 6-4-86	6-26-86 6-26-86	86-322477 86-322478	256683 256684	
PIP 16	6-4-86	6-26-86	86-322479	256685	•
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PIP 18	6-4-86	6-26-86	86-322481	256687	•
PIP 19	6-4-86	6-26-86	86-322482	256688	
PIP 20	6-4-86	6-26-86	86-322483	256689	
PIP 21	6-4-86	6-26-86 6-26-86	86-322484	256690	
PIP 22 PIP 23	6-4-86 6-4-86	6-26-86	86-322485 86-322486	256691 256692	
PIP 24	6-4-86	6-26-86	86-322487	256693	
PIP 25	6-4-86	6-26-86	86-322488	256694	
PIP 26	6-4-86	6-26-86	86-322489	256695	
PIP 27	6-4-86	6-26-86	86-322490	256696	
PIP 28	6-4-86	6-26-86	86-322491	256697	
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PIP 36 PIP 37	6-1-86	6-26-86	86-322500	256706	
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PIP 39	6-1-86 .	6-26-86	- 86-322502	256708	
PIP 40	6-1-86	6-26-86	86-322503	256709	
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PIP 42	6-1-86 6-1-86	6-26-86 6-26-86	86~322505 86~322506	256711	
PIP 43 PIP 44	6-1-86	6-26-86	86-322507	256712 256713	
PIP 44	6-1-8·ő	6-26-86	86-322508	256714	
PIP 46	6-1-8.6	6-26-86	86-322509	256715	
PIP'47	6-1-86	6-26-86	86~322510	256716	
PIP 48	6-1-86	6-26-86	86-322511	256717	
PIP 49	6-1-86	6-26-86 6-26-86	86-322512	256718	
PIP 50	6-1-86 6-1-86	6-26-86	86-322513 86-322514	256719 256720	
PIP 51 PIP 52	6-1-86	6-26-86	86-322515	256721	
P12 53	6-1-86	6-26-86	86-322516	256722	
PIP 54	6-1-86	6-26-86	86-322517	256723	
PIP 55	6-1-86	6-26-86	86-322518	256724	
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PIP 57 PIP 58	6-1-86 6-1-86	6-26-86 6-26-86	86-322521	256726 256727	
P1P 59	6-1-86	6-26-86	86-322522	256728	
PIP 60	6-1-86	6-26-86	86-322523	256729	
PIP 66	6-1-86	6-26-86	86-322524	256731	
PIP 67	6-1-86	6-26-86	86-322526	256732	
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PIP 69	6-1-86 6-1-86	6-26-86 6-26-86	86-322528 86-322529	256734 256735	
PIP 70 PIP 71	6-1-86	6-26-86	86-322530	256736	
PIP 72	6-1-86	6-26-86	86-322531	256737	
P1P 73	6-1-86	6-26-86	86-322532	256738	

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71P 75	6-1-86	6-26-86	86-322534	256740	
PIP 76	6-1-86	6-26-86	86~322535	256741	RECEIVED
21P 77	6-1-86	6-26-86	86-322536	256742	B.L.M. AZ STATE OFFICE
PIP 78	6-1-86	6-26-86	86-322537	256743	B.L.M. AZ STATE UTTICE
PIP 79	6-1-86	6-26-86	86-322538	256744	DEC 1 2 1990
P1P 80	6-1-86	6-26-86	86-322539	256745 256746	DEG T 7 1330
PIP 81	6-1-86 6-1-86	6-26-86 6-26-86	86-322540 86-322541	256747	7:45 A.M.
P1P 82 P1P 83	6-1-86	6-26-86	86-322542	256748	PHOENIX, ARIZONA
>1P 84	6-1-86	6-26-86	86-322543	256749	
FIP 85	6-1-86	6-26-86	86-322544	256750	
PIP 86	6-1-86	6-26-86	86-322545	256751	
F1P 87	6-1-86	6-26-86	86-322546	256752	
PIP 88	6-1-86	6-26-86	86-322547 86-322548	256753 256754	•
PIP 89 · ·	6-1-86	6-26-86 6-26-86	86-322549	256755	
PIP 90 PIP 91 ·	6-1-86 6-1-86	6-26-86	86-322550	256756	
P1P 92	6-1-86	6-26-86	86-322551	256757	
	6-1-86	6-26-86	86-322552	256758	
PIP 94	6-1-86	6-26-86	86-322553	256759	
PIP 95	6-1-86	6-26-86	86-322554	256760	
PIP 96	6-1-86	6-26-86	86-322555	256761	
PIP 99	6-2-86	6-26-86	86-322556	256762	
PIP 100	6-2-86	6-26-86	86-322557	256763 256764	
PIP 101	6-2-86 6-2-86	6-26-86 6-26-86	86-322558 86-322559	256765	
PIP 102 PIP 103	6-2-86	6-26-86	86-322560	256766	
PIP 104	6-2-86	6-26-86	86-322561	256767	
PIP 105	6-2-86	5-26-86	86-322562	256768	
PIP 106	6-2-86	6-26-86	86-322563	256769	
PIP 107	6-2-86	6-26-86	86-322564	256770	
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PIP 111 PIP 112	6-3-86	6-26-86	86-322569	256775	
PIP 113	6-3-86	6-26-86	86-322570	256776	
PIP 114	6-3-86	6-26-86	86-322571	256777	
PIP 117	6-1-86	6-26-86 ·	86-322572	256778	
Elaim Map Docum	nent Numbers		86-322463		•
≈IP 61	11-1-86	11-6-86	86-613328	261543	
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PIP 64	11-1-86	11-6-86	86-613331	261546	
- 2IP 97	11-1-86 11-1-86	11-6-86	86-613332 86-613333	261547 261548	
PIP 98 PIP 115	11-1-86 11-1-86	11-6-86 11-6-86	86-613334	261549	
PIP 116	11-1-86	11-6-86	86-613335	261550	
FIP 118	11-1-86	11-6-86	86-613336	261551	
⊃IP 119	11-1-86	11-6-86	86-613337	261552	
Claim Map Docum			86-613327		
PIP 65	8-17-90	8-22-90	90-378778	£7-47-48	
· · · · · · · · · · · · · · · · · · ·	•			307131	

ASARCO

R.L. Brown New York Office March 22, 1991

Expl. Acta Request

PIPSOD Gold Target Sections 13-14-23-24 T5N, R10W Maricopa County, Arizona

completed?

The Southwestern Exploration Division has been conducting follow-up geology, geochemistry, and magnetometer surveys on the PIP group of claims in western Arizona.

The PIP claims are held by Robert L. Clayton, President of PIPSOD Resources, Inc., who brought the property to our attention. Asarco has a verbal hold on the property while the work was being conducted.

Based on the scanty geologic, geochemical, geophysical data presented by Clayton, the property was of interest and a field review was conducted. Further geologic, geochemical, and geophysical data has been collected to clearly define the presumed gold-bearing target of 15 million tons. C.O. Windels also visited the area of the PIP claims and reviewed the additional geophysical work which was contracted.

The target concept is based on the detachment zone and geochemistry which is found in outcrop west and north of the magnetic-low target. The detachment zone has been traced by drilling, under a gravel cover, and dips gently to the south-southeast.

A magnetite-bearing volcanic breccia lies within the chlorite bearing, sheared, basal part of the detachment zone in the western outcrop, and would afford ample porosity for solutions to pass through, depositing their load of gold.

The target was outlined, under the gravel cover, by a detailed magnetometer survey. The target is expressed by a "T" shaped magnetic low, which is interpreted to be the intersection of two fault structures in the basement gneiss which has allowed the gold-bearing fluids to penetrate the detachment fault and move up into, and mushrooming in, the porous andesite breccia. The hydrothermal fluids would destroy/convert the magnetic iron into a non-magnetic iron oxide.

The top part of the "T" trends east-west and is in excess of 3000 feet long and 200 feet wide. The stem of the "T" trends north-south and is 1500 feet long and 400 feet wide increasing at the junction of the two structures, as expressed in the magnetic low anomaly.

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Depth to the top of the magnetic low target anomaly is estimated at 100 feet and the thickness of the anomaly is between 100-200 feet. Using 150 feet of altered (magnetite-destroyed) breccia as being mineralized, the above volumes would suggest a 15,000,000 ton target area.

The PIPSOD target (Figure 1) is located 70 miles northwesterly from Phoenix, Arizona, and is within the 119 PIP lode claims (Figure 2), in the northeast portion of the claim group.

Dieta I is the

Plate I is the contracted geologic, sample location, (assay map) of the PIP claims and traces the Eagle Eye detachment fault across the property in an arc. Also shown on the geology map is the magnetic low as originally outlined by Clayton, along with a magnetic high in the southern part of the claim block.

Clayton drilled 19 holes which defined the subsurface trace of the detachment fault, with most of the holes immediately adjacent to the outcropping structure. The Clayton holes did not encounter any gold values, although he did have anomalous gold along the detachment zone in outcrop.

Silver values were found in some of the drill holes and these are listed in Table 1. Holes PIP-12 and -13 are the closest to the magnetic low and are located on the western side of the geophysical magnetometer grid.

Table 1. Clayton Drill Holes with Anomalous Silver

Hole Number, PIP	Silver Value, ppm	Depth Interval, ft.*
- 5	6.3	155-220
-7	1.7	35-50
-8	2.7	40-55
-9	1.5	100-110
	1.4	235-250
-13	0.4	345-350
-16	1.0	10-30
-17	1.4	75-85

*All depth intervals are at or within the basal detachment as noted in the logs. Only PIP-12 had a higher zone of anomalous silver above the detachment, as: PIP-12, 2.7 ppm Ag at 165-210 feet.

As shown on Plate I, all the anomalous holes, except for PIP-12 and -13, are located in the northeast part of the claim block. These anomalous holes are in or near the outcropping geochemical anomalies marked "A," "B," and "C" on Plate I.

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PIPSOD GOLD TARGET

March 22, 1991

higher 20 pp o

Anomaly "A" and drill hole PIP-5 are 1500 feet north of the magnetic low target area. Surface anomaly "A" contains anomalous values in Au Ag, As, and Sb, in chalcedony, barite, calcite, and iron oxides masses which resemble mineralization-alteration within a hot-spring vent zone of hydrothermal system. PIP-5 had the highest silver value (6.3 ppm) in the subsurface detachment zone, as listed in Table 1.

Plate II is the recently completed magnetometer survey which details the broad anomalous low previously outlined on Plate I. Both plates are at the same scale, 1 inch equals 500 feet.

On Plate II, the anomalous magnetic low "T" is colorfully outlined by the values of -20 to -200 in yellow-orange-red coloration.

As expressed, this zone of 150 foot thickness would contain over 15 million tons of potentially mineralized rock. The geophysical interpretation of the base of the anomaly is at the comparable depth of the known detachment fault found at 340-350 feet in drill hole PIP-13, with a slight dip to the southeast. A series of 500 foot holes would penetrate the entire interpreted thickness of magnetite-destroyed rock unit.

Mr. Robert L. Clayton of PIPSOD Resources Inc., has agreed to the terms of the Memorandum of Agreement which has yet to be signed. A copy has been sent to J.L. Woods, Legal Department, for his review.

This summary has been excerpted from three reports in the SWED file:

Clayton, R.L., Sept. 12, 1990, Summary of PIP claims. 1 Page, maps, drill logs, assays.

Miller, C.P., Feb. 7, 1991, Examination of the PIP claims, Maricopa County, Arizona: Miller Resources In., contract geologist. 18 Pages, maps, geochemistry.

Wiederwilt, W.G., March 9, 1991, Magnetometer Survey PIP claims: Mining Geophysical Surveys Inc., contract geophysicist. 11 Pages, maps.

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March 22 1000

PIPSOD GOLD TARGET

Five initial holes (Table 2) are listed to test the magnetic low anomaly of Plate II.

Proposed Drill Holes Table 2.

of Plate II.			N
	Table 2. Proposed Drill Holes	to /	1,01
Proposed Hole	Line West	Line North/South	Po
1.	28W	baseline	
2.	30W	4S 🥌	
3.	28W	8 S	
4.	15W	2S <u></u>	
5.	36W	3N	

The first three holes test the wider north-south stem of the anomalous zone, with holes 4 and 5 testing each wing going east-west along the top part of the "T" anomaly.

Table 3 lists the estimated cost to secure and drill the PIPSOD gold target the first year.

Table	3.	Estim	ated	Costs

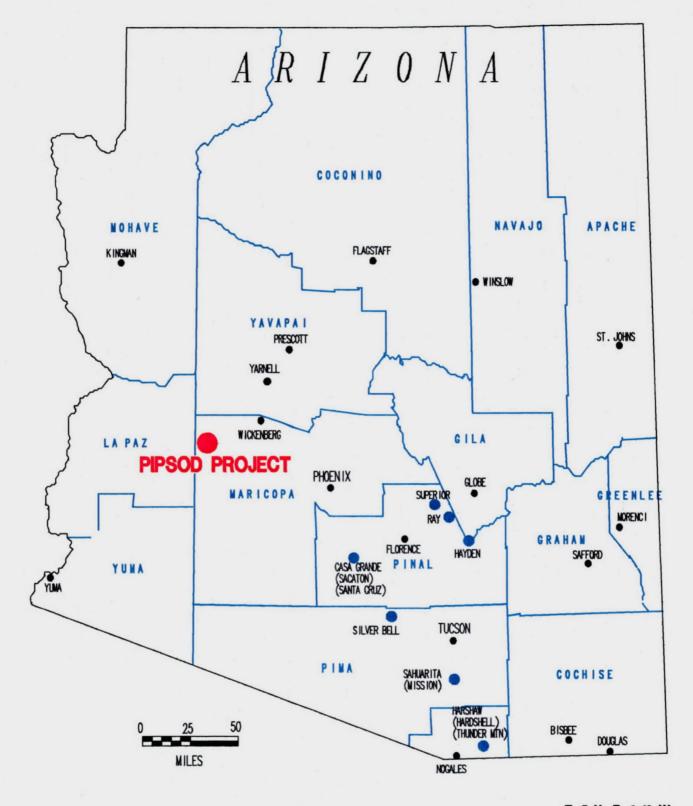
Payment due, upon PIPSOD signing	\$15,000 ¹
Road-pad preparation, 2 days x \$100/hr.	2,000
Drilling, 5 holes x 500 ft. x \$11/ft.	27,500
Assaying, 5 holes x 50 x \$15/sample	3,750
Supervising expenses, vehicle	2,000 /
Costs incurred, geology & geophy. consult.	2,000 10,000 \$60,250
jo dak,	a vec
Estimated Cost	\$60,250 (W)
·	TI '

The PIPSOD anomalous magnetic low target is not within a WSA and can be easily tested with a minimum of road building expenses. The target size of 15 million tons, with anomalous precious metal values in outcrop considerable distance from the covered target, is one that is recommended to be secured and drilled by Asarco.

JDS:mek Atts.

cc: W.L. Kurtz

Jenes D Sol James D. Sell



T. 5 N., R. 9-10 W.



PIPSOD PROJECT INDEX MAP

YUMA COUNTY, ARIZONA

mn PP910308 JDS/DAM TUC 03/21/91 PLOT CHG: NONE

		·								
						61	62	97		
			118	119		63	64	98		
			115	116	117	65	66	99		
		1	. 2	31	32	67	68	100		
		3	1 1	33	34	69	70	101	8	
		5	16	35	36	71 L Ü	72	102	LU	
		7	8	.37	38	73	74	103		
		9	10	39	40	75	76	104		- 1
		11	12	41	42	77	78	105		
		13	14	43	44	79	80	106	******	NORTH
		15	16	45	46	81	82	107		•
		17	18	47	48	83	84	108		N .
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	-	21	22	51	52	87 🚭	88	110		
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	-	27	28	57	58	93	94	113		
		29	30	59	60	95	96	114		
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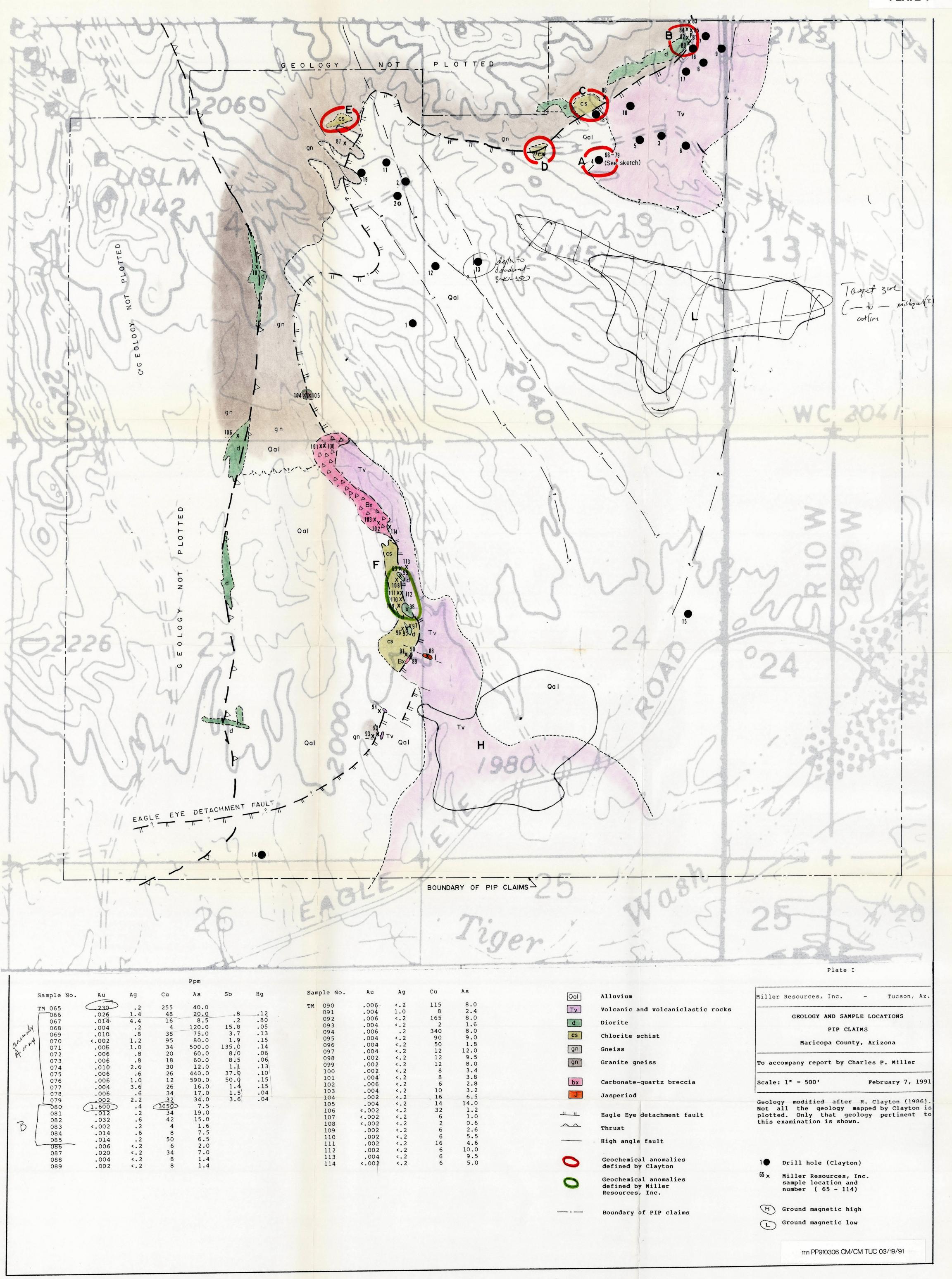
SOUTHWESTERN EXPLORATION

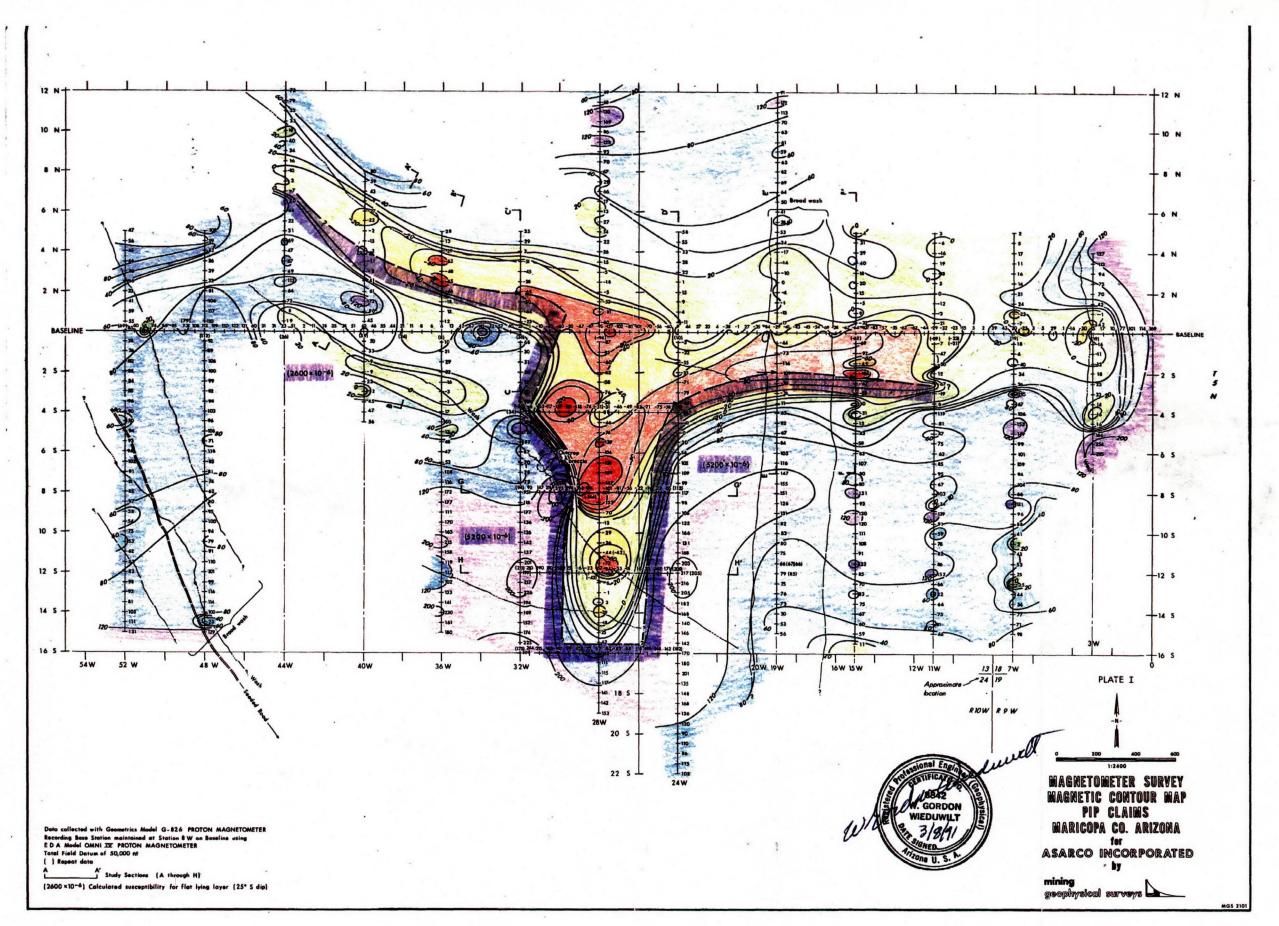
PIPSOD PROJECT PIP CLAIMS MARICOPA CO., ARIZONA

JDS

03-91

0 2000' mr PP910310 JDS/DAM TUC 03/21/91 PLOT CHG: SP4-SP80 SP5-BLK .7 SP7-.25





Southwestern Exploration Division

February 11, 1991

W.L. Kurtz

PIP Claims Sec. 13, 14, 23, 24 T5N, R1OW Maricopa County, AZ

For your information I am passing by the file copies of three reports on the PIP claims controlled by Bob Clayton.

The area is of interest as the detachment style mineralization and has spotty anomalous gold-silver-arsenic-mercury.

Clayton's holes were not successful in finding mineralization downdip from known surface exposures.

Subsequently, Clayton ran a magnetic survey and found a mag high and a mag low. He attributed the mag low to be a pipe-like alteration zone which may have supplied the anomalous values around RDH #4.

In reviewing the data in the field with C.O. Windels and subsequent review with Gordon Wieduwilt (see his report), an expanded mag survey to understand the magnetic low problem has been requested of Mr. Wieduwilt. Wieduwilt's first data suggests a mag hi-low relationship within the outline of Clayton's magnetic low.

Interpretation of this mag low feature and the magnetic high will be undertaken. One explanation of the high (see Miller's report, p. 17) is that it is a large diorite body or possibly a magnetite-specularite body such as known at Swansea and other mines in this part of Arizona. Should the mag low also be reinterpreted as a series of mag high-low couples, then the exploration question remains.

Only a single copy of the three reports are presently available as FILE copies.

JDS:mek

James D. Sell

Junes to. Sell

Marioga Co. AZ

mining geophysical surveys

2400 EAST GRANT ROAD - TUCSON, ARIZONA 85719

TELEPHONE - 602 326-8619

February 11, 1991

James D. Sell ASARCO INCORPORATED P. O. Box 5747 Tucson AZ 85703

Dear Jim:

Our standard Agreement for a magnetometer survey on the Pip Claims, Maricopa County, Arizona is enclosed. We discussed size of crew and estimated costs with you and Carl Windels on Friday, February 8th. A detail of those estimates is as follows:

Production Cost: \$35.00/hr. This cost includes formal report with maps and interpretation. 10 hr day . . \$ 350.00

Vehicle Costs: \$35.00/day; \$0.35/mi (100 mi daily ave') \$70.00 Gas 10.00 80.00 Wages:

Engineer \$15.00/hr \$150.00 +25% 37.50 \$187.50 Technicians (1) \$8.-10.00/hr \$100.00 +25% 25.00 \$125.00 (2) \$8.-10.00/hr \$100.00 +25% 25.00 \$125.00

2 men \$312.50 3 men \$ 437.50

Living Costs:

Lodging: 1 man \$30.00; (2) \$60.00; (3) \$90.00

Per diem:

Per man/day \$25.00; (2) \$50.00; (3) \$75.00

2 men \$110.00 3 men

\$165.00

\$ 165.00

A total daily cost estimate for 2 men is \$852.50

for 3 men \$ 1,032.50

I include the possible use of a 3-man crew which would provide the opportunity for a more efficient survey (less days). It is

ASARCO February 11, 1991 Page 2

difficult to accurately determine the time it will take to do the survey. If we can complete three lines a day it will take four times the daily estimate (adding one day for Mob'-Demob'), or approximately \$4.130.00 for a 3-man crew. If a 2-man crew can do the job in five days (including one day Mob'-Demob'), the cost will be closer to \$4,265.00 -- almost a toss up. If a 3-man crew can save better than one day, however, the cost savings is higher. I leave it to your judgment.

Sincerely,

W. Gordon Wieduwilt, P.E

Enc.

2101

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mining geophysical surveys Inc

AGREEMENT

THIS AGREEMENT, made and entered into this 11th day of February 1991, by and between ASARCO INCORPORATED

(hereinafter referred to as CLIENT) and MINING GEOPHYSICAL SURVEYS, INC. (hereinafter referred to as MGS).

WITNESSETH:

1. At the request of CLIENT, on or about 12 February 1991

MGS will commence, undertake and thereafter diligently proceed

with a magnetometer survey for CLIENT

at Pip Claims, Maricopa County, Arizona.

The project consists of lines as laid out by CLIENT or their acknowledged representatives. The type of grid and station spacing are as recommended by CLIENT or their representatives. There is no minimum or maximum commitment, and coverage may be extended or deleted as requested by CLIENT or their authorized representatives.

2. CLIENT will supply necessary maps of the area to be surveyed and will acquire all necessary access rights. CLIENT agrees to indemnify and save harmless MGS against any and all loss and expense, including attorney's fees and other legal expenses, by reason of liability imposed or claimed to be imposed by the law upon MGS directly or indirectly for personal injuries

or death or tangible or intangible damage to property sustained by any person, firm or corporation and arising out of or in consequence of the lack of any access rights to land in the performance of this contract by MGS.

- 3. MGS will conduct the survey as requested by CLIENT or acknowledged representative and shall provide for the purpose of such survey suitable equipment and a crew consisting of a party chief-operator and other personnel as required.
- 4. Geometrics and EDA magnetometers shall be employed. The measurements shall be done in accordance with the accepted state of the art. MGS shall provide field notes, pencil drawings of the results as they are accumulated. A final report and maps will be submitted within approximately four weeks after completion of the survey.
- 5. It is understood and agreed that MGS is and shall be deemed and treated as an independent contractor while engaged in the performance of the work herein defined.
- 6. MGS or its employees will not disclose information or show data and records gathered during this survey to unauthorized third parties or use the same except for the sole purpose of the work for CLIENT contemplated hereby without prior written authorization from CLIENT. All records and data shall be the sole property of CLIENT and shall be delivered to CLIENT at the conclusion of the data compilation.
 - 7. MGS will obtain and continue in force during the terms

mining geophysical surveys Inc of this contract, at its own expense, insurance insuring MGS as specified:

- (a) Workmen's Compensation and Occupational Disease Disability Insurance to the extent required by the laws of the jurisdiction wherein the work is to be performed;
- (b) Comprehensive General Liability Insurance with a combined single limit of \$1,000,000. for each occurrence, and a General Aggregate limit of \$2,000,000. Comprehensive Automobile Liability Insurance with a combined single limit of \$1,000,000. for each occurrence;
- (c) MGS agrees to furnish CLIENT on request certificates evidencing such coverage.
- 8. MGS will at its own expense repair any damage to all property of whatever kind or character, whether publicly or privately owned, including the property of CLIENT, which may result from negligence on the part of MGS in its operations under this contract.
- 9. MGS will exercise reasonable care in the performance of work hereunder, and will comply with all applicable laws, ordinances, and governmental regulations, including permits and licenses required to render professional services, but CLIENT will obtain and pay for required permits and licenses related to land access rights. MGS will make all contributions with respect to employment required by such applicable laws, ordinances, and



governmental regulations, and will assume and pay taxes imposed, including transportation, sales, use and privilege taxes, which pertain to MGS' work hereunder. MGS will pay promptly all costs and expenses assumed by it and incurred in connection with the project.

- 10. CLIENT shall pay MGS in U.S. funds for services at the following rates:
 - (a) <u>Production</u>: Thirty-Five Dollars (\$35.00) per hour. This cost includes equipment, and interpretation with report and maps of the field program. If no interpretation and formal report are required of MGS, the production rate is reduced to Twenty-Five Dollars (\$25.00) per hour.
 - (b) Mobilization and Demobilization: Thirty-Five Dollars (\$35.00) per hour, plus living expenses, wages for party-chief and assistants, and vehicle costs from nearest available crew site or Tucson, whichever is closer;
 - (c) <u>Vehicle Charges</u>: Thirty-Five Cents (\$0.35) per mile plus Thirty-Five Dollars (\$35.00) per day for use of MGS vehicle on project transport, including field and highway travel; except that leased vehicles are charged at cost, plus ten percent (10%) for insurance; plus gas and oil for all vehicles; leased utility trailers, if required, charged at cost.

(d) <u>Direct Charges</u>:

- Wages for crew chief and assistants will be charged at cost, plus twenty-five percent (25%).
 MGS will supply assistants as required.
- 2. Lodging expenses at cost, plus a Twenty-Five Dollar (\$25.00) per diem allowance for engineer and each assistant supplied by MGS.

Days lost due to weather are charged at the production rate if an abortive attempt is made to produce. If no attempt is made due to obviously hazardous or inclement conditions, Twenty-Five Dollars (\$25.00) per hour, not to exceed \$250.00/day, plus direct cost items, are to be charged. Standby costs of Two Hundred Fifty Dollars (\$250.00) per day, plus direct cost items, are charged for days where production delays are due to CLIENT's inability to provide MGS with necessary information or access rights to proceed with survey once an MGS crew arrives on site. Equipment breakdowns are the responsibility of MGS, and CLIENT shall not be charged for any time lost due to the equipment failures. Days off are the responsibility of MGS, and CLIENT shall not be charged for these days, except for cost of lodging, per diem, and vehicle rate at no more than one (1) day per week.

- 11. MGS shall submit to CLIENT invoices in triplicate adequately describing and supporting charges according to the terms of the agreement. Payment is to be made in the following manner:
 - (a) Prepayment of NA or % of estimated total walk)

mining geophysical surveys Inc

- cost (\$) due upon receipt of invoice;
- (b) Monthly billings starting at the end of first month or part thereof;
- (c) Final payment due upon completion of field work and receipt of final maps and reports.
- 12. MGS will perform and execute all work and services required pursuant to this survey in a proper, careful and workman-like manner. It will not be liable to CLIENT for delays caused by acts of God, weather, necessary equipment repairs, or other acts beyond its control.
- 13. CLIENT has the right to terminate this contract by notice in writing and make payment to MGS of all amounts due hereunder up to and including the date of receipt by MGS of such notice. All amendments and modifications of this contract must be in writing. MGS will not assign this agreement without the previous written consent of CLIENT.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and date first above written.

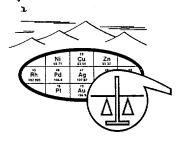
MINING GEOPHYSICAL SURVEYS, INC.

BY W. Gordon Wieduwilt, P.E., Pres.

ASARCO INCORPORATED

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mining geophysical surveys Inc



SKYLINE LABS, INC.

1775 W. Sahuaro Dr. • P.O. Box 50106 Tucson, Arizona 85703 (602) 622-4836

REPORT OF ANALYSIS

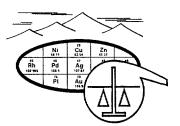
RL Clayton PIP Claims Marcioga Co., AZ

JOB NO. VAA 015 February 14, 1991 PROJECT NO.: 70.001 TM-065 TO TM-114 PAGE 1 OF 3

MILLER RESOURCES INC. 7300 N. Leonardo Da Vinci Tucson, AZ 85704

Analysis of 50 Rock Chip Samples

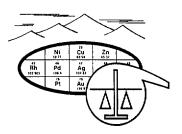
		FIRE A	ASSAY			
		Au*	Aq*	Cu	As	
ITEM	SAMPLE NO.		(mqq)	(ppm)		
		,,	,,	,,,	(11)	
1	TM-065	.230	2	255	40.0	
2	TM-066	.026			20.0	
3	TM-067	.014			8.5	
4	TM-067	.004	.2		120.0	
5	TM-069	.010	.8		75.0	
5	IM-009	.010	• 0	20.	75.0	
6	TM-070	<.002	1.2	95.	80.0	
. 7	TM-071	.006	1.0	34.		
8	TM-072	.006	.8		60.0	
9	TM-073	.006	.8		60.0	
10	TM-074	.010	2.6	30.	12.0	
11	TM-075	.006	.6	26.	440.0	
12	TM-076	.006	1.0	12.	590.0	
13	TM-077	.004	3.6	26.	16.0	
14	TM-078	.006	.6	34.	17.0	
15	TM-079	.002	2.2	22.	34.0	
16	TM-080	1.600	. 4	3650.		
17	TM-081	.012	.2	34.		
18	TM-082	.032	.6	42.	15.0	
19	TM-083	<.002	.2	4.	1.6	
20	TM-084	.014	.6	8.	7.5	
•	mr. 005	24.				
21	TM-085	.014	.2	50.		
22	TM-086	.006		6.		
23	TM-087	.020		34.		
24	TM-088		<.2	8.		
25	TM-089	.002	<.2	8.	1.4	



SKYLINE LABS, INC. 1775 W. Sahuaro Dr. • P.O. Box 50106 Tucson, Arizona 85703 (602) 622-4836

> JOB NO. VAA 015 February 14, 1991 PAGE 2 OF 3

		FIRE 2	ASSAY			
			Ag*	Cu	As	
ITEM	SAMPLE NO.	(ppm)	(ppm)	(ppm)	(ppm)	
26		.006	<.2	115.	8.0	
27	TM-091	.004	1.0	8.	2.4	
28	TM-092	.006	<.2	165.	8.0	
29	TM-093	.004	<.2	2.	1.6	
30	TM-094	.006	. 2	340.	8.0	
31	TM-095	.004		90.		
32	TM-096	.004	<.2	50.		
33	TM-097	.004	<.2	12.	12.0	
34	TM-098	.002	<.2	12.	9.5	
35	TM-099	.002	<.2	12.	8.0	
36	TM-100	.002		8.	3.4	
37	TM-101	.004	<.2	8.	3.8	
38	TM-102	.006	<.2	6.	2.8	
39	TM-103	.004	<.2	10.	3.2	
40	TM-104	.002	<.2	16.	6.5	
41	TM-105	.004	<.2	14.	14.0	
42	TM-106	<.002	<.2	32.	1.2	
43	TM-107	<.002	<.2	6.	1.0	
44	TM-108	<.002	<.2	2.	.6	
45	TM-109	.002	<.2	6.	2.6	
46	TM-110	.002	<.2	6.	5.5	
47	TM-111	.002	<.2	16.	4.6	
48	TM-112	.002	<.2	6.	10.0	
49	TM-113	.004	<.2	6.	9.5	
50	TM-114	<.002	<.2		5.0	



SKYLINE LABS, INC. 1775 W. Sahuaro Dr. • P.O. Box 50106 Tucson, Arizona 85703 (602) 622-4836

> JOB NO. VAA 015 February 14, 1991 PAGE 3 OF

 				~	
ITEM	SAMPLE NO.	Sb (ppm)	Hg (ppm)	Ba (ppm)	
		_			
2	TM- 066	.8	.12	4900.	
3	TM- 067	.2	.80	4900.	
4	TM- 068	15.0	.05		
5	TM-069	3.7	.13		
6	TM-070	1.9	.15	2300.	•
7	TM-071	135.0	.14		
8	TM-072	8.0	.06		
9	TM-073	8.5	.06		
10	TM-074	1.1	.13		
11	TM-075	37.0	.10		
12	TM-076	50.0	.15		
13	TM-077	1.4	.15	12000.	
14	TM-078	1.5	.04		
15	TM-079	3.6	. 04		

*NOTE: Method of analysis by combination fire assay and atomic absorption.

MILLER RESOURCES, INC. 7300 North Leonardo da Vinci Way Tucson, Arizona 85704 (602) 297-0224

February 21, 1991

Asarco, Inc. Exploration Department 1150 N. 7th Avenue Tucson, Arizona

STATEMENT

Examination of PIP Claims Maricopa County, Arizona

Professional	Services:		
25 Jan 91	Examination of PIP Claims Library Research	2 hrs	nc
26 Jan 91	Examination of PIP Claims Travel Tucson-Wickenburg	3 hrs	nc
27 Jan 91	Examination of PIP Claims Field Sampling	9.5 hrs	456.00
28 Jan 91	Examination of PIP Claims Field Sampling	9.5 hrs	456.00
29 Jan 91	Examination of PIP Claims Field Sampling	8.0 hrs	456.00
30 Jan 91	Examination of PIP Claims Field Sampling	9.0 hrs	456.00
31 Jan 91	Examination of PIP Claims Field Sampling; Travel Wickenburg-Tucson	4.0 hrs 3.0 hrs	228.00 nc
3 Feb 91	Examination of PIP Claims Review of Data	6.5 hrs	370.50
4 Feb 91	Examination of PIP Claims Report Preparation	8.0 hrs	456.00

Asarco, Inc. - Exploration Department February 21, 1991 Page 2

5 Feb 91	Examination of PIP Claims Report Preparation	10.0 hrs	456.00
6 Feb 91	Examination of PIP Claims Report Preparation	9.5 hrs	456.00
Total Profession	onal Services	77.0 hrs	\$3334.50

Costs and Disbursements:

Dat	<u>ce</u>		Location	Expense Item	Amount	Receipt
24	Jan	91	Tucson	Blueprinting \$ Blueprinting	14.92 5.16	1 2
26	Jan	91	Wickenburg	Hotel Meals Mileage (173)	49.14 6.51 86.67	3 - -
27	Jan	91	Wickenburg	Hotel Meals Mileage (90)	49.14 7.02 45.00	3 -
28	Jan	91	Wickenburg	Hotel Meals Mileage (91)	49.14 15.15 45.47	3 -
29	Jan	91	Wickenburg	Hotel Meals Mileage (95)	49.14 12.29 47.61	3 -
30	Jan	91	Wickenburg	Hotel Meals Mileage (93)	49.14 11.58 46.54	3 - -
31	Jan	91	Wickenburg	Meals Mileage (273)	5.00 136.42	- -
1	Feb	91	Tucson	Blueprinting Blueprinting	10.70 20.85	4 5
6	Feb	91	Tucson	Blueprinting Copying Sample Bags (50)	4.11 14.84 33.80	6 7 -
14	Feb	91	Tucson	Assays	890.40	8

Asarco, Inc. - Exploration Department February 21, 1991
Page 3

Total Costs and Disbursements \$ 1705.74

GRAND TOTAL \$5042.24

harles P. Miller

Terms: Payable in full upon receipt of statement.

Please send payment to Miller Resources, Inc., 7300 N Leonardo da Vinci Way, Tucson, Arizona 85704

Explanation of Charges

A maximum of 8 hours per day is billed; hours over 8 not billed. Professional services billed at \$57.00 per hour. Costs and disbursements billed at cost; mileage billed at \$0.50 per mile for a four-wheel drive vehicle.

nc = no charge

OK for Payment

Devis Dell

General Employation

(PIP Chains)

INVUICE

PLEASE PAY FROM THIS INVOICE

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INVOICE

PLEASE PAY FROM THIS INVOICE

(2)

CUSTOMER COPY

TUCSON BLUEPRINT CO.

FAX NO. 602-792-3305 PHONE 602-624-8881 IN AZ. 1-800-233-2535 MAIL ADDRESS P.O. BOX 27266 TUCSON, AZ. 85726

STREET ADDRESS 537 N. SIXTH AVENUE

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TERMS: NET 30. 11/2% SERVICE CHARGE OR 18% PER YEAR, MINIMUM SERVICE CHARGE OF ONE DOLLAR APPLIES ON ALL PAST QUE ACCOUNTS.

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TUCSON BLUEPRINT CO.

FAX NO. 602-792-3305 PHONE 602-624-8881 MAIL ADDRESS P.O. BOX 27266

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TERMS: NET 30. 11/2 % SERVICE CHARGE OR 18% PER YEAR MINIMUM SERVICE CHARGE OF ONE DOLLAR APPLIES ON ALL PAST DUE ACCOUNTS.

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INVOICE No. A 12916 70.00

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PLEASE PAY FROM THIS INVOICE

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PLEASE PAY FROM THIS INVOICE



TUCSON BLUEPRINT CO.

FAX NO. 602-792-3305 PHONE 602-624-8881 IN AZ. 1-800-233-2535 MAIL ADDRESS P.O. BOX 27266

TUCSON, AZ. 85726

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INVOICE

No. A 13263

TUCSON BLUEPRINT CO.

FAX NO. 602-792-3305 PHONE 602-624-8881

MAIL ADDRESS P.O. BOX 27266

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INVOICE

AZ 85704 • (602) 297-7371

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INVOICE

IN AZ. 1-800-233-2535 FAX NO. 602-792-3305 PHONE 602-624-8881

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Address

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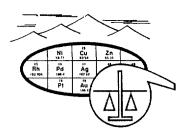
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TERMS: NET 30, 11/2% SERVICE CHARGE OR 18% PE SERVICE CHARGE OF ONE DOLLAR APPLIES ON ALL PAS'

PRIČES SUBJECT TO CHANGE WITHOUT FOTICE. LIMITED WARRANTY HOTWHEREN CONTAINED OR MINOSED BY THE LAW MELLERS WARRANTY HEREUN PRICE OF THE MEMORIANDISE AND THE SERVICES RECITED IN THE INJUICE SWARRANTY EXPRESSED OR IMPLIED.

13481 INVOICE No. A



SKYLINE LABS, INC.

1775 W. Sahuaro Dr. • P.O. Box 50106 Tucson, Arizona 85703 (602) 622-4836

INVOICE NET 30 DAYS



Job No. VAA 015 February 14, 1991 PROJECT NO.: 70.001 TM-065 TO TM-114

MILLER RESOURCES INC. 7300 N. Leonardo Da Vinci Tucson, AZ 85704

Analysis of 50 Rock Chip Samples

50 Au&Ag(ppm) @ \$10.00	\$500.00
14 Cu, As, Sb(ppm) @ \$6.30*	\$88.20
36 Cu(ppm) @ \$3.00	\$108.00
36 As(ppm) @ \$3.55	\$127.80
14 Hg(ppm) @ \$3.00	\$42.00
4 Ba(ppm) @ \$6.10	\$24.40
Totals	\$890.40

* Multi Element Discount

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ASARCO

Exploration Department Southwestern United States Division James D. Sell Manager hold for
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approval
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March 22, 1991

Mr. J.L. Woods, Legal Dept. ASARCO Incorporated 180 Maiden Lane New York, NY 10038

> Memorandum of Agreement Lease and Purchase Option PIP Mining Claims Maricopa County, Arizona

Dear Sir:

I attach a Memorandum of Agreement with PIPSOD Resources for your approval as to form.

I will be submitting to Mr. R.L. Brown an Application for Exploration Appropriation of which the Agreement is a part.

Thank you for this service.

Sincerely,

James D. Sell

JDS:mek Att.

cc: R.L. Brown

W.L. Kurtz

```
Exploration Department
                                                                        ASARCC
                                Southwestern United States Division
                               James D. Sell
                              Manager
                           Mr. Robert L. Clayton, President
                          PIPSOD Resources Inc.

Monte Vista
                         Tucson, Arizona 85712
                                                                                       March 22, 1991
                   Dear Mr. Clayton:
               This Memorandum of Agreement formalizes the business terms of a lease with Lesson in Township
              Purchase Option between ASARCO Incorporated as Lessee and Pipson Resources for Table 1.
           The lease/purchase terms will be:
         1. Minimum royalty payments will be made by Asarco to PIPSOD as follows:
                                 $20,000 upon signature
$25,000 upon first anniversary
anniversary
                               $25,000 upon second anniversary that the term of the let
                                thereafter anniversary and annually commencement the term of the lease or smelter smelter return, from
        The production royalty will be 50 commercial production.
     The lease additional term will be 20 years. The lease will be renewable for an exploration operations
    are in progress at the expiration date.
  Asarco will maintain the property in good standing throughout the term
Asarco will submit a yearly exploration report.
```

ASARCO Incorporated P. O. Box 5747 Tucson, AZ 85703-0747 1150 North 7th Avenue (602) 792-2012

2.

3.

4.

5.

Memorandum of Agreement PIP Mining Claims

March 22, 1991

Low for touche les PIPSOD grants Asarco the exiusive right and option to purchase the 6. property for the sum of Five Million Dollars (\$5,000,000). All previous royalty payments/net smelter payments shall be applied to the purchase price. Any balance remaining on the purchase price shall be paid within sixty (60) days of the date on which the option is exercised.

- 7. Asarco may cancel this lease at any time after the initial \$15,000 payment is made.
- 8. Asarco will have a formal lease document drawn up incorporating the terms of this letter and including all standard mining lease clauses, for signature by you and Asarco.

If these terms are agreeable, please sign the document below. payment of \$15,000 will be forwarded to you upon receipt of the signed copy.

Sincerely,

JDS:mek Att.

James D. Sell Manager, SWED ASARCO Incorporated

cc: W.L. Kurtz R.L. Brown J.L. Woods

I accept the terms outlined in the Memorandum of Agreement.

Date:_____

Robert\L. Clayton, President PIPSOD Resources Inc.

sending to RLB

Exploration Department Southwestern United States Division James D. Sell Manager

March 22, 1991

Mr. J.L. Woods, Legal Dept. ASARCO Incorporated 180 Maiden Lane New York, NY 10038

> Memorandum of Agreement Lease and Purchase Option PIP Mining Claims Maricopa County, Arizona

Dear Sir:

I attach a Memorandum of Agreement with PIPSOD Resources for your approval as to form.

I will be submitting to Mr. R.L. Brown an Application for Exploration Appropriation of which the Agreement is a part.

Thank you for this service.

Sincerely,

James D. Sell

JDS:mek Att.

cc: R.L. Brown

W.L. Kurtz

ASARCO

Exploration Department
Southwestern United States Division
James D. Sell
Manager

March 22, 1991

Mr. Robert L. Clayton, President PIPSOD Resources Inc. 4449 E. Monte Vista Tucson, Arizona 85712

> Memorandum of Agreement Lease and Purchase Option PIP Mining Claims Maricopa County, Arizona

Dear Mr. Clayton:

This Memorandum of Agreement formalizes the business terms of a lease with purchase option between ASARCO Incorporated as Lessee and PIPSOD Resources Inc. as Lessor. The Agreement will cover claims held by PIPSOD in Township 5 North, Range 10 West, Maricopa County, Arizona, as listed in Table 1, attached.

The lease/purchase terms will be:

1. Minimum royalty payments will be made by Asarco to PIPSOD as follows:

\$15,000 upon signature \$20,000 upon first anniversary \$25,000 upon second anniversary \$100,000 upon 3rd anniversary and annually thereafter through the term of the lease or until commencement of commercial production.

- 2. The production royalty will be 5% net smelter return, from commencement of commercial production.
- 3. The lease term will be 20 years. The lease will be renewable for an additional 20 years, and beyond, if mining or exploration operations are in progress at the expiration date.
- 4. Asarco will maintain the property in good standing throughout the term of the lease.
- 5. Asarco will submit a yearly exploration report.

- 6. PIPSOD grants Asarco the exlusive right and option to purchase the property for the sum of Five Million Dollars (\$5,000,000). All previous royalty payments/net smelter payments shall be applied to the purchase price. Any balance remaining on the purchase price shall be paid within sixty (60) days of the date on which the option is exercised.
- 7. Asarco may cancel this lease at any time after the initial \$15,000 payment is made.
- 8. Asarco will have a formal lease document drawn up incorporating the terms of this letter and including all standard mining lease clauses, for signature by you and Asarco.

If these terms are agreeable, please sign the document below. The first payment of \$15,000 will be forwarded to you upon receipt of the signed copy.

Sincerely,

JDS:mek

James D. Sell Manager, SWED ASARCO Incorporated

cc: W.L. Kurtz R.L. Brown J.L. Woods

I accept the terms outlined in the Memorandum of Agreement.

Date:_____

Robert L. Clayton, President PIPSOD Resources Inc.

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CLAIM NAME:	LOCATED:	RECORDED:	DOCUMENT NO:	BLM AMC NO:	
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PIP 15	6-4-86	6-26-86	86-322478	256684	
PIP 16	6-4-86	6-26-86	86-322479	256685	
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PIP 23	6-4-86	6-26-86	86-322486	256692	
PIP 24 ·	6-4-86	6-26-86	86-322487	256693	
PIP 25	6-4-86	6-26-86	86-322488	256694	
PIP 26	6-4-86	6-26-86	86-322489	256695	
PIP 27 PIP 28	6-4-86 6-4-86	6-26-86 6-26-86	86-322490 86-322491	256696 256697	
PIP 29	6-4-86	6-26-86	86-322492	256698	
PIP 30	6-4-86	6-26-86	86-322493	256699	
±PIP 31	6-1-86	6-26-86	86-322494	256700	
PIP 32	6-1-86	6-26-86	86-322495	256701	
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PIP 36	6-1-86	6-26-86	86-322499	256705	
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PIP 38	6-1-86	6-26-86	86-322501	256707	
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PIP 40 PIP 41	6-1-86 6-1-86	6-26-86	86-322504	256709 256710	
PIP 42	6-1-86	6-26-86	86-322505	256711	
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PIP 44	6-1-85	6-26-86	86-322507	256713	
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PIP 66	6-1-86	6-26-86	86-322524	256731	
PIP 67	6-1-86	6-26-86	86-322526	256732	
. PIP 68	6-1-86	6-26-86	86-322527	256733	
PIP 69	6-1-86	6-26-86	86-322528	256734	
PIP 70	6-1-86	6-26-86	86-322529	256735	
PIP 71	6-1-86	6-26-86	86-322530	256736	
PIP 72	6-1-86 6-1-86	6-26-86 6-26-86	86-322531 86-322532	256737 256738	
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FILE

mining geophysical surveys

2400 EAST GRANT ROAD - TUCSON, ARIZONA 85719

TELEPHONE - 602 326-8619

March 27, 1991

James D. Sell ASARCO INCORPORATED Exploration Dept. P. O. Box 5747 Tucson AZ 85703

Dear Jim:

RE: Pip Claims

Location of Magnetometer Grid

and then 35' south to that corner.

The copy enclosed shows the grid location on the topo map using this one tie point. We repositioned the grid on Bob's magnetic map and include a copy of that map also.

Please keep in mind that inaccuracies will still exist if one attempts to locate magnetic features on any map other than the grid (contour) map.

Sincerely,

W. Gordon Wieduwilt, P.E.

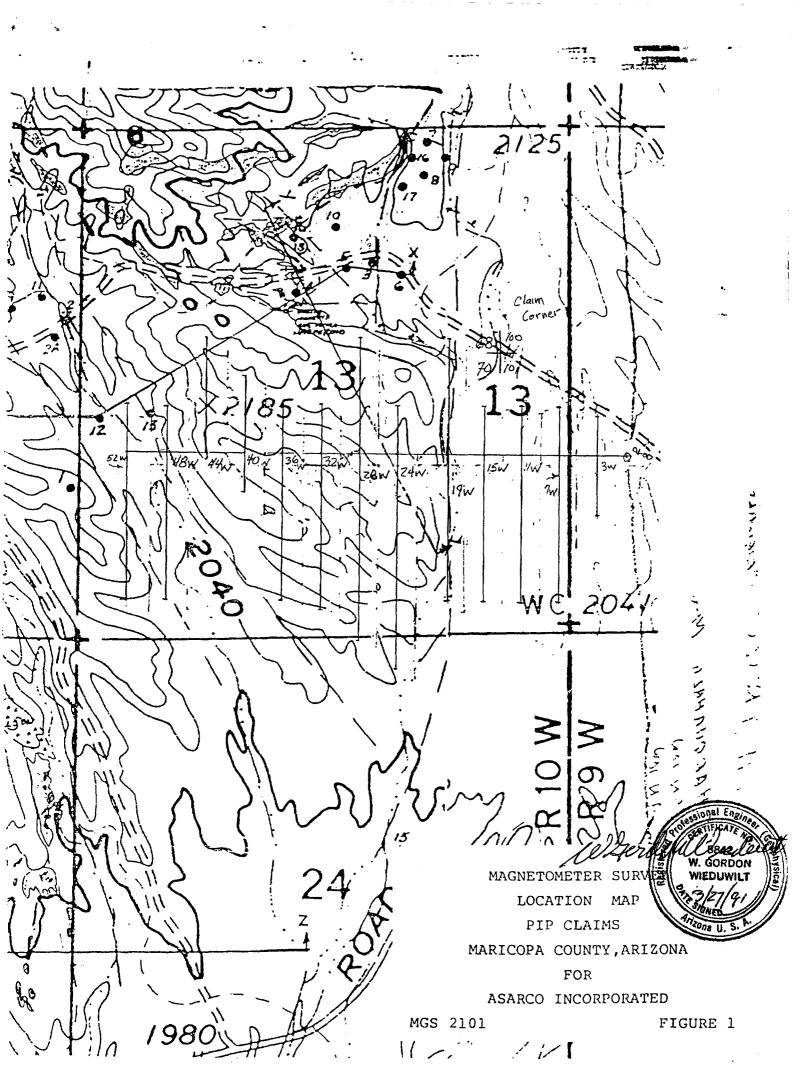
Enclosures

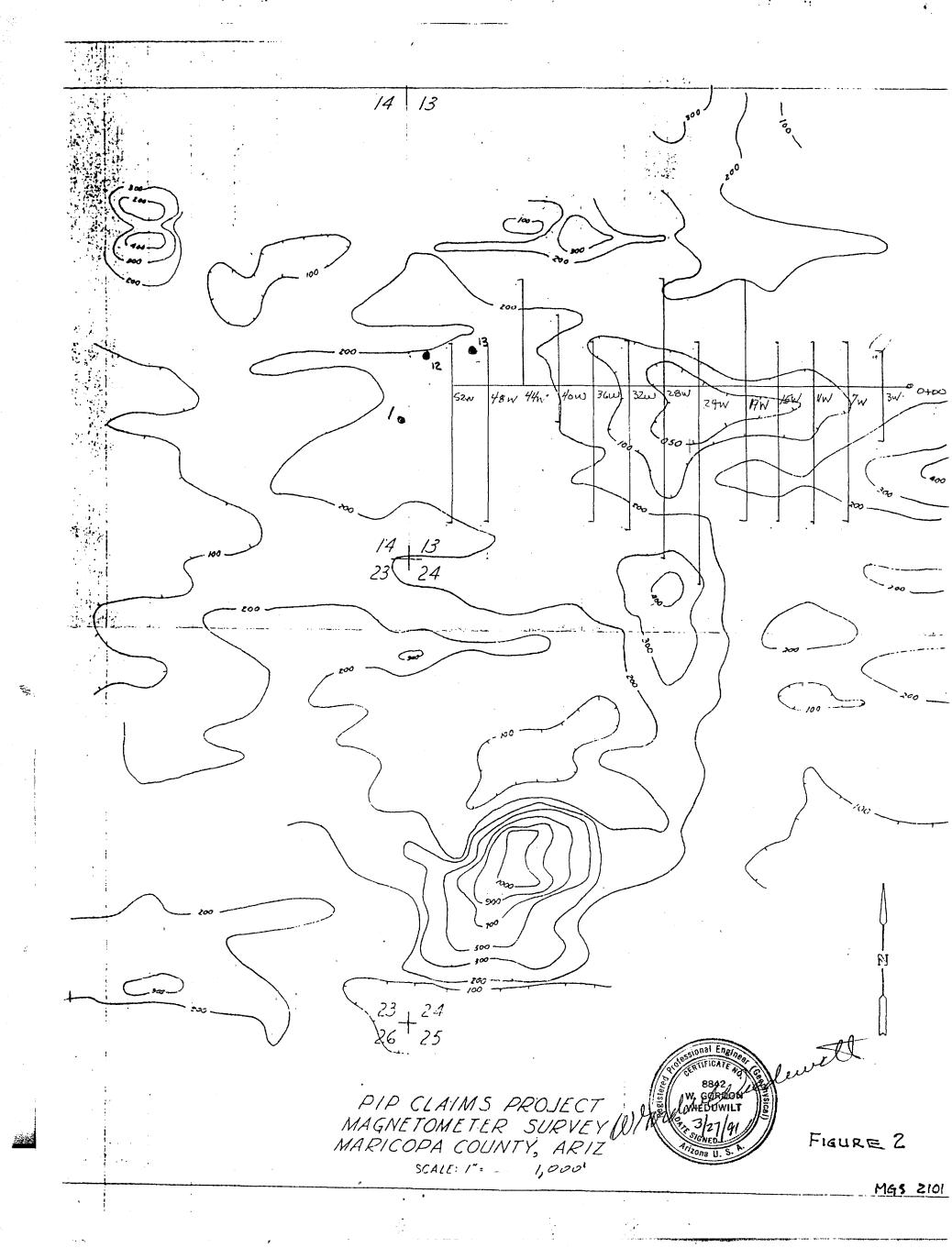
MGS 2101

RECEIVED

MAR 28 1991

EXPLORATION DEPARTMENT





mining
geophysical surveys inc

2400 EAST GRANT ROAD - TUCSON, ARIZONA 85719

TELEPHONE - 602 326-8619

MAGNETOMETER SURVEY
PIP CLAIMS
MARICOPA COUNTY, ARIZONA
FOR
ASARCO INCORPORATED

mining geophysical surveys inc

2400 EAST GRANT ROAD - TUCSON, ARIZONA 85719

TELEPHONE - 602 326-8619

March 9, 1991

James D. Sell ASARCO INCORPORATED 1150 North 7th Avenue Tucson AZ 85703

Dear Jim:

I would have liked to deliver this material in person Monday, but am out of town. Please review and give me a call if you have any questions. I'll be back Tuesday.

The point we make in the report is that the magnetic low is the expression of an irregular trace of the north boundary of a relatively flat-lying magnetic layer. Since outcropping volcanic breccia occurs south of this boundary, the breccia is highly magnetic, albeit variable, and R. L. Clayton shows a detachment fault; we suggest this magnetite-bearing horizon could lay on the fault.

Mag Low

Greiss

Petachinent

S

The material north of the volcanic breccia does not necessarily have to be alluvium, but it must be relatively non-magnetic and alteration (destruction of magnetite) cannot be ruled out. This boundary event is near-surface, outcrop in one area, and likely less than 100' elsewhere. The thickness of the volcanic breccia is estimated at 100-200', but is not certain.

There you have it -- noncommittal geophysics.

Cheers.

W. Gordon Wieduwilt, P.E.

Encs.

mining geophysical surveys

2400 EAST GRANT ROAD - TUCSON, ARIZONA 85719

TELEPHONE - 602 326-8619

INVOICE

ASARCO INCORPORATED Exploration Dept. P. O. Box 5747 Tucson AZ 85703

March 9, 1991

MGS Project 2101

ATTN: James D. Sell

Invoice # 976

The following invoice represents charges for geophysical services (magnetic survey) performed on your Pip Claims, Maricopa County, AZ during February 1991:

MOBILIZATION-DEMOBILIZATION	• • •	\$ 262.50
PRODUCTION	, , ,	\$ 1,085.00
VEHICLE COSTS	• • •	\$ 490.15
WAGES	• • •	\$ 1,740.56
LIVING COSTS	a e e	\$ 396.33
_		
T(OTAL FEES	\$ 3.974.54

ALL ACCOUNTS ARE DUE AND PAYABLE UPON RECEIPT. THANK YOU.

SCHEDULE OF COSTS

MGS Project 2101

ASARCO INCORPORATED

Exploration Dept. P. O. Box 5747 Tucson AZ 85703 ATTN: James D. Sell The following schedule of costs represents charges for geophysical services (magnetic survey) performed on your Pip Claims, Maricopa County, Arizona during February 1991: Feb 12 Mob' Salome 3.5 hrs Survey Lines 7W,11W,15W 7.0 hrs lines 24W, 32W, 36W, 48W, 52W 10.0 14 Test Lines 1&2, extend Lines 19W, 24W 5.0 Demob' Tucson 20 Fillin Lines 85,125,165,40W,44W,3W 9.0 Mob'-Demob' 7.5 hrs 31.0 hrs Production MOBILIZATION-DEMOBILIZATION: 262.50 7.5 hrs @ \$35.00/hr . . . PRODUCTION: 31.0 hrs @ \$35.00/hr VEHICLE COSTS: MGS 4x4 GMC Suburban 4 days @ \$35.00/day \$140.00 2/12,13,14 699 mi 2/20 50 mi 749 mi @ \$0.35/mi Gas 2/12,13,14 \$58.00 2/20 30.00 88.00 490.15 490.15 WAGES: W. G. Wieduwilt 577.50 521.32 T. Nordstrom 293.63 S. Williams 1392.45 +25% 348.11 1740.56 . . . \$ 1,740.56 LIVING COSTS: Lodging: Salome 2/12,13 \$121.33 Per diem: \$25.00/man/day 2/12,13,14 3 days, 3 men 225.00 1 day, 2 men 50.00 396.33 396.33 TOTAL FEES \$ 3,974.54 mining geophysical surveys

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2400 EAST GRANT ROAD - TUCSON, ARIZONA 85719 TELEPHONE - 602 326-8619

MAGNETOMETER SURVEY
PIP CLAIMS
MARICOPA COUNTY, ARIZONA
FOR
ASARCO INCORPORATED

MAGNETOMETER SURVEY

PIP CLAIMS

MARICOPA COUNTY, ARIZONA

FOR

ASARCO INCORPORATED

MGS 2101

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ACCOMPANYING THIS REPORT:

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FIGURE 2	RECONNAISSANCE MAGNETOMETER SURVEY, 1989
FIGURE 3	CLAIM MAP
FIGURE 4	MAGNETIC PROFILES, SET OF N-S SECTIONS
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FIGURE 11	THREE TEST SITES TO STUDY ERRATIC NATURE OF MAGNETIC DIPOLE
PLATE I	MAGNETIC CONTOUR MAP WITH INTERPRETATION

DISTRIBUTION: ORIGINAL & 5 COPIES: J. D. Sell, Tucson

mining geophysical surveys Inc

MAGNETOMETER SURVEY PIP CLAIMS MARICOPA COUNTY, ARIZONA

FOR

ASARCO INCORPORATED

SUMMARY:

Reconnaissance magnetometer surveys by R. L. Clayton in September 1989 outlined a fairly broad wedge-shaped E-W trending magnetic low with the "wedge point" to the east. This feature was interpreted to be a possible area of hot springs activity, devoid of magnetic minerals (magnetite), that provided the gold mineralization found along a flat SE'ly dipping detachment fault surface whose outcrop lies 2000' to the north of the low. Recent detailed magnetometer surveys (MGS October 1990 & February 1991) indicate the magnetic low is highly complex in the shape of offset, opposing crescents with fairly well-defined magnetic boundaries.

The interpretation of magnetic anomalies as reflecting a particular geologic model is difficult to prove or disprove by interpretation alone, i.e., without drilling. In this case, the magnetic lows were thought to reflect rocks devoid of magnetite. While this interpretation may be valid, the magnetic low as a product of the edge effect of a flat-lying magnetic body south of the low is also a possibility. Model studies provide some guide lines for accepting this latter interpretation.

Two test profiles in Section 14, 1) over a mineralized vein

mining geophysical surveys Inc structure with old workings, and 2) across a gneiss-schist contact indicate a possible dike-like magnetic body W'ly adjacent to the vein with possible W'ly dip in 1) and highly variable magnetic characteristics in both the gneiss and schist, with no discernible magnetic characteristics to either rock type or the contact in 2).

The random erratic nature of the magnetic data was studied at three sites and by susceptibility measurements of float samples and various outcropping rock types. The erratic magnetic characteristic in alluvium is believed to be derived from small, near-surface blocks of diorite, volcanic breccia and possibly schist. These blocks contain magnetite once uniformly oriented in the earth's magnetic field, but as boulders in alluvium their remanence is now randomly oriented. The erratic magnetic characteristic in outcrop is likely due to varying magnetite content of the various rock types as no apparent uniformity is evident. The volcanic breccia has the highest magnetic signature, but is also quite variable.

INTRODUCTION:

During the period of February 12-14 and 20, 1991 a detailed ground magnetometer survey was undertaken in a portion of the Pip Claims (Figures 1 & 3). The survey was requested by J. D. Sell, Manager SW-Exploration, and the project reviewed by C. O. Windels, geophysicist, for ASARCO INCORPORATED.

The purpose was to further outline a somewhat linear E-W striking magnetic low located by the 1989 reconnaissance magnet-ometer survey (Figure 2). A base line and two N-S lines (19W and 24W) were surveyed in October 1990 (MGS) to better identify the magnetic low. The present coverage includes N-S lines at 400' intervals on the existing base line, and extension of the grid west to the area of drill holes #'s 12 & 13 (see Figure 1). These drill holes intersected bedrock (gneiss) at 255' and 275', respectively. Two test magnetometer profiles (Figure 8) of a vein deposit (Line 1) and an outcropping contact (Line 2) were also run.

Some rock susceptibility measurements were obtained, as suggested, to help identify magnetic sources. Samples were taken in outcrop in the area of vein-type deposits and across a gneiss-schist contact along the road leading to the old workings (Figure 1) in Section 14. Measurements of random float samples throughout the area were also obtained. The results are presented in Figure 10.

The erratic nature of the magnetic data was further studied at three sites (Figure 11) where isolated highs (+) and lows (-) suggested near-surface sources of magnetic material. The sources were not obvious from examination of the surface float; however, the position of each source must be relatively close to surface, as suggested by the steep gradient of the anomalies.

INTERPRETATION:

The suggestion that the magnetic low represents a body devoid of magnetite was tested by a series of dike-like models (Figures 6 & 7). The scenario defining a model devoid of magnetite requires the adjacent rocks contain a relatively high percentage of magnetite. Therefore, rocks north and south of the low should be relatively anomalous.

Figure 6A shows that a magnetic body as a S dipping layer produces a considerable low at its north boundary with a minor positive shoulder south of the contact. This same figure shows that the magnetic body as a N dipping layer has a large positive component at the south boundary, with minor low shoulder south of the contact. The large positive component north of the low is absent from the observed anomalies, as seen in the set of N-S profiles in Figure 4. We suggest the low is entirely fabricated by a flat-lying magnetite-bearing formation that lies south of a contact shown in Plate I.

The N-S striking appendage of the anomaly low is described by model studies in Figure 7. The models for E and W dipping flat-lying bodies produce a large magnetic low between the contacts that becomes intensified as the gap between the two opposing layers is widened (Figure 7, B & C). The positive shoulder at the respective contacts is minimal, as seen in the set of observed E-W profiles in Figure 5 (except G-west contact).

We suggest that the anomaly low is the north boundary of a

broken relatively flat-lying layer of volcanic breccia containing a small percentage magnetite. The volcanic breccia in outcrop (8S, 30W) is an example of the layer's composition. The sharply defined N'ly near-surface boundaries suggest a dynamic event, possibly faulting and/or rafting of the volcanic breccia layer along the detachment fault. The layer may dip flat SE'ly (25°-1) on the detachment fault, producing a gently decreasing magnetic effect from the layer and its distant boundaries. The thickness of the layer may also vary (decrease), causing a relatively gentle decrease in the magnetic effect of the layer away from the area of the near-surface contact. There is a suggestion the volcanic breccia may not be uniformly magnetic, creating further difficulty in mapping the extent of this formation.

TEST PROFILES

Two profiles shown in Figure 8 test the magnetic characteristics of 1) the vein structure identified by old workings, and 2) the gneiss-schist contact on the road north of the survey.

1) The vein structure in gneiss contains diorite. Rocks along the ridge (metasediments & gneiss) appear silicified. The magnetic anomaly over the vein indicates a dike-like body lies westerly adjacent to the vein and with vertical to 60° dip, as shown in the model (Figure 9). A 60° E'ly dipping dike, as suggested by the old workings, does not fit the observed magnetic anomaly characteristic.

2) The profile across the gneiss-schist contact is interesting in that the erratic magnetic characteristic which occurs in alluvium throughout the area is similar to that seen here in outcrop. There is no distinct magnetic pattern that would identify the contact or the two rock types tested.

MAGNETIC SUSCEPTIBILITY TESTS

A number of specimens of rock in alluvium and in outcrop were tested for magnetic susceptibility using an EGC model PP-2A meter. The graph in Figure 10 shows the results of those tests. The susceptibility from surface samples varies from 0 to 1200 x 10^{-6} cgs, with no obvious distinction between outcrop and float samples.

There is no attempt to correct these readings for volume differences (size of hand specimen vs. outcrop); hence, variations of $\frac{+}{0}$.2 units may unknowingly result. However, a flat sample surface was selected for testing, which minimized one variable. All samples were at surface, therefore, suffered varying degrees of oxidation and weathering. Samples of volcanic breccia were found to be highly variable, as was chlorite schist and diorite.

Calculated susceptibilities of the interpreted magnetic layers varied from 2600 x 10^{-6} in the west half of the area to 5200 x 10^{-6} in the east half, with the N-S trend also 5200 x 10^{-6} . These susceptibilities are all higher than any surface sample indicated. There are a number of possible reasons for this, such as: a) surface samples are oxidized, therefore, magnetite partially destroyed,

and b) thickness of the layer estimated at 100-200' is incorrect (a thicker layer would reduce the calculated susceptibility).

TEST OF SINGLE STATION HIGHS (+) AND LOWS (-)

The erratic magnetic characteristics of small isolated anomalies were tested at three sites (Figure 11). The large anomaly on Line 8S at 30+00W is also compared.

Site 1 -- A -23 nt reading on the baseline at 6+50W is detailed by adjacent close-spaced (8') readings and shows a broad negative without apparent dipolar positive form. 50-100' to the west (see Plate I) a small area of positive readings (40 nt) may complement this low.

Site 2 -- A positive 295 nt reading at 7+00W, 2+50S has been detailed to reveal a dipolar negative to the west. The horizontal distance from (+) to (-) is 8', although the anomaly is not completely closed out.

Site 3 -- A positive 145 nt reading at 34+00W, Baseline has been detailed to reveal a dipolar negative westerly adjacent. The dipolar peak-to-peak of 270 nt has a horizontal distance of about 8.

Although not detailed by close-spaced stations, the anomaly on Line 8S at 30+00W (see Figure 5, G-G') indicates a peak-to-peak anomaly of 755 nt over 100' distance (660 nt over 50'). The dipolar negative lies east of the positive.

None of these sites were sufficiently detailed to place

finite boundaries on their source bodies. They reveal the erratic nature of isolated magnetic occurrences in alluvium and at contacts in outcrop. This erratic characteristic in alluvium is in part due to the random occurrence of tumbled boulders derived from formations containing magnetite such as the volcanic breccia, diorite, or other magnetite sources.

SURVEY PROCEDURE:

Instruments and Methods

A Geometrics model G826 portable proton magnetometer S/N 6178 with an accuracy of -1 gamma was used for the survey. The sensor was attached to an 8' staff, placing the sensor away from minor magnetic interference in the surface material and surroundings (magnetite in gravels, scattered scrap iron, magnetometer console interference-steel jacketed batteries). Readings were taken every 50' along the surveyed lines.

A diurnal record was obtained during the course of the survey using the EDA OMNI IV magnetometer/gradiometer as a recording base station. The instrument was preprogrammed to read the earth's magnetic field every one minute. The time, total field and drift from an arbitrary base value of 49,993.2 nt for 13 February, and 50,002.6 nt for 20 Feb (different reference used each day to obtain a base value of -23 nt at Sta 10W on base line) were recorded and printed on a continuously recording chart (one copy provided with report).

Table of maximum diurnal variation for the given time intervals during this survey:

12	Feb	Printer down, memory.	data corrected	рÀ	recall	from
13	Feb	1244-1346 1346-1431 1431-1629	- 7.4 nt +10.0 + 2.4			
20	Feb	0816-1205 1205-1457	-54.5 +22.0			

A check of the observed diurnal variations from the preceding table indicates a decreasing field occurred in the morning and an increasing field in the afternoon during the time of the survey. The greatest relative change, however, occurred on the morning of Feb 20. The geomagnetic field was quiet to unsettled during the two weeks containing the survey days, as noted in the table of geomagnetic indices published by Department of Commerce, NOAA.

The field data was corrected for diurnal drift and day-to-day variations providing repeats within ± 5 nt (25 nt in high gradient area). The recording base was located at station 9W on the base line and a value of -23 nt was established for the base station at 10W, Base line.

Daily Geomagnetic Data

	Middle Latitude			High Latitude	Estimated		
_		Fredericksburg		Anchorage	Planetary		
Date	Α	K-indices	A	K-indices	A	K-indices	
11 February	11	3-3-2-2-3-2-3	17	2-3-2-3-2-5-3-4	12	2-2-2-2-2-3	
12 February	13	4-3-2-3-3-2-2-2	13	2-3-3-3-4-3-2-2	12.		
13 February	9	2-3-2-2-2-2-3	8	2-2-1-3-3-2-2-2	8	1-2-1-2-2-3-2-2	
14 February	7	2-1-2-1-3-2-2-2	7	2-2-1-2-2-3-2	7	1-1-1-2-2-2-2	
15 February	7	3-2-2-1-2-1-1-2	7	3-2-2-1-1-2-2-2	7	3-1-2-1-2-2-1-2	
16 February	3	1-0-1-1-1-1-1	* * *	**_*_*_*_**	5	1-1-1-2-1-2-2-1	
17 February	2	1-1-0-0-2-1-1-0	5	2-2-2-1-1-1-2-2	5	1-1-1-1-2-2-2-1	
18 February	2	0-1-0-1-2-1-0-1	7	2-2-2-1-2-2-3	5	1-1-1-1-2-2-2-2	
19 February	7	1-0-1-1-2-3-3-2	7	2-2-1-2-2-3-2-2	9	1-1-1-2-3-3-3-2	
20 February	5	2-0-2-1-1-1-2-2	9	2-2-2-2-3-3-2	8	1-0-1-2-2-3-3-2	
21 February	8	2-3-3-2-1-1-2-1	7	1-2-2-3-2-2-1	8	2-2-2-3-2-2-1	
22 February	10	2-2-3-3-2-1-2-3	10	2-2-2-3-2-2-3-3	10	1-2-3-3-2-2-2-2	
23 February	20	3-2-3-3-4-4-4	18	2-2-3-3-5-4-3-3	16	2-2-3-3-4-4-3-3	
24 February	5	2-2-1-0-1-1-3-1	6	2-2-1-1-1-1-3-2	5	1-1-1-1-2-2-2	

Data Reduction and Presentation

Field notes consisted of station number, time (synchronized to base station clock), and a reading in nt (50,000 nt field removed) recorded from the Geometrics magnetometer digital readout. The diurnal correction, the base station drift value with opposite sign, was added to the field notes at the end of each day to obtain the corrected reading shown on the plan map.

The Plane Survey

The survey of the grid was accomplished by compass and topofil from an existing base line. Stations were marked by lx2xl2" stakes and flagged every 100'. A declination of 10°E was used throughout the survey to correct for true bearings. The location of the survey as shown on the Location Map (Figure 1) and the Magnetic Contour Map (Figure 2) are approximate. The location of the section corner is also approximate as measured from the Claim Map (Figure 3).

The inaccuracies inherent in compass and tape surveys can be corrected by properly locating a random number of stations on each line with any electronic distance measuring device in order to reconstruct the actual (true) grid.

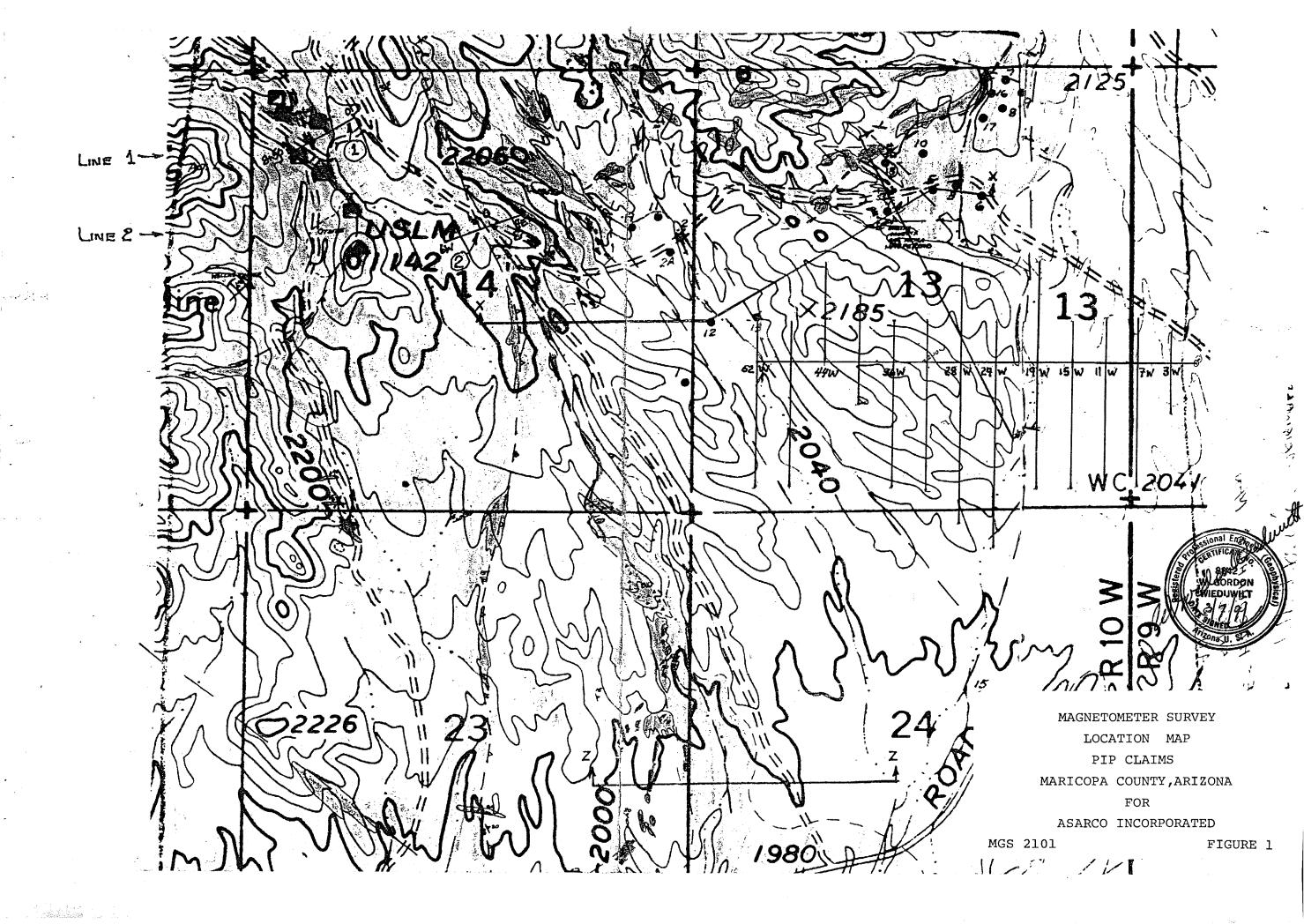
Respectfully submitted,

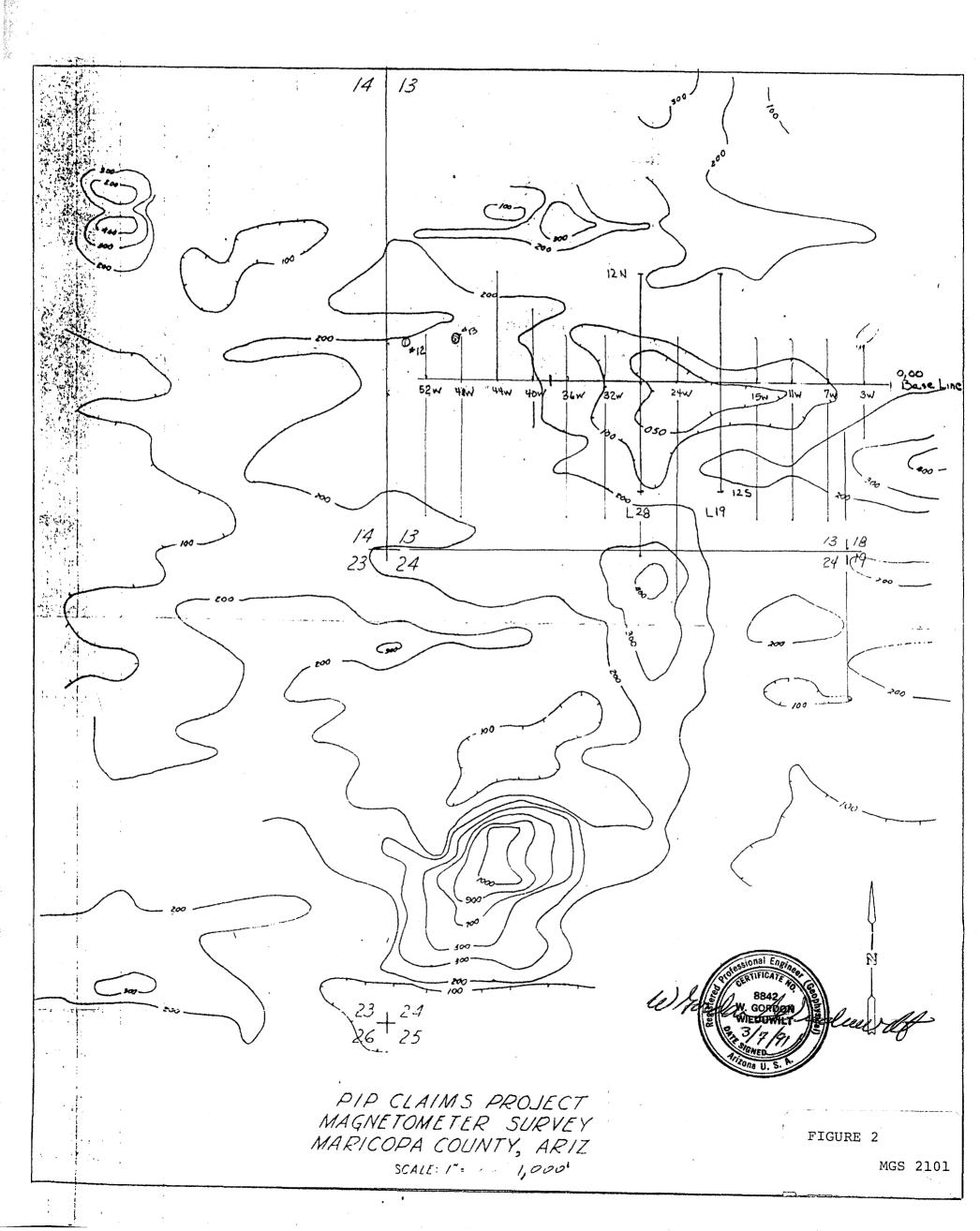
W. Gordon Wieduwilt, P. 📆

Geophysicist

March 8, 1991

Tucson, Arizona





CLAIMS INCLUDE 1 -- 115

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	19	20	49	50	85	36		
	21	22	51	52	87	98		
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PIP CLAIM GROWN MARICOPA CO., ARIZOI

SCALE: 1" = 2000'

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FIGURE 3

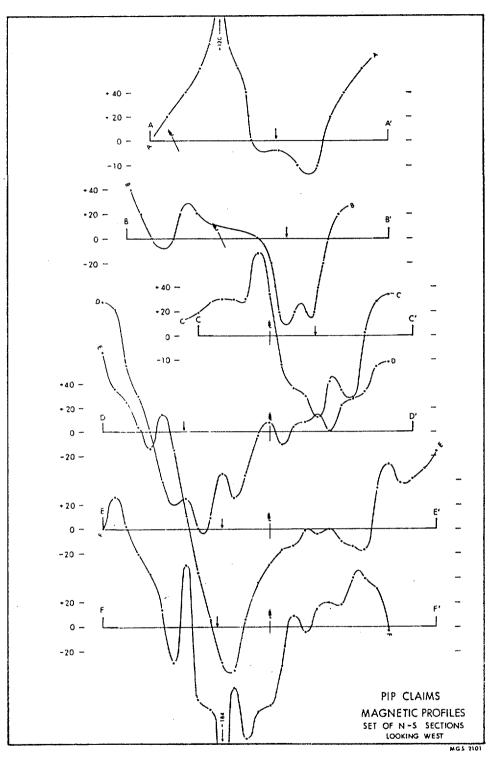


FIGURE 4



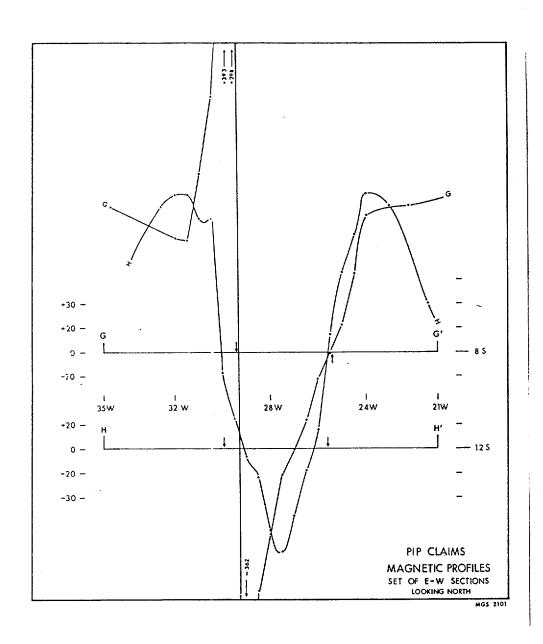


FIGURE 5



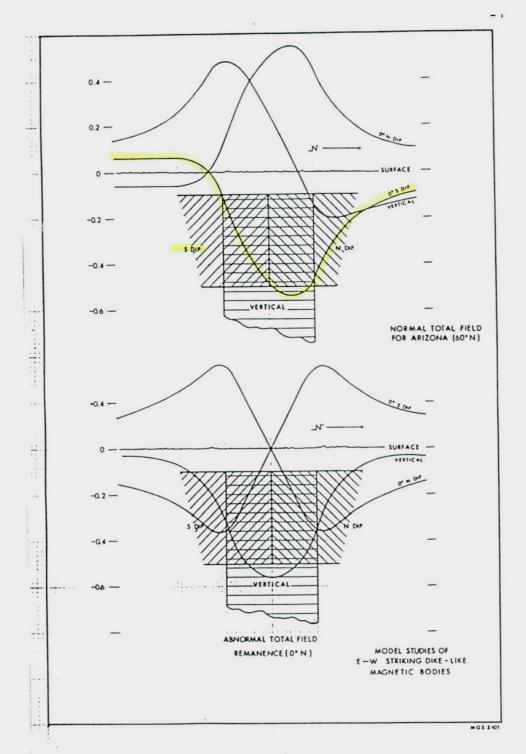


FIGURE 6



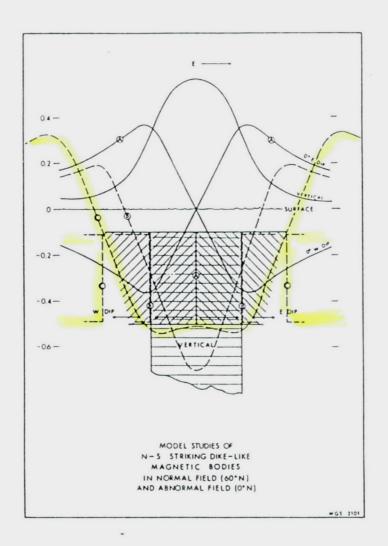
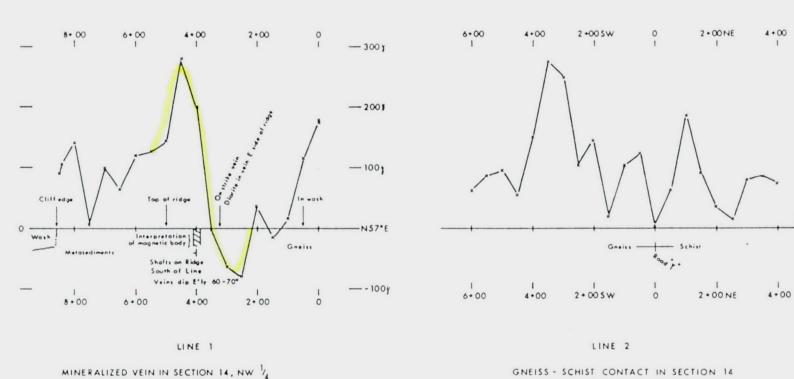


FIGURE 7





ALONG METASEDIMENTARY - GNEISS CONTACT

GNEISS - SCHIST CONTACT IN SECTION 14

PIP CLAIMS TEST PROFILES

mining geophysical surveys

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- 200

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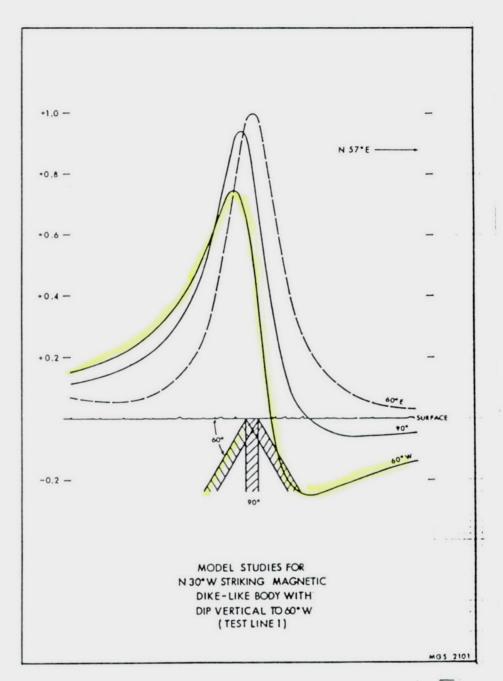


FIGURE 9



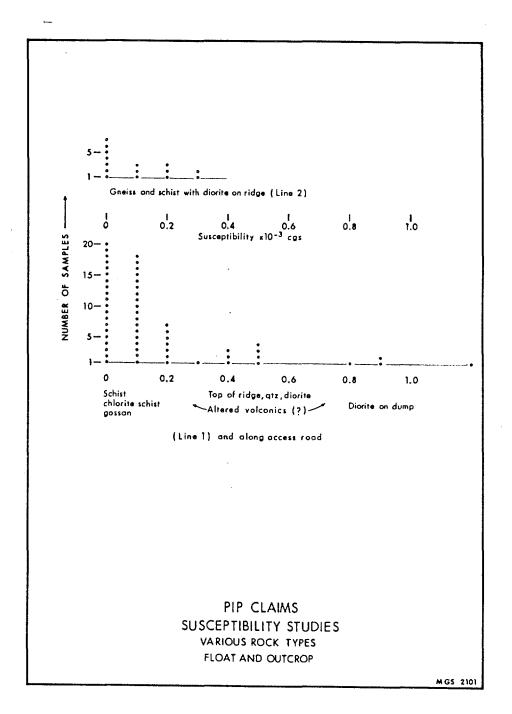
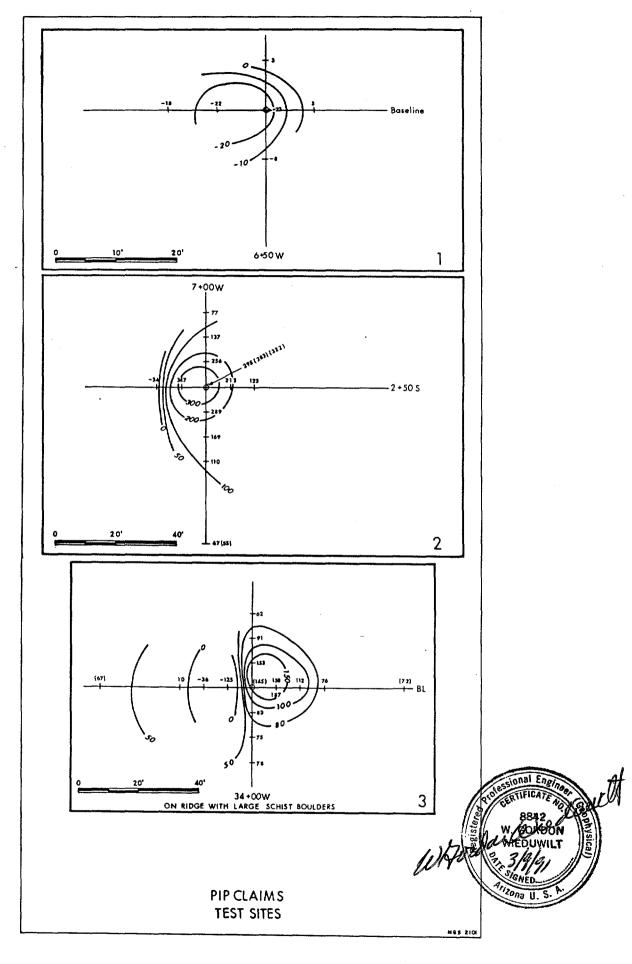


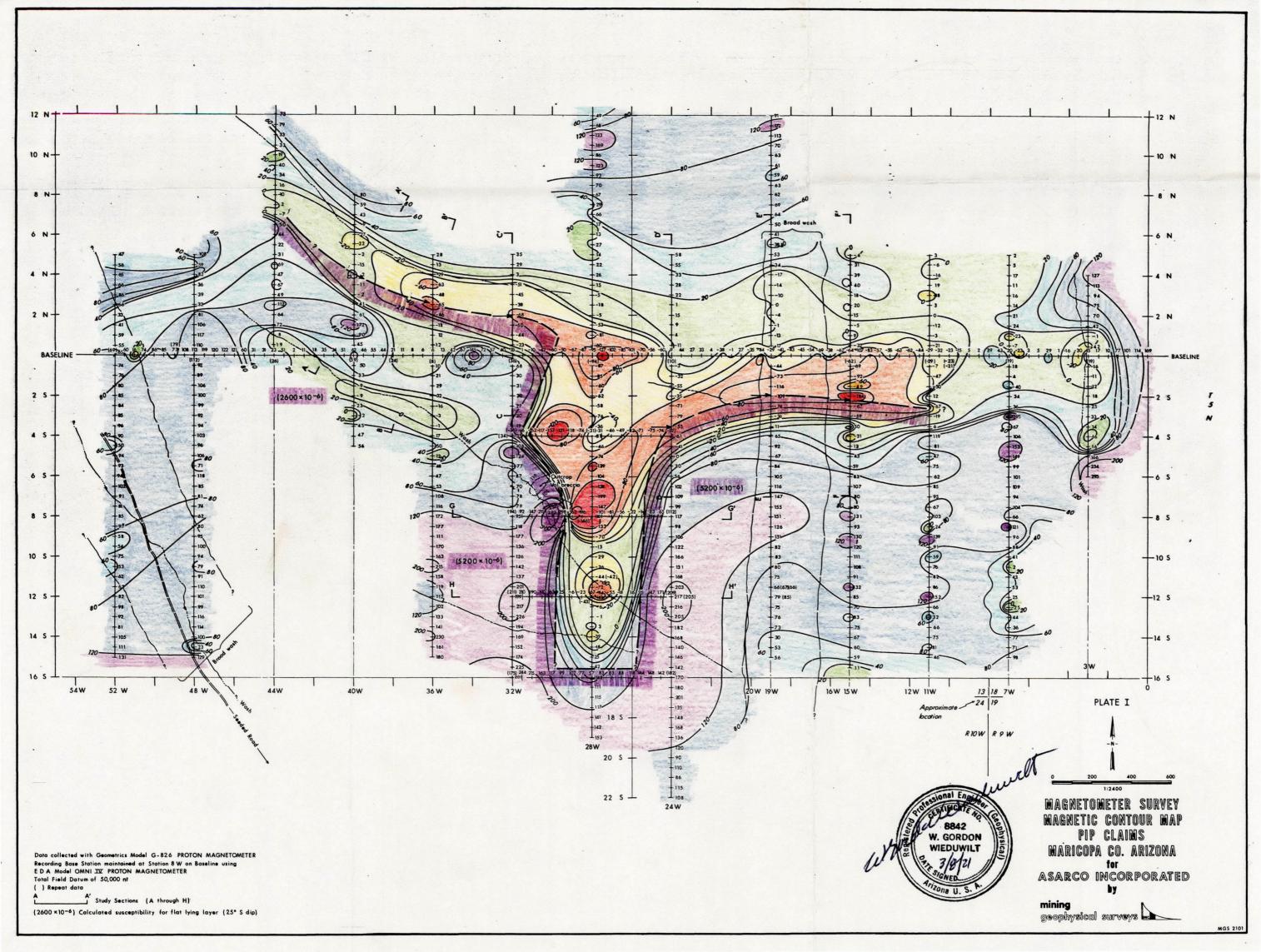
FIGURE 10

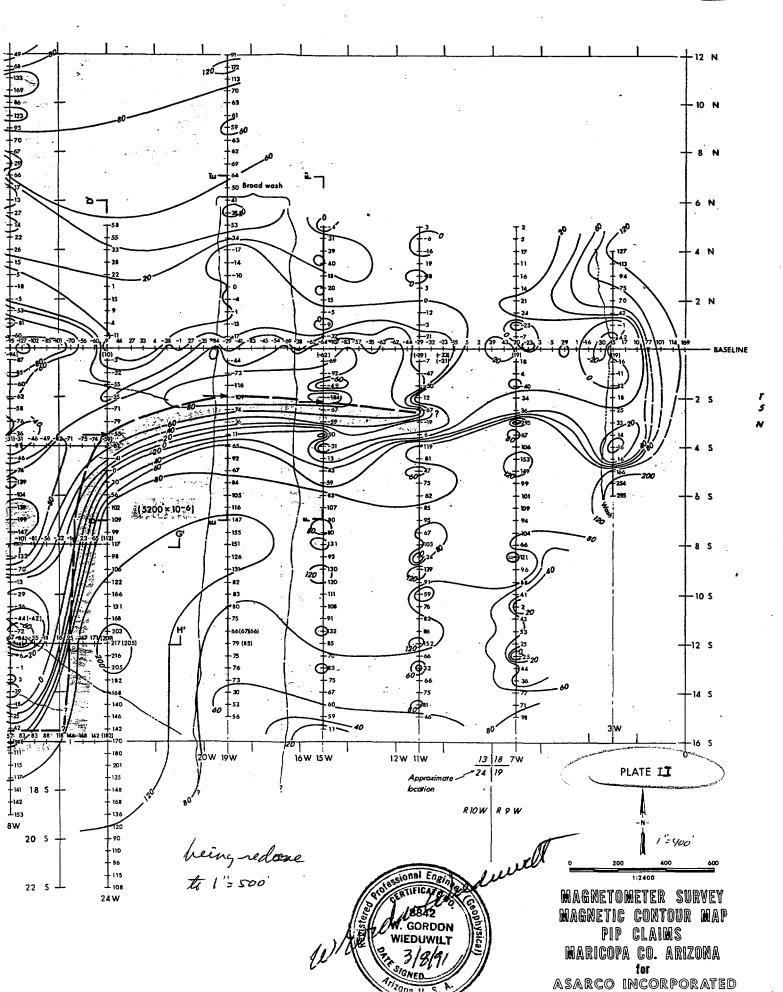




mining geophysical surveys Inc

FIGURE 11





JOSell

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Come an you can do better. Can jos first you notes on what Brown wanted for initial Expl. Legart?

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to need to add a section, location of prepried holes, depth to detachment on some of Clayton holes and read to fell celly or emphision why we should drill other Three is Sarely (CLIK) any annuals add values or pathfisters.

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ASARCO

Exploration DepartmentSouthwestern United States Division
James D. Sell
Manager

April 1, 1991

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The letter to

Opil 1.

Mr. Robert L. Clayton, President PIPSOD Resources Inc. 4449 E. Monte Vista Tucson, Arizona 85712

> Memorandum of Agreement Lease and Purchase Option PIP Mining Claims Maricopa County, Arizona

Dear Mr. Clayton:

This Memorandum of Agreement formalizes the business terms of a lease with purchase option between ASARCO Incorporated as Lessee and PIPSOD Resources Inc. as Lessor. The Agreement will cover claims held by PIPSOD in Township 5 North, Range 10 West, Maricopa County, Arizona, as listed in Table 1, attached.

The lease/purchase terms will be:

1. Minimum royalty payments will be made by Asarco to PIPSOD as follows:

\$15,000 upon signature \$20,000 upon first anniversary \$25,000 upon second anniversary \$100,000 upon 3rd anniversary and annually thereafter through the term of the lease or until commencement of commercial production, whichever comes sooner.

- 2. The production royalty will be 5% net smelter return, from commencement of commercial production.
- 3. The lease term will be 20 years. The lease will be renewable for an additional 20 years, and beyond, if mining or exploration operations are in progress at the expiration date.
- 4. Asarco will maintain the property in good standing throughout the term of the lease.
- 5. Asarco will submit a yearly exploration report.

- 6. PIPSOD grants Asarco the exclusive right and option at any time during the term of the lease to purchase the property for the sum of Five Million Dollars (\$5,000,000). All previous royalty payments/net smelter payments shall be applied to the purchase price. Any balance remaining on the purchase price shall be paid within sixty (60) days of the date on which the option is exercised.
- 7. Asarco may cancel this lease at any time after the initial \$15,000 payment is made.
- 8. Asarco will have a formal lease document drawn up incorporating the terms of this letter and including all standard mining lease clauses, for signature by you and Asarco.

If these terms are agreeable, please sign the document below. The first payment of \$15,000 will be forwarded to you upon receipt of the signed copy.

Sincerely,

JDS:mek Att. James D. Sell Manager, SWED

ASARCO Incorporated

cc: W.L. Kurtz R.L. Brown J.L. Woods

I accept the terms outlined in the Memorandum of Agreement.

CLAIM NAME:	LOCATED:	RECORDED:	DOCUMENT NO:	BLM AMC NO:	
PIP 1 PIP 2 PIP 3	6-4-86 6-4-86 6-4-86	6-26-86 6-26-86 6-26-86	86-322464 86-322465 86-322466	256670 256671 256672	RECEIVED B.L.M. AZ STATE OFFICE
PIP 4 PIP 5	6-4-86 6-4-86	6-26-86 6-26-86	86-322467 86-322468	256673 256674	
PIP 6 APIP 7	6-4-86	6-26-86	86-322469	256675	DEC 1 2 1990
SPIP 8	6-4-86 6-4-86	6-26-86 6-26-86	86-322470 86-322471	256676 256677	7:45 A.M.
PIP 9 PIP 10	6-4-86	6-26-86	86-322472	256678	PHOENIX, ARIZONA
OPIP 11	6-4-86 6-4-86	6-26-86 6-26-86	86-322473 86-322474	256679 256680	
PIP 12 PIP 13	6-4-86	6-26-86	86-322475	256681	
PIP 13	6-4-86 6-4-86	6-26-86 6-26-86	86-322476 86-322477	256682 256683	
PIP 15	6-4-86	6-26-86	86-322478	256684	•
PIP 16 PIP 17	6-4-86 6-4-86	6-26-86 6-26-86	86-322479 86-322480	256685 256686	
PIP 18	6-4-86	6-26-86	86-322481	256687	•
PIP 19 PIP 20	6-4-86 6-4-86	6-26-86 6-26-86	86-322482 86-322483	256688	
PIP 21	6-4-86	6-26-86	86-322484	256689 256690	
PIP 22	6-4-86	6-26-86	86-322485	256691	
PIP 23 PIP 24	6-4-86 6-4-86	6-26-86 6-26-86	86-322486 86-322487	256692 256693	
PIP 25	6-4-86	6-26-86	86-322488	256694	
PIP 26 PIP 27	6-4-86 · 6-4-86	6-26-86 6-26-86	86-322489 86-322490	256695	
PIP 28	6-4-86	6-26-86	86-322491	256696 256697	
PIP 29	6-4-86	6-26-86	86-322492	256698	
PIP 30 PIP 31	6-4-86 6-1-86	6-26-86 6-26-86	86-322493 . 86-322494	256699 256700	
PIP 32	6-1-85	6-26-86	86-322495	256701	
PIP 33 PIP 34	6-1-86 6-1-86	6-26-86 6-26-86	86-322496 86-322497	256702 256703	
PIP 35	6-1-86	6-26-86	86-322498	256704	
PIP 36 PIP 37	6-1-86 6-1-86	6-26-86 6-26-86	86-322499 86-322500	256705 256706	
PIP 38	6-1-86	6-26-86	86-322501	256707	
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PIP 40 PIP 41	6-1-86 6-1-86	6-26-86	86-322504	256709 256710	
PIP 42	6-1-86	6-26-86	86-322505	256711	
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PIP 50 PIP 51	6-1-86 6-1-86	6-26-86 6-26-86	86-322513 86-322514	256719 256720	
PIP 52	6-1-36	6-26-86	86-322515	256721	
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PIP 55	6-1-86	6-26-86	86-322518	256724	
P1P 56	6-1-86	6-26-86	86-322519	256725	
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P1P 59	6-1-36	6-26-86	86-322522	256728	
PIP 60	6-1-86	6-26-86	86-322523	256729	
PIP 66	6-1-86	6-26-86	86-322524	256731	
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.PIP 68 PIP 69	6-1-86 6-1-86	6-26-86 6-26-86	86-322527 86-322528	256733 256734	
PIP 70	6-1-86	6-26-86	86-322529	256735	
PIP 71	6-1-86 6-1-86	6-26-86 6-26-86	86-322530 86-322531	256736 256737	
PIP 72 PIP 73	6-1-86	6-26-86	86-322532	256738	

Sections 13, 14, 23 and 24; Township 5 North, Range 10 West; Maricopa County, AZ

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CLAIM NAME:	LOCATED:	· RECORDED:	DOCUMENT NO:	BLM AMC NO:	
PIP 74	6-1-86	6-26-86	86-322533	256739	
P1P 75	6-1-86	6-26-86	86-322534	256740	
P1P 76	6-1-86	6-26-86	86-322535	256741	DEOLINED
PIP 77	6-1-86	6-26-86	86-322536	256742	RECEIVED
PIP 78	6-1-86	6-26-86	86-322537	256743	B.L.M. AZ STATE OFFICE
P1P '79	6-1-86	6-26-86	86-322538	256744	D.T.O 0 (000
₽1P 80	6-1-86	6-26-86	86-322539	256745	DEC 1 2 1990
P1P 81	6-1-86	6-26-86	86-322540	256746	7.45 A 44
P1P 82	6-1-86	6-26-86	86-322541	256747	7:45 A.M.
PIP 83	6-1-86	6-26-86	86-322542	256748	PHOENIX. ARIZONA
P1P 84	6-1-86	6-25-86	86-322543	256749	
P1P 85	6-1-86	6-26-86	86-322544	256750	
PIP 86	6-1-86	6-26-86	86-322545	256751 256752	
PIP 87	6-1-86	6-26-86	86-322546 86-322547	256753	
PIP 88	6-1-86	6-26-86 6-26-86	86-322548	256754	
PID 89 · ·	6-1-86 6-1-86	6-26-86	86-322549	256755	
PIP 90	6-1-86	6-26-86	86-322550	256756	
PIP 91 · PIP 92	6-1-86	6-26-86	86-322551	256757	
	6-1-86	6-26-86	86-322552	256758	
PIP 93 PIP 94	6-1-86	6-26-86	86-322553	256759	
PIP 95	6-1-86	6-26-86	86-322554	256760	
PIP 96	6-1-86	6-26-86	86-322555	256761	
PIP 90	6-2-86	6-26-86	86-322556	256762	
PIP 100	6-2-86	6-26-86	86-322557	256763	
P1P 101	6-2-86	6-26-86	86-322558	256764	
PIP 102	6-2-86	6-26-86	86-322559	256765	
PIP 103	6-2-86	6-26-86	86-322560	256766	
PIP 104	6-2-86	6-26-86	86-322561	256767	
PIP 105	6-2-86	6-26-86	86-322562	256768	
PIP 106	6-2-86	6-26-86	86-322563	256769	
PIP 107	6-2-86	6-26-86	86-322564	256770	
PIP 108 .	6-2-86	6-26-86	86-322565	256771	
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PIP 110	6-2-86	6-26-86	86-322567	256773	
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PIP 112	6-3-86	6-26-86	. 86-322569	256775 · · · · · · · · · · · · · · · · · ·	
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PIP 117	6-1-86	6-26-86 ·	86-322463	230770	•
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FIP 61	11-1-86	11-6-86	86-613328	261543	
FIP 62	11-1-86	11-6-86	86-613329	261544	
PIP 63	11-1-86	11-6-86	86-613330	261545	
PIP 64	11-1-86	11-6-86	86-613331	261546	
· PIP 97	11-1-86	11-6-86	86-613332 86-613333	261547 261548	
PIP 98	11-1-86	11-6-86 11-6-86	86-613334	261549	
PIP 115 PIP 116	11-1-86 11-1-86	11-6-86	86-613335	261550	
PIP 118	11-1-86	11-6-86	86-613336	261551	
PIP 119	11-1-86	11-6-86	86-613337	261552	
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PIP 65	a-11-70	U-22. 10	,, 2,01,0		
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Southwestern Exploration Division



April 19, 1991

FILE NOTE

Withdrawal of Area PIP Mining Claims Sec. 13,14,23,& 24 T5N, R10W Maricopa Co., AZ

Mr. Bob Clayton called on 4/19/91 to say that he has withdrawn his claims from acquisition. His group has decided to drill a hole each in the magnetic low on the north, and the magnetic high on the south.

JDS:mek

cc: W.L. Kurtz

James D. Sell



Southwestern Exploration Division 4/22/91

JOS

April 19, 1991

FILE NOTE

Withdrawal of Area PIP Mining Claims Sec. 13,14,23,8 24 T5N, R10W Maricopa Co., AZ

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JDS:mek

James To Lell James D. Sell

cc: W.L. Kurtz

FROM: J. D. SELL

To: RLB

PIRSOD

for Exploration of propriories when Mr. Clarton Secided to Suillithe hales himself.

The FIRE NOTE, a conjunction of the second moderations new information. The hole in the mag low warm technical seconds but is not of sufficient thickness grade to be of interest to six p. I then declined mr. Chesters increased to mis offer for plant testing of the property of filed the note.

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cc: W/kets

FROM: J. D. SELL

PIPSOD Resources Marieoga Co, AZ

To: RLBioun

In response to your questions of 7-11-91. The property, previous duthdes, assay, and ground may result was brought in by M. Clayton who was "shopping the projecty. The area was of interest as a detection. styl taget at the conclusion of a feel visit with Chaylon. However, the mapping fassay and mag coverage lear not definitive in my openion and I had a consultant de some additional work at about the same time in Februa cowindels of field revisionathe area I looked at the date and Windels agreed That additional target defention on the magnetic low should be acquired. and I tolked to a go consultant who did additioned work. Dures pregaring andopleration

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FROM: J. D. SELL

Marson Desource

To: RL Brown

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1/0 (24)

From:

R. L. Brown

To: Jim Sell

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ASARCO Incomp

JUL 1 1 1991

SW Exploration

Southwestern Explora

June 11, 1991

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for it.

PIPSOD Resource PIP Claims Harquahala Mtns Maricopa County

nter of his magnetic high and his . The ''low'' hole had an intercept nd 30' (235'-265') of 1.27 opt

gnetic high located in the southHole PS-1 entered the brown
prium and remained in the coarse
e at 310 feet. Some grey schist
to 280', but is interpreted as
pris. Clayton is not happy with
n the clastics could have produced
type of material is elsewhere
preferred a basalt plug or some

Drill hole PS-2 was drilled in the center of the magnetic low in the southeast quarter of Section 13, T5N, R10W. After 15' of colluvium, the hole encountered a large landslide brecciated mass of diorite with the mafics altered to chlorite, down to 220'; 220'-235' was the reddish-brown clastic. At 235' fine-iron banded tan chert was encountered which contains some gold and appreciable silver ppm values. At 250' the detachment zone was encountered and the chlorite schist continued to 265' with the lower ten feet containing 0.03 opt gold and 33 ppm silver. Below the detachment fault the values dropped off in footwall felsic gneiss and diorite to 325' T.D.

Clayton believes the magnetic low is a reflection of the altered and brecciated diorite mass in the hanging wall block and does not reflect the mineralization as found. Thus he believes that extending the mineralization in any direction is valid and that geophysics may not be revealing anything about the mineralization trends.

Attached is the Clayton map copied from his previous report, the new revised cross section Y-Y' showing the mineralization-chert from drill hole PIP-4 downdip to PS-2. Also attached are the assays and drill logs for the two drill holes.

ASARCO Incorporateu

'JUL 1 1 1991



July 19, 1991

James D. Sell

R.L. Brown New York Office

Buch Sly Not

PIPSOD Resources, Inc. PIP Claims Harquahala Mtns. Project Maricopa County, AZ

ASARCO SWED is not hot after this claim block at this time, and the File Note was included to New York to inform you of some of the activity being accomplished out this way.

Carl Windels and I visited the area in February and reviewed the geophysical (ground magnetics) data available. At the time Windels thought it should be redone to tighten up on the anomaly originally presented. I contracted a local man and his work suggested that the anomaly was a tighter "T" shaped zone which might reflect several structural zones.

Before the report was available to be sent to New York, Mr. Clayton decided to drill his high and a low magnetic anomaly with the results as stated in the File Note.

Although the PS-2 hole did indicate gold (ten feet of 0.03 opt) and silver (thirty feet of 1.27 opt), the depth (235') and thinness of the intercept was not of further interest to SWED.

The intercept is within a major detachment terrane and is important in further studies within the district.

JDS:mek

cc: W.L. Kurtz

C.O. Windels

Me Kurtz Am Golding original 4 copies for your approval to send to Mr Brown.

Day of Fite Note
I don't remember
what it said and
am sure Brown
will not.

Is This Jely 19
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Mr Kuty
This was
reply to Mr.
Browns note
attached to
Mr. Sells June 11
File Note, attached.
Many

7/19/91

10/2

7-22-91

From: J. D. Sell

PIPSOD Pesources Marriega Co, AZ

To: RL Brown

From: J. D. Sell

To: RLB

20/2

PIRSOD

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The FILE NOTE, a cooperhect you received, outlined medications now information. The hole in the mag low was a technical secase but is not of sufficient thickness grade to be of interest to sive p. I then declined Mr. Claytons increased towns after for blind testing of the property of filed the note-

Janes W Sell

a: wxkeets

From:

R. L. Brown

To: Tim Sel

I don't understand. Is this

on Asarco property? Are we

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JUL 1 1 1991

SW EXPIDIBUUIT

June 11, 1991

F. T. G.

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PIPSOD Resources, Inc. PIP Claims Harquahala Mtns. Project Maricopa County, AZ

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Attached is the Clayton map copied from his previous report, the new revised cross section Y-Y' showing the mineralization-chert from drill hole PIP-4 downdip to PS-2. Also attached are the assays and drill logs for the two drill holes.

ASARCO Incorporated

'JUL 1 1 1991



March 22, 1991

R.L. Brown

PIPSOD Gold Target Maricopa County, AZ

I submit the attached report summarizing the geology, geochemistry, previous drilling, and new geophysical data on the 15 million ton gold target at the PIP claims, Maricopa County, Arizona.

Attached is a copy of the Memorandum of Agreement with Robert L. Clayton, President of PIPSOD, which should be signed either in New York or in Tucson, as you please, to secure the property. Mr. J.L. Woods has been sent a copy of the Memorandum for his review as to form. At the present time, SWED has a verbal hold on the property with Mr. Clayton, and he awaits Asarco's decision of acceptance or modification.

The attached Form 302-M requests \$60,250 to fund the project for a year, to pay the initial royalty payment, supervise, drill and assay five holes to test the major part of the geophysical magnetic low anomaly.

I look forward to the acceptance of this appropriation request and the drilling of a viable gold target as outlined.

Sincerely,

James D.Sell

James to Sell

JDS:mek Atts.

cc: W.L. Kurtz C.L. Snow 3/28 To be redone.

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PRINTED IN U.S.A	A. 1/73		New York No	••
	APPLICA	ATION FOR EXPLORAT	TION APPROPRIATION	
March 22	1991.	Origi	nating OfficeTuçşon, ŞWED	••
			•	
DESCRIPTION:			•	
1	LOCATION O	F PROSPECT/PROJECT:	PIPSOD Project, Maricopa County, Arizon	a
1	PARTNERS:	None		
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	Road & pad Supervisio			
Total estima	ted cost:	ge t	\$.6. 0.,25.0	• • •
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•••••••	* * * * * * * * * * *	19	19	•••

Secretary

Southwestern Exploration Division



March 22, 1991

R.L. Brown New York Office

> PIPSOD Gold Target Sections 13-14-23-24 T5N, R10W Maricopa County, Arizona

The Southwestern Exploration Division has been conducting follow-up geology, geochemistry, and magnetometer surveys on the PIP group of claims in western Arizona.

The PIP claims are held by Robert L. Clayton, President of PIPSOD Resources, Inc., who brought the property to our attention. Asarco has a verbal hold on the property while the work was being conducted.

Based on the scanty geologic, geochemical, geophysical data presented by Clayton, the property was of interest and a field review was conducted. Further geologic, geochemical, and geophysical data has been collected to clearly define the presumed gold-bearing target of 15 million tons. C.O. Windels also visited the area of the PIP claims and reviewed the additional geophysical work which was contracted.

The target concept is based on the detachment zone and geochemistry which is found in outcrop west and north of the magnetic-low target. The detachment zone has been traced by drilling, under a gravel cover, and dips gently to the south-southeast.

A magnetite-bearing volcanic breccia lies within the chlorite bearing, sheared, basal part of the detachment zone in the western outcrop, and would afford ample porosity for solutions to pass through, depositing their load of gold.

The target was outlined, under the gravel cover, by a detailed magnetometer survey. The target is expressed by a "T" shaped magnetic low, which is interpreted to be the intersection of two fault structures in the basement gneiss which has allowed the gold-bearing fluids to penetrate the detachment fault and move up into, and mushrooming in, the porous andesite breccia. The hydrothermal fluids would destroy/convert the magnetic iron into a non-magnetic iron oxide.

The top part of the "T" trends east-west and is in excess of 3000 feet long and 200 feet wide. The stem of the "T" trends north-south and is 1500 feet long and 400 feet wide increasing at the junction of the two structures, as expressed in the magnetic low anomaly.

Depth to the top of the magnetic low target anomaly is estimated at 100 feet and the thickness of the anomaly is between 100-200 feet. Using 150 feet of altered (magnetite-destroyed) breccia as being mineralized, the above volumes would suggest a 15,000,000 ton target area.

The PIPSOD target (Figure 1) is located 70 miles northwesterly from Phoenix, Arizona, and is within the 119 PIP lode claims (Figure 2), in the northeast portion of the claim group.

Plate I is the contracted geologic, sample location, assay map of the PIP claims and traces the Eagle Eye detachment fault across the property in an arc. Also shown on the geology map is the magnetic low as originally outlined by Clayton, along with a magnetic high in the southern part of the claim block.

Clayton drilled 19 holes which defined the subsurface trace of the detachment fault, with most of the holes immediately adjacent to the outcropping structure. The Clayton holes did not encounter any gold values, although he did have anomalous gold along the detachment zone in outcrop.

Silver values were found in some of the drill holes and these are listed in Table 1. Holes PIP-12 and -13 are the closest to the magnetic low and are located on the western side of the geophysical magnetometer grid.

Table 1. Clayton Drill Holes with Anomalous Silver

Hole Number, PIP	Silver Value, ppm	Depth Interval, ft.*
_		
-5	6.3	155-220
- 7	1.7	35-50
-8	2.7	40-55
-9	1.5	100-110
- 12	1.4	235-250
-13	0.4	345-350
-16	1.0	10-30
-17	1.4	75-85

*All depth intervals are at or within the basal detachment as noted in the logs. Only PIP-12 had a higher zone of anomalous silver above the detachment, as: PIP-12, 2.7 ppm Ag at 165-210 feet.

As shown on Plate I, all the anomalous holes, except for PIP-12 and -13, are located in the northeast part of the claim block. These anomalous holes are in or near the outcropping geochemical anomalies marked "A," "B," and "C" on Plate I.

Anomaly "A" and drill hole PIP-5 are 1500 feet north of the magnetic low target area. Surface anomaly "A" contains anomalous values in Au, Ag, As, and Sb, in chalcedony, barite, calcite, and iron oxides masses which resemble mineralization-alteration within a hot-spring vent zone of hydrothermal system. PIP-5 had the highest silver value (6.3 ppm) in the subsurface detachment zone, as listed in Table 1.

Plate II is the recently completed magnetometer survey which details the broad anomalous low previously outlined on Plate I. Both plates are at the same scale, 1 inch equals 500 feet.

On Plate II, the anomalous magnetic low "T" is colorfully outlined by the values of -20 to -200 in yellow-orange-red coloration.

As expressed, this zone of 150 foot thickness would contain over 15 million tons of potentially mineralized rock. The geophysical interpretation of the base of the anomaly is at the comparable depth of the known detachment fault found at 340-350 feet in drill hole PIP-13, with a slight dip to the southeast. A series of 500 foot holes would penetrate the entire interpreted thickness of magnetite-destroyed rock unit.

Mr. Robert L. Clayton of PIPSOD Resources Inc., has agreed to the terms of the Memorandum of Agreement which has yet to be signed. A copy has been sent to J.L. Woods, Legal Department, for his review.

This summary has been excerpted from three reports in the SWED file:

- Clayton, R.L., Sept. 12, 1990, Summary of PIP claims. 1 Page, maps, drill logs, assays.
- Miller, C.P., Feb. 7, 1991, Examination of the PIP claims, Maricopa County, Arizona: Miller Resources In., contract geologist. 18 Pages, maps, geochemistry.
- Wiederwilt, W.G., March 9, 1991, Magnetometer Survey PIP claims: Mining Geophysical Surveys Inc., contract geophysicist. 11 Pages, maps.

Five initial holes (Table 2) are listed to test the magnetic low anomaly of Plate II.

Table 2. Proposed Drill Holes

Proposed Hole	<u>Line West</u>	Line North/South
1.	28W	baseline
2.	30W	48
3.	28W	88
4.	15W	28
5.	36W	3N

The first three holes test the wider north-south stem of the anomalous zone, with holes 4 and 5 testing each wing going east-west along the top part of the "T" anomaly.

Table 3 lists the estimated cost to secure and drill the PIPSOD gold target the first year.

Table 3. Estimated Costs

Payment due, upon PIPSOD signing	\$15,000
Road-pad preparation, 2 days x \$100/hr.	2,000
Drilling, 5 holes x 500 ft. x \$11/ft.	27,500
Assaying, 5 holes x 50 x \$15/sample	3,750
Supervising expenses, vehicle	2,000
Costs incurred, geology & geophy. consult.	10,000
Estimated Cost	\$60.250

The PIPSOD anomalous magnetic low target is not within a WSA and can be easily tested with a minimum of road building expenses. The target size of 15 million tons, with anomalous precious metal values in outcrop considerable distance from the covered target, is one that is recommended to be secured and drilled by Asarco.

JDS:mek

cc: W.L. Kurtz

James D. Sell

March 23, February 26, 1991

Mr. Robert L. Clayton, President PIPSOD Resources Inc. 4449 E. Monte Vista Tucson, Arizona 85712

> Memorandum of Agreement Lease and Purchase Option PIP Mining Claims Maricopa County Arizona

Dear Mr. Clayton:

This Memorandum of Agreement formalizes the business terms of a lease with purchase option between ASARCO Incorporated as Lessee and PIPSOD Resources Inc. as Lessor. The Agreement will cover claims held by PIPSOD in Township 5 North, Range 10 West, Maricopa County, Arizona, as listed in Table 1, attached.

The lease/purchase terms will be:

1. Minimum royalty payments will be made by Asarco to PIPSOD as follows:

\$15,000 upon signature
\$20,000 upon first anniversary
\$25,000 upon second anniversary
\$100,000 upon 3rd anniversary and annually
thereafter through the term of the lease or

until commencement of commercial production.

- 2. The production royalty will be 5% net smelter return, from commencement of commercial production.
- 3. The lease term will be 20 years. The lease will be renewable for an additional 20 years, and beyond, if mining or exploration operations are in progress at the expiration date.
- 4. Asarco will maintain the property in good standing throughout the term of the lease.
- Asarco will submit a yearly exploration report.
- 6. PIPSOD grants Asarco the exlusive right and option to purchase the property for the sum of Five Million Dollars (\$5,000,000). All previous royalty payments/net smelter payments shall be applied to the purchase price. Any balance remaining on the purchase price shall be paid within sixty (60) days of the date on which the option is exercised.
- 7. Asarco may cancel this lease at any time after the initial \$15,000 payment is made.

8. Asarco will have a formal lease document drawn up incorporating the terms of this letter and including all standard mining lease clauses, for signature by you and Asarco.

If these terms are agreeable, please sign the document below. The first payment of \$15,000 will be forwarded to you upon receipt of the signed copy.

Sincerely,

JDS:mek

Att.

James D. Sell

My , SWED ASARCO

cc: W.L. Kurtz

R.L. Brown

J.L. Woods

I accept the terms outlined in the Memorandum of Agreement.

Date:_____

Robert L. Clayton, President PIPSON Resources Inc.

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CLAIM NAME:	LOCATED:	RECORDED:	DOCUMENT NO:	BLM AMC NO:	
PIP 1	6-4-86	6-26-86	86-322464	256670	
PIP 2 PIP 3	6-4-86 6-4-86	6-26-86 6-26-86	86-322465 86-322466	256671 256672	RECEIVED
	6-4-86	6-26-86	86-322467	256673	B.L.M. AZ STATE OFFICE
PIP 5	6-4-86	6-26-86	86-322468	256674	
PIP 6	6-4-86 6-4-86	6-26-86 6-26-86	86-322469	256675	DEC 1 2 1980
PIP 7	6-4-86	6-26-86	86-322470 86-322471	256676 256677	7:45 A.M.
PIP 9	6-4-86	6-26-86	86-322472	256678	PHOENIX, ARIZONA
PIP 10 PIP 11	6-4-86 6-4-86	6-26-86 6-26-86	86-322473 86-322474	256679 256680	
PIP 12	6-4-86	6-26-86	86-322475	256681	
PIP 13	6-4-86	6-26-86	86-322476	256682	
PIP 14 PIP 15	6-4-86 6-4-86	6-26-86 6-26-86	86-322477 86-322478	256683 256684	•
PIP 16	6-4-86	6-26-86	86-322479	256685	
PIP 17	6-4-86	6-26-86	86-322480	256686	
PIP 18 PIP 19	6-4-86 6-4-86	6-26-86 6-26-86	86-322481 86-322482	256687 256688	•
PIP 20	6-4-86	6-26-86	86-322483	256689	
PIP 21	6-4-86	6-26-86	86-322484	256690	
PIP 22	6-4-86 6-4-86	6-26-86 6-26-86	86-322485 86-322486	256691 256692	
PIP 23 · PIP 24 ·	6-4-86	6-26-86	86-322487	256693	
PIP 25	6-4-86	6-26-86	86-322488	256694	
PIP 26 PIP 27	6-4-86 6-4-86	6-26-86 · 6-26-86	86-322489 86-322490	256695 256696	
P1P 28	6-4-86	6-26-86	86-322491	256697	
PIP 29	6-4-86	6-26-86	86-322492	256698	
PIP 30 PIP 3I ·	6-4-86 6-1-86	6-26-86 6-26-86	86-322493 86-322494	· 256699 256700	
PIP 32	6-1-85	6-26-86	86-322495	256701	
PIP 33	6-1-86	6-26-86	86-322496	256702	
PIP 34 PIP 35	6-1-86 6-1-86	6-26-86 6-26-86	86-322497 86-322498	256703 256704	
PIP 36	6-1-86	6-26-86	86-322499	256705	
PIP 37	6-1-86	6-26-86	86-322500 86-322501	256706 256707	
PIP 38 PIP 39	6-1-86 6-1-86 .	6-26-86 6-26-86	-86-322502	256708	
PIP 40	6-1-86	6-26-86	86-322503	256709	
PIP 41 ·	6-1-86	6-26-86	86-322504	256710	
PIP 42 PIP 43	6-1-86 6-1-86	6-26-86 6-26-86	86-322505 86-322506	256711 256712	
PIP 44	6-1-85	6-26-86	86-322507	256713	
PIP 45	6-1-86	6-26-86	86-322508	256714	
PIP 46	6-1-86 6-1-86	6-26-86 6-26-86	86-322509 86-322510	256715 256716	
PIP 47 PIP 48	6-1-86	6-26-86	86-322511	256717	
PIP 49	6-1-86	6-26-86	86-322512	256718	
PIP 50	6-1-86	6-26-86 6-26-86	86-322513 86-322514	256719 256720	
PIP 51 PIP 52	6-1-86 6-1-86	6-25-86	86-322515	256721	
PIP 53	6-1-86	6-26-86	86-322516	256722	
PIP 54	6-1-86 6-1-86	6-26-86 6-26-86	86-322517 86-322518	256723 256724	
PIP 55 PIP 56	6-1-86	6-26-86	86-322519	256725	
PIP 57	6-1-86	6-26-86	86-322520	256726	•
5 PIP 58	6-1-86 6-1-86	6-26-86 6-26-86	86-322521 86-322522	256727 256728	
PIP 59 PIP 60	6-1-86	6-26-86	86-322523	256729	
·			06 222524		
PIP 66 PIP 67	6-1-86 6-1-86	6-26-86 6-26-86	86-322524 86-322526	256731 256732	
. P1P 68	6-1-86	6-26-86	86-322527	256733	
PIP 69	6-1-86	6-26-86	86-322528	256734	
PIP 70	6-1-86 6-1-86	6-26-86 6-26-86	86-322529 86-322530	256735 256736	
PIP 71 PIP 72	6-1-86	6-26-86	86-322531	256737	
PIP 73	6-1-86	6-26-86	86-322532	256738	

Sections 13, 14, 23 and 24; Township 5 North, Range 10 West; Maricopa County, AZ

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CLAIM NAME:	LOCATED: .	RECORDED:	DOCUMENT NO:	BLM AMC NO:	
PIP 74 PIP 75 PIP 76 PIP 77 PIP 78 PIP 78 PIP 79 PIP 80 PIP 81 PIP 82 PIP 83 PIP 84 PIP 85 PIP 86 PIP 87 PIP 88 PIP 90 PIP 91 PIP 92 PIP 92 PIP 93 PIP 94 PIP 92 PIP 96 PIP 97 PIP 100 PIP 101 PIP 102 PIP 103 PIP 104 PIP 105 PIP 106 PIP 107 PIP 108 PIP 109 PIP 109 PIP 109 PIP 109 PIP 101 PIP 102 PIP 103 PIP 104 PIP 105 PIP 107 PIP 108 PIP 109 PIP 107 PIP 108 PIP 109 PIP 111 PIP 112 PIP 113 PIP 114 PIP 117	6-1-86 6-1-86	6-26-86 6-26-86	86-322533 86-322534 86-322535 86-322536 86-322537 86-322538 86-322539 86-322540 86-322541 86-322542 86-322544 86-322544 86-322545 86-322546 86-322547 86-322548 86-322548 86-322550 86-322550 86-322551 86-322552 86-322555 86-322555 86-322556 86-322556 86-322560 86-322560 86-322560 86-322560 86-322561 86-322562 86-322563 86-322563 86-322563 86-322563 86-322564 86-322565 86-322566 86-322567 86-322566 86-322567 86-322567 86-322568 86-322569 86-322570 86-322570 86-322570 86-322572 86-322572	256739 256740 256741 256742 256743 256744 256746 256746 256749 256750 256751 256752 256753 256754 256755 256756 256757 256762 256763 256761 256762 256763 256764 256765 256765 256767 256768 256768 256769 256770 256771 256772 256773 256773 256777 256778	RECEIVED B.L.M. AZ STATE OFFICE DEC 1 2 1990 7.45 A.M. PHOENIX, ARIZONA
Claim Map Docum PIP 61 PIP 62 PIP 63 PIP 64 PIP 97 PIP 98 PIP 115 PIP 116 PIP 118 PIP 119 Claim Map Docum	11-1-86 11-1-86 11-1-86 11-1-86 11-1-86 11-1-86 11-1-86 11-1-86 11-1-86	11-6-86 11-6-86 11-6-86 11-6-86 11-6-86 11-6-86 11-6-86 11-6-86 11-6-86	86-613328 86-613329 86-613331 86-613332 86-613332 86-613333 86-613334 86-613335 86-613336 86-613337 86-613327	261543 261544 261545 261546 261547 261548 261549 261550 261551 261552	
PIP 65	8-17-90	8-22-90	90-378778	&##### 30763/</td><td></td></tr><tr><td></td><td></td><td></td><td></td><td>J-7907</td><td></td></tr></tbody></table>	

March 23 -February 26, 1991

Mr. Robert L. Clayton, President PIPSOD Resources Inc. 4449 E. Monte Vista Tucson, Arizona 85712

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Memorandum of Agreement PIP Mining Claims

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Sincerely,

JDS:mek

Att.

My, SWED ASARCO

cc: W.L. Kurtz

R.L. Brown

J.L. Woods

I accept the terms outlined in the Memorandum of Agreement.

Date:_____

Robert L. Clayton, President PIPSO₩ Resources Inc.

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ASARCO

Southwestern Exploration Division

March 24, 1993

FILE NOTE

PIPSOD Resources Inc.
PIP Claims
Harquahala Mts. Project
Maricopa County, Arizona

Mr. Bob Clayton was in the office March 24, 1993, telling me about a property in Mexico which he is after.

We also discussed his PIP claim group where he has drilled additional holes. See File Note of June 11, 1991 for the two holes first drilled.

Hole PS-2 was drilled in the center of the magnetic low and had ten feet of 0.03 opt gold and 33 ppm silver in the detachment fault zone area.

Another hole was drilled about 800 feet easterly of PS-2 and intercepted 100 feet of barite with no gold-silver in and above the fault. This is in the east part of the magnetic low.

Another hole was drilled 1200 feet south of PS-2 and hit a basalt plug, with no fault found in the hole. This is outside the magnetic low.

Two holes were drilled about half way between PS-2 and the fault outcrop/mineral zone outcrop to the NNW, i.e., about 1000' NNW of PS-2, and these holes both hit very high clay content "lake-beds" above the fault. No gold-silver-barite in the clay. These are north of the magnetic low.

Bob may drill additional holes, such as westerly from PS-2 and north of PS-2 and inside the magnetic-low contours.

JDS:mek

James D. Sell

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Southwestern Exploration Division

March 24, 1993

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