Initials: TH

File Name: 37625

Commodity: Ag Au Cu Fe Pb Zn

Country: USA

State/Province: Nevada

County: Douglas Ormsby

Project: Pine Nut

Date: 05/29/1968

Title/Subject: Correspondence, Legal Documents, Claim List, Claim Map, Sample Assay Values

Notes: —

---

2 Oversize Doc(s) X Assay Data ✓ Log(s)

Map Scale: —

T: 014N 015N

R: 021E 022E

S: —

R 22 E

ORMSBY CO.
DOUGLAS CO.

T 14 N

13

18

19

25

30

31

36

L-46

L 59

L 45

L 58

L 57

L 49

L 50

L 32

L5

L4

L1

L3

L2

OBEL No. 4

OBEL No. 5

OBEL No. 3

LEBO No. 20	No. 19	No. 18	LEBO No. 17
No. 22	No. 21	No. 16	No. 15
No. 24	No. 23	No. 14	No. 13
No. 26	No. 25	No. 12	No. 11
No. 28	No. 2724	No. 10	No. 9
No. 30	No. 29	No. 8	No. 7
No. 32	No. 31	No. 6	No. 5
No. 34	No. 33	No. 4	No. 3
No. 36	No. 35	No. 2	LEBO No. 1

OBEL No. 6

L 80

L 79

L 78

OBEL No. 12

OBEL No. 13
891554
D/C

Copper 2

Copper 1

OBEL No. 7

OBEL No. 8

OBEL No. 9

OBEL No. 10

OBEL No. 11

OBEL No. 1

OBEL No. 2

L6

L8

L 130

L 131

L 128

L 129

L 126

L 127

L 124

L 125

L 122

L 123

L 60

L 61

L 62

L 63

L 64

L 65

L 66

L 67

L 68

L 69

L 70

L 72

891554
D/C

L 74

L 75

L 73

L 76

L 86

L 77

L 85

L 82

L 81

L 105

L 103

L 104

L 83

L 84

L7

L 107

L 106

L 87

L 88

L 109

L 108

L 89

L 90

L 111

L 110

L 91

L 92

L 113

L 112

L 93

L 94

LB 1

LB 2

LB 3

LB 4

LB 5

CLAIM MAP
OF
SMITH-GERKEN LEASE
PINENUT PROJECT
ORMSBY & DOUGLAS COUNTIES, NEVADA
Scale 1" = 1000'

6/13/68

LOC. OBEL 1: 300' N 17°E & 100' S 73°E FROM S.E. COR. KINGS 3

LOC. OBEL 2: 300' S 17°W & 100' S 73°E FROM S.E. COR. KINGS 3

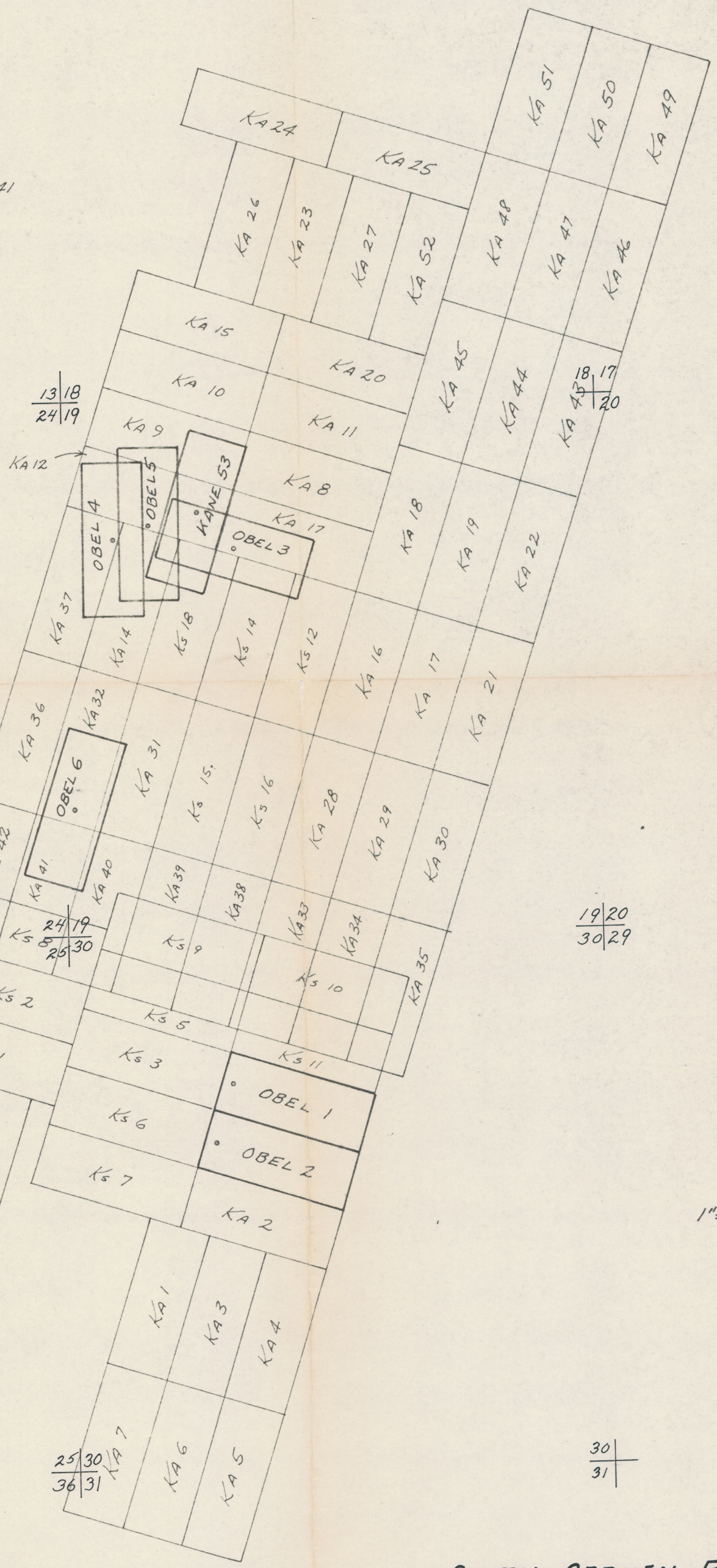
LOC. OBEL 3: 275' SOUTH FROM LOC. KINGS 17

LOC. OBEL 4: 350' WEST FROM LOC. KANE 14

LOC. OBEL 5: 150' NORTH FROM LOC. KANE 14

LOC. OBEL 6: 275' N45°W FROM N.E COR. KANE 41

LOC. KANE 53: 375' N73°W FROM LOC. KINGS 17



T 14 N

SMITH-GERKEN BLOCK

1" = 1000'

R 22 E

Map 3

Continental Lodge

1885 SOUTH VIRGINIA STREET • RENO, NEVADA

Telephone 329-1001

I. J. Smith

1905 Spanish Springs Road (5)

Sparks, Nevada

Telephone 358-5480

Paul F. Gerken

351 Crampton

Reno, Nevada

701-322 1580

Pickford — 358-9682

• RESTAURANT • COCKTAIL LOUNGE • SWIMMING POOL

Mr. J. Morrow Elias

SMITH-GERKEN

U.S.S.R. & M. CO.
RECEIVED
MAY 31 1968
EXPLORATION DEPARTMENT
SALT LAKE CITY, UTAH

May 29, 1968

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

First National Bank of Nevada
South Virginia Branch
Reno, Nevada

Gentlemen:

Please refer to Escrow Instructions, Escrow No. 258, dated as of August 4, 1967, under which I. J. Smith, et al and Ussram Exploration Company deposited with you described instruments.

Enclosed is a copy of Ussram's letter of May 29, 1968 advising I. J. Smith, et al that the Lease and Option is terminated and Ussram relinquishes all of its interest under the Lease and Option. Accordingly, you are authorized to return to I. J. Smith, et al, the instruments which you are holding in escrow.

Very truly yours,

USSRAM EXPLORATION COMPANY

By _____
Benton Boyd
Vice President

bcc: Mr. J. Morrow Elias
Mr. J. T. Guthrie

May 29, 1968

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. I. J. Smith
1905 Spanish Springs Road
Sparks, Nevada

Mr. Paul F. Gerken
351 Compton Street
Reno, Nevada

Gentlemen:

You are hereby notified that the Lease and Option dated as of the 25th day of June, 1967, by and between I. J. Smith and Dorothea L. Smith, his wife, Paul F. Gerken and Mary Lena Gerken, his wife, John L. Smith and Gloria B. Smith, his wife, and Earl H. Gerken, a single man, therein called "Owners," and Usaram Exploration Company, therein called "Usaram," as amended by Amendment of Lease and Option dated as of the 1st day of October, 1967 and supplemented by Supplement to Lease and Option dated as of the 7th day of May, 1968 covering unpatented lode mining claims situated in the County of Douglas, State of Nevada, is terminated and Usaram relinquishes all of its interest under the Lease and Option.

Usaram has performed all its obligations under the Lease and Option to the date of termination. The Supplement to Lease and Option dated as of May 7, 1968 describes all the claims covered by the original Lease and Option and all the claims the parties have elected to have included under the Lease and Option. Usaram has performed upon or for the benefit of all of these claims, except the Lebo No. 49, Laboeuff No. 3 and Obel Numbers 7 through 13, the assessment work required by the laws of the United States and the State of Nevada to keep and maintain them in good standing as unpatented lode mining claims for the assessment year ending September 1, 1968. The excepted claims were located after September 1, 1967 and no work is required to maintain them in good standing during this assessment year. Usaram will furnish Owners the necessary information for affidavits of such assessment work.

Enclosed is a copy of Usaram's letter to the First National Bank of Nevada, South Virginia Branch, Reno, Nevada regarding the escrow.

To complete our records, please acknowledge receipt of this letter on the attached copy and return it to us.

Very truly yours,

USSRAM EXPLORATION COMPANY

By Benton Boyd
Benton Boyd
Vice President

Received the foregoing letter

I. J. Smith

Date

Received the foregoing letter

Paul F. Gerken

Date

WOOBERN, FORMAN, WEDGE, BLAKEY FOLSOM AND HEG
ATTORNEYS AND COUNSELORS AT LAW
RENO, NEVADA

original given to
Oliver Gushee

April 8, 1968

CERTIFIED MAIL

RETURN RECEIPT REQUESTED

Ussram Exploration Company
c/o United States Smelting,
Refining & Mining Co.
P. O. Box 1980
Salt Lake City, Utah 84110

Re: Lease and Option between I. J. Smith, et al., Owners and Ussram Exploration Company

Gentlemen:

Reference is hereby made to your letter dated March 18, 1968, giving Owners written notice that Ussram has located on lands described in Subsection (a) of Section 3, Article III of the subject Lease and Option, mining claims known as Obel Nos. 7 through 13, inclusive.

Notice is hereby given that Owners elect to take title to all of the lode mining claims described in your letter dated March 18, 1968, in accordance with the provisions of said Lease and Option.

Yours very truly,

John L. Smith

I. J. Smith

Gloria B. Smith

Dorothea L. Smith

Earl H. Gerken by Paul F. Gerken, attorney in fact, under Power of Attorney dated August 1, 1961.

Dorothea J. Folsom

Paul F. Gerken

Mary Lena Gerken

WILLIAM J. FORMAN
WILLIAM K. WOODBURN
RICHARD W. BLAKEY
VIRGIL H. WEDGE
GEORGE P. FOLSOM
WILLIAM N. FORMAN
PROCTER HUG, JR.
ROGER W. JEPPSON
RICHARD O. KWAPIL, JR.
CASEY W. VLAUTIN

WOODBURN, FORMAN, WEDGE, BLAKEY, FOLSOM AND HUG
ATTORNEYS AND COUNSELORS AT LAW
SIXTEENTH FLOOR
FIRST NATIONAL BANK BUILDING
ONE EAST FIRST STREET
RENO, NEVADA 89505

TEL. 329-6131

U.S.S.R. & M. CO.
RECEIVED
APR 1 1968
EXPLORATION DEPARTMENT
SALT LAKE CITY, UTAH

March 29, 1968

Smith Gerkin
30 Days
Thru July 1

Ussram Exploration Company
c/o United States Smelting, Refining & Mining Co.
P. O. Box 1980
Salt Lake City, Utah 84110

25% of

Re: Lease and Option between I. J. Smith, et al., owners, and Ussram Exploration Company

Gentlemen:

The owners have asked me to write you with respect to the following:

1. In a separate letter owners are electing to take title to mining claims known as Obel Nos. 7 through 13, inclusive, described in your letter of March 18, 1968. On January 17, 1968, owners gave notice of election to take title to certain lode mining claims described in their letter of that date. On September 20, 1967 Ussram elected to have certain mining claims described in its letter of that date included under the lease and option.

Subsection b of Section 3, Article III of the lease and option provides in substance that when additional claims are included under the lease and option, title to said claims shall, by proper instrument, be promptly transferred to owners. Will you kindly prepare and execute the necessary instruments to effect transfer of title of the additional claims elected to be included by owners under the lease and option; in addition proper instruments should be drawn to cover the additional claims Ussram has elected to have included under the lease and option in the form of a supplement. If you wish us to draw such a supplement please so advise us. Otherwise we shall assume you will prepare the necessary documents.

Once the above papers have been prepared and executed the escrow papers will be complete in detail.

2. Owners are contemplating having a U. S. Mineral Surveyor survey the entire holding under the lease so that owners will be fully informed of the exact location of all claims. Such a survey seems to be permitted under paragraph 10 of Article II of the lease and option. However, if Ussram has a map prepared, a copy of which would be available to the owners, showing the details of all claims, such a survey will not be necessary and a copy of such map would be appreciated.

3. Pursuant to paragraph 6 of Article II of the lease and option, owners hereby request access to logs of the diamond drill holes and logs of percussion drill holes made by Ussram to date in the leased premises. Will you kindly advise when and where owners may have access to such logs.

Yours very truly,

George K. Folsom

George K. Folsom

GKF/rj

cc: Mr. I. J. Smith

copy for Cliff then file. 911

WOODBURN FORMAN WEGE BLANK LEVISON AND LEE
ATTORNEYS AND COUNSELORS AT LAW
RENO, NEVADA 89501

ATTORNEYS FORMERLY
WITH FIRM OF WOODBURN
PRACTICE LIMITED TO
FEDERAL AND STATE TAX MATTERS

PRESTON H. WOODBURN
ROGER A. TEPPER
RICHARD D. KWAPIL, JR.
CASEY A. MARTIN

February 14, 1968

U.S.S.R. & M. CO. RECEIVED FEB 16 1968 EXPLORATION DEPARTMENT SALT LAKE CITY, UTAH

Ussram Exploration Company
c/o United States Smelting,
Refining & Mining Co.
P. O. Box 1980
Salt Lake City, Utah 84110

Re: Lease and Option between I. J. Smith, et al., Owners and Ussram Exploration Company

Gentlemen:

On January 17, 1968, the above mentioned Owners gave notice of their election to take title to all of the valid lode mining claims listed in your letter of November 6, 1967. In checking the ground, the Owners believe that Ussram has located certain additional claims, to-wit, Obel 7 through 13, inclusive, most or all of which are fractions. These claims were not listed in your letter of November 6, 1967. If these claims were inadvertently omitted from your notice of November 6, 1967, will you kindly forward a supplementary notice so that the Owners may elect to take title to the same pursuant to the provisions of the Lease and Option.

A letter from your Mr. Holbrook dated October 25, 1967, acknowledged receipt from Mr. Smith of certain location notices and other instruments of title to the Smith-Gerken claims. These were requested to help Ussram in correcting imperfections in the locations or defects in titles. Mr. Holbrook indicated he would like to keep these documents until your work is done, or if Owners have need for them, they would be returned. The Owners would like to have copies of these documents made, together with copies of the certificates of location

for the balance of the claims now included under the Lease. Would you be kind enough to make copies with your copying machine and forward them at your early convenience.

Yours very truly,

George K. Folsom

gkf:s

cc: I. J. Smith

DRAFT

October 19, 1967

Dear Mr. Folsom:

I have your letter of October 17, advising that Mr. Smith is agreeable to the compromise I suggested to you in our telephone conversation on that date. So that all of the parties are of record, I believe it would be advisable to have an amendment to the Lease and Option and submit the enclosed for your consideration.

You quoted the provisions of subsection (b) of section 3 of Article III of the Lease. Ussram has many locationswithin the area described in subsection (a) of that section. It is still in the process of perfecting those locations. When this is done, we will notify Mr. Smith and the other owners of the locations, in writing, and of the cost incurred in locating the claims and then they have the right to elect to take title to and hold the claims subject to the Lease and Option by notifying Ussram in writing of such election, ~~within 90 days from the date they received such notice of the acquisition and costs.~~ Thereupon, Ussram shall transfer the ~~claims~~ to Owners and Owners and Ussram shall execute a supplement which includes them under the Lease. The portion of the Pine claims located by Ussram prior to March 1, 1967, which overlaps the west boundary of the area described in subsection (a) is excepted and excluded from this ~~section~~ provision.

You asked about location posts being erected over claims already located by the Owners. This will be difficult to answer specifically. The posts for claims located to cover fractions will usually be erected over claims already located, and ordinarily will be full size claims, although the open ground covered is much less. It is necessary to keep the endlines parallel in order to acquire extralateral rights, and this could not be done if the claim covered only open ground. Probably a number of the claims referred to in Ussram's letter

to Mr. Smith of September 20 located on June 21, 1967 in the name of Mr. Smith and Mr. Gerken have posts erected on claims previously located by Messrs. Smith and Gerken; also, probably some of the claims located in the name of Ussram adjacent to claims located in the name of Smith and Gerken have posts on claims located in their names. Generally the oldest location has priority to open ground. ~~If Messrs. Smith and Gerken elect to take title to and hold subject to the Lease and Option all of the claims within the area described in subsection (a) of section 3, they will own the claims subject to the Lease and Option.~~

In our telephone conversation, you inquired about a map that would show the location of the claims to which the Owners might elect to take title. I have discussed this matter with officials of Ussram and we will make available a map which shows the location of the area with relation to the Smith-Gerken claims.

We received from Mr. Smith certain location notices and other instruments of title to the Smith-Gerken claims. These were requested to help us in correcting ~~any~~ imperfections in the locations or defects in their titles. We would like to keep them until this work is done. If you or Mr. Smith has need for them before we have completed this work, we will return the instruments.

If you have any questions regarding the matters I have referred to herein, please telephone me so that we can discuss them.

Very truly yours,

R. B. Holbrook

RBH:ec

WILLIAM J. FORMAN
WILLIAM K. WOODBURN
RICHARD W. BLAKEY
VIRGIL H. WEDGE
GEORGE K. FOLSOM
WILLIAM N. FORMAN
PROCTER HUG, JR.
ROGER W. JEPPSON
RICHARD O. KWAPIL, JR.
CASEY W. VLAUTIN

WOODBURN, FORMAN, WEDGE, BLAKEY, FOLSOM AND HUG

ATTORNEYS AND COUNSELORS AT LAW
SIXTEENTH FLOOR
FIRST NATIONAL BANK BUILDING
ONE EAST FIRST STREET
RENO, NEVADA 89505

TEL. 329-0131

OCT 18 1967

October 17, 1967

Raymond B. Holbrook, Esq.
USSRAM Exploration Company
1019 Newhouse Building
P. O. Box 1980
Salt Lake City, Utah 84110

Re: Lease and Option Agreement dated June 25, 1967, I. J. Smith et al, Lessors and USSRAM Exploration Company, Lessee

Dear Mr. Holbrook:

I. J. Smith returned from his hunting trip last evening and called me to inquire as to whether I had any information respecting the proposed deductions from advance royalties. I related to him the substance of our telephone conversation yesterday and your suggested compromise limiting deductions under Subsection (d) of Section 3, Article III of the Lease and Option, to 25% of the royalties payable from October 1, 1967 through July 1, 1968, and then beginning August 1, 1968, withholding at the rate of 50% pursuant to Subsection (d). I made the recommendation that the Lessors accept this proposal and Mr. Smith authorized me to advise you that your compromise proposal is agreeable.

Mr. Smith has also asked for certain additional information. Paragraph (b) of Section 3, Article III of the Lease and Option provides, among other things, that

> "USSRAM shall keep Owners informed of any mining claims located by USSRAM and of any negotiations by it to lease or option or purchase or obtain an easement or other rights in or over the lands described in the preceding subsection (a) * * * . USSRAM shall notify Owners in writing of the acquisition and of the cost incurred by it in locating the mining claims and what terms of the lease or option or agreement by which the property or rights in property were acquired * * * forthwith * * * . "

Mr. Smith advises that USSRAM has made certain locations on the subject property and to date has not notified Owners of any such locations. Further, Mr. Smith has noted that USSRAM has erected location posts over claims already located by the Owners. Will you please advise (1) why location posts are being erected over claims already located by Owners, and (2) when the Owners can expect notice from USSRAM informing them of additional locations made by USSRAM within the boundaries of the subject property.

Under date of September 30, 1967, Mr. Smith asked for the return of certain documents referred to in his letter which were loaned to Mr. Conrow for copying. We would appreciate your requesting that said documents be returned.

As I told you over the telephone yesterday, I will be in Los Angeles the balance of this week and will return to my office on Monday, October 23, 1967. I shall be pleased to discuss any of these matters with you further on or after that date.

Yours very truly,

George K. Folsom

George K. Folsom

gkf:s

MEMORANDUM

October 17, 1967

TO: Mr. R. B. Holbrook
FROM: Mr. John M. Conrow

Re: Smith-Gerken Lease - Deduction of claim location costs from advance royalties.

I went to the office of George K. Folsom, of the law firm of Woodburn, Forman, Wedge, Blakey, Folsom and Hug, 1 East First Street, Reno, Nevada, at 1:30 P.M. October 4, 1967 to discuss a proposed lease by USSRAM of certain lands of Dangberg Land and Livestock Company. I was informed by Mr. Folsom, in a letter dated September 27, that his firm represented the Dangberg Company.

Mr. Folson invited Mr. Forman to take part in the discussion of the proposed lease, which he did, in Mr. Folsom's office. Insofar as I knew, the subject of the proposed Dangberg lease was the only purpose of the meeting and the only reason I had gone to see Folsom.

When the discussion of the Dangberg matter was ended, Mr. Folsom said he and Mr. Forman would like to talk to me about the Smith Lease to USSRAM which he was handling for his father-in-law. I told Folsom and Forman I had nothing to do with Company policy in regard to the provisions of the Lease, but I would be happy to talk with them about the problem (which Folsom had indicated existed) if they wished to talk about it.

Folsom then read from notes Smith's claim that (a) he had telephoned to me and asked to come to the motel (Continental Lodge) before the other property owners arrived at our meeting, to discuss with me the matter of making deductions for the cost of locating additional mining claims, and (b) we made an agreement that such costs would not be deducted until the monthly payments had reached a higher bracket.

Folsom mentioned the number of persons who were at the meeting for the signing of the Lease and Option, in my room in the motel (Continental Lodge), including the Notary Public. The implication seemed to be that all of these persons could testify to the existence of a verbal agreement between Smith and me.

Folsom repeated his and Smith's contentions several times and in several ways, but the substance always was that an agreement was made between Smith and me, that if I could recall such an agreement and persuade USSRAM to abide by it, a lawsuit and much other unpleasantness could be avoided, and that testimony by those present at the contract signing that such an agreement was made and subsequently denied by me would constitute a _____ and allow the owners to cancel the Lease and Option.

I told Folsom and Forman that I didn't recall the subject of

deductions for the cost of locating mining claims ever came up for particular and special discussion, that I didn't believe the progress or plans for location work were such that this would have been a cost item of concern to anyone, and that in any event I didn't believe it possible that I would have made a verbal agreement which affected the Company's rights under the contract.

Folsom said Mrs. Smith also stated that a verbal agreement was made between me and Smith. Folsom said he does not question what his mother-in-law says. If she says there was an agreement, then he believes an agreement existed.

Folsom said that Smith again brought up the subject of location cost deductions at the meeting in Smith's home (in July) between Smith, Mr. Cannon, another young attorney (Oliver Gushee), and me. Smith claims according to Folsom, that Mr. Cannon assured him that the Company would never do it.

Folsom told me that I am in a very bad spot.

Folsom said that another company is willing to pay Smith more for the property than USSRAM is paying (Smith had previously told me Duval had been talking to his son and told him the Smith group made a poor deal and would regret selling the property to USSRAM. This statement was at a meeting between Smith and me on September 22.)

(I met with Smith in the afternoon of September 22 to present Mr. Boyd's letter regarding the first location cost deduction to be made from an advance royalty payment due October 1. Smith's comment then regarding the location cost deductions was that this was the agreement they signed and he would get the signatures on the letter sent by Mr. Boyd. In the meantime, he said it would be okay to make the deduction. The following day he called me to say:

a. That he and his people were not going to allow the deduction.

b. That any added claims to be located within the Kane-King block should be located in the name of Smith and Gerken.

c. That Smith, et al, did not want any of the Lebo claims. He was definite about this.)

John M. Conrow

JMC:ec

5" Mr. John Conrow

WOODBURN, FORMAN, WEDGE, BLAKEY, FOLSOM AND HUG
ATTORNEYS AND COUNSELORS AT LAW
SIXTH FLOOR
FIRST NATIONAL BANK BUILDING
ONE EAST FIRST STREET
RENO, NEVADA 89505

WILLIAM J. FORMAN
WILLIAM E. WOODBURN
RICHARD W. BLAKEY
VIRGIL J. WEDGE
GEORGE E. FOLSOM
WILLIAM M. FORMAN
PROCTER HUG, JR.
ROGER W. JEPPSON
RICHARD O. KWAPIL, JR.
JAMES W. LAUTEN

U.S.S.R. & M. CO.
RECEIVED
OCT 16 1967
EXPLORATION DEPARTMENT
SALT LAKE CITY, UTAH

OCT 13 1967

October 9, 1967

USSRAM Exploration Company
c/o United States Smelting,
Refining and Mining Company
1019 Newhouse Building
P. O. Box 1980
Salt Lake City, Utah 84110

Attention: Benton Boyd, Vice President

Re: Lease and Option Agreement dated June 25, 1967, I. J. Smith, et al, Lessors and USSRAM Exploration Company, Lessee

Dear Mr. Boyd:

On September 20, 1967, by letter you advised the Lessors under the above-named agreement that USSRAM had advanced certain costs of making locations described in the letter in an amount in excess of $2,600.00. You further advised that USSRAM should be reimbursed for these costs by withholding and retaining 50% of the royalties payable under the Lease and Option, commencing with royalties payable on or before October 1, 1967. You referred to subsection (d) of section 3, Article III of the Lease and Option as authority for making these deductions.

You will note that said subsection (d) does not specify the time when such deductions will be made. We are advised by the Lessors that on the occasion of the execution of the Lease and Option, that just prior to signing, a discussion was had between I. J. Smith and your Mr. John Conrow respecting any deductions from royalties for these or other costs. All of the other Lessors were also present at this discussion. The substance of the conversation was that because of the advanced age of Paul F. Gerken (82 years) and the ill health of I. J. Smith, and because they wished to enjoy some of this money while they were able, that Lessors didn't want anything to be deducted from the small payments, but wanted to defer any deductions until the payments were much larger. Your Mr. Conrow said he didn't

think this would be any problem at all, that he was sure it could be worked out all right. In reliance on Mr. Conrow's representations, the Lessors then executed the Lease and Option.

At the very least, this understanding would mean that nothing will be deducted during the first year of the lease while the monthly payments are $3,500 per month, and that deductions will not commence until on and after August 1, 1968, when royalty payments increase to $7,000 per month. The Lessors have no objection to withholding such costs paid by USSRAM from 50% of advance royalties due Lessors provided that withholding does not commence until on and after August 1, 1968.

Instructions have been given to First National Bank of Nevada, as escrow holder, not to disburse the $1,750 payment to Lessors as outlined in your letter to the Bank dated September 28, 1967, because this arrangement is not acceptable to the Lessors.

Reference is hereby made to paragraph (4) of Article III of the Lease and Option agreement which requires notice by Lessors to USSRAM specifying the exact nature of any default by USSRAM. Notice is hereby given that an advance royalty payment of $3,500 was due Lessors on October 1, 1967 without deduction of any kind. USSRAM has failed to make this payment by reason of a deduction of $1,750 from the royalty check to reimburse it for purported expenditures made by USSRAM for location of mining claims. These deductions are being made contrary to agreement with Lessors.

We trust you will cure this default promptly.

Yours very truly,

George K. Folsom

gkf:s

Mr. Conrow

DRAFT

October 3, 1967

Mr. I. J. Smith

and

Mr. Paul F. Gerken

Gentlemen:

This is a reply to your letter of September 30 addressed to Ussram Exploration Company.

We acknowledge receipt of certain Location Notices and other instruments of title to the claims described in the Lease and Option. These were requested to help us in correcting any imperfections in the locations or defects in your titles. We would like to keep them until this work is done. As you have been previously ~~advised~~ informed, it will be necessary to revise the descriptions given in the Lease and Option by an amendment to it. If your attorney has need for any instrument before then and he will call our Mr. Holbrook, we will return any instrument required to you or him.

You have referred to the obligation of this Company to keep you informed of mining claims located by Ussram on lands described in Article III, section 3, subsection (a) of the Lease and Option. As stated, we construe your letter of September 29 as an election to have brought under the Lease and Option all those locations, except the portions of the Pine claims located prior to March 1, 1967 which overlap the west boundary of the lands described in subsection (a). ~~As stated in our reply to that letter, as soon as we have adequate information, we will prepare a deed conveying these claims to you and a supplement to the Lease and Option which will include the claims under that instrument.~~

You also referred to the provision of Article II, section 6, in which Ussram agrees to make available for inspection by Owners a map showing all workings in the leased premises. There has been no development work done in the leased premises and, consequently, there is no map of such work. When and if such work is done and a map is made, you can inspect it.

You referred to your requests ~~from~~ of Mr. Conrow for a location map. We do not have what we consider to be a location map. We have made some reconnaisance maps that have been used in the course of making locations. We do not know of any provision in the Lease that requires Ussram to ~~make or~~ furnish you a claim map.

We believe that you have a very favorable Lease and Option and that this Company has a reputation of fair dealing and pleasant relations with the parties with whom it has entered into agreements. In our opinion, the way to develop this relation best is for each party to conform with the terms of the Lease and Option.

Very truly yours,

USSRAM EXPLORATION COMPANY

RBH:ec

By_____
Benton Boyd,
Vice President

Copies to:
C. J. Barber
O. W. Gushee, Jr.
John Conrow

Mr Conrow

DRAFT

October 3, 1967

Mr. I. J. Smith

and

Mr. Paul F. Gerken

Gentlemen:

This is a reply to your letter of September 29 addressed to me. We always endeavor to conform with the terms of a Lease and Option to which we are a party, and we like to maintain good working relations with the other party. Our experience has proved that the best way to do this is to conform with the Lease and Option. Payment to the bank was made in accordance with this policy. We note that you have ~~notified~~ asked the bank not to disburse the money.

You gave notice that you intend to take in all the other claims located by Ussram. We consider this an election to have brought under the Lease and Option all claims located by Ussram on lands described in Article III, section 3, subsection (a) of the Lease and Option, except those portions of the Pine claims located by Ussram prior to March 1, 1967 which overlap the west boundary of the lands described in subsection (a). As soon as we have adequate information, we will prepare a deed conveying these claims to you and a supplement to the Lease and Option which will include the claims under that instrument.

Very truly yours,

USSRAM EXPLORATION COMPANY

By_____
Benton Boyd,
Vice President

RBH:ec

Copies to
C. J. Barber
O. W. Gushee, Jr.
John Conrow

DRAFT

AMENDMENT OF LEASE AND OPTION

THIS AMENDMENT OF LEASE AND OPTION, made and entered into as of the ____ day of October, 1967, by and between I. J. SMITH and DOROTHEA L. SMITH, his wife, of Sparks, Nevada, PAUL F. GERKEN and MARY LENA GERKEN, his wife of Reno, Nevada, JOHN L. SMITH and GLORIA B. SMITH, his wife, of Sparks, Nevada, and EARL H. GERKEN, a single man, of Reno, Nevada, hereinafter called "Owners," and USSRAM EXPLORATION COMPANY, a corporation of the State of Maine and qualified to do business in the State of Nevada, hereinafter called "Ussram";

W I T N E S S E T H :

As of June 25, 1967, the parties entered into a Lease and Option covering described unpatented lode mining claims situate in the County of Douglas, State of Nevada. The parties now desire to amend said Lease and Option as hereinafter provided.

NOW THEREFORE, the parties mutually agree as follows:

1. That Article III, section 3, subsection (d) at the bottom of page 8 of said Lease and Option is hereby amended to read as follows:

"(d) Ussram may withhold and retain twenty-five per cent (25%) of any royalties payable under this Lease and Option during the period October 1, 1967 through July 1, 1968, and fifty per cent (50%) of any royalties payable thereafter, until the amount so withheld and retained equals the aggregate amount of all sums paid by Ussram to Owners to reimburse them for costs incurred and payments made in locating claims or acquiring property or rights in property within said area which Ussram elected to have included under this Lease and Option and all costs incurred and sums paid by Ussram in locating claims or acquiring property or rights in property within said area which Owners elected to have included under this Lease and Option."

IN WITNESS WHEREOF, Owners have hereunto set their hands and Ussram has caused this instrument to be executed by its proper officers thereunto duly authorized, and its corporate seal affixed, in quadruplicate originals, as of the day and year in this instrument first above written.

I. J. Smith

Dorothea L. Smith

Paul F. Gerken

Mary Lena Gerken

John L. Smith

Gloria B. Smith

Earl H. Gerken

ATTEST:

USSRAM EXPLORATION COMPANY

By

(ADD ACKNOWLEDGMENTS)

1905 Spanish Springs Road
Sparks, Nevada 89431

September 30th 1967

Ussram Exploration Company
c/o United States Smelting Refining and Mining Company
1019 Newhouse Building (P.O.Box 1980)
Salt Lake City, Utah 84110

Gentlemen:

With particular reference to that so called Lease and Option entered into by the undersigned and partners as of June 25,1967.

I turned over to your Mr. Conrow certain Location Notices showing the date of the recordation book and page together with the certificates of Location duly recorded bearing the same information---list of claims are to be found on the referred to above, Lease & Option, together with those documents listed on the 2nd page of Lease and Option Known as Copper King 1 to 8 Inc. Also a deed properly recorded covering Copper King claims 1 to 4 Inc.

It was my understanding that you would run these thru your copying machine and return them to me for my records. Will you kindly return the original papers referred to above to me after you have made copies for your records? I will expect them within the next few days as I am sure our attorney's will need them.

In paragraph 3 section (b) on page 8 of said lease and option you have agreed to keep owner's informed of any mining claims located and on page 5 paragraph 6 you agreed to make available for inspection by Owners a map showing all workings made in the leased premises together with other information.

Not with-standing that on three different occassions I have requested from your Mr. Conrow a map which I would expect to show the locations made together with all fractions , to this date I have not received same. Each time the excuse was given that you did'nt have a map as yet. It is hard for the writer to believe that you could just locate claims at will with no map--surely you must have had a Map of some kind and I am sure we will need this information before long. I surely would appreciate this information.

Thanking you, I remain

Very truly yours

I.J. Smith

I.J. Smith & Paul F. Gerken

U.S.S.R. & M. CO.
RECEIVED
OCT 2 1967
EXPLORATION
DEPARTMENT
SALT LAKE CITY, UTAH

BB-
RBK

1905 Spanish Springs Road
Sparks, Nevada 89431
September 29, 1967

Mr. Benton Boyd, Vice President
USSRAM P.O. Box 1980
Salt Lake City, Utah 84110

Dear Mr. Boyd:

I have your letter of Sept. 28th 1967 together with copy of letter written by you and mailed to the First National Bank of Nevada.

In accordance with your letter of Sept. 20th 1967 we will have prepared a proper deed to be place with the Escrow holder to be held in accordance with the terms of the Lease and Option entered into with you referred hereafter covering the Kane 28 to 53 Incl. We will also return to you , signed by all parties referred to as owner's your letter of Sept. 20th deleting therefrom certain points under which there is a difference of opinion between yourselves and us. These mis-understandings are the things that make Law Suits and we are so sorry that you have elected to take such an arbitrary stand. You made the Lease and Option--you interpret it to suit your desires, you also pass as judge and in fact attempt the execution. We are not in agreement with you and for that reason we have notified the Bank not to disburse the last payment by you until we come to an agreement or we arrive at an equitable solution by an order of a Court of proper Jurisdiction.

We don't believe you have kept faith with us by being Strictly living by the Lease and Option for we feel there are parts of that where you have fell down and we want also an interpretion of those parts which you will be notified of by our Attorney's . If our Attorny's feel it advisable we will bring the action without undue delay and try and get a Court hearing as soon as possible.

In accordance with said Lease and Option we hereby notify you that we intend to take in all the other claims located by you being the Lebo, Obel and others including the un-known fractions which we were advised existed in our main group of claims, under the same terms and conditions as the Kane Claims referred to above and the cost shall be deducted according to the Lease and Option and the decision of the Court.

There has already been unfavorable press reports by the Newspapers in this vicinity and no doubt they will be right on hand to make news of anything which might be brought before the Courts in the future. We don't like this publicity but at this point it seems we have no other alternative.

Will you kindly ask Mr. Conrow to get in touch with me when he again comes to this vicinity?

Very truly yours

I.J. Smith

I.J. Smith

Paul F. Gerken

Paul F. Gerken

cc: Attorneys for owner's.

U.S.S.R. & M. CO.
RECEIVED
OCT 1 - 1967
GEN'L. MGRS. OFFICE
Salt Lake City, Utah

DRAFT

September 27, 1967

Gentlemen:

We have received your letter of September 23, 1967, replying to our letter of September 20 regarding reimbursement of Ussram for costs assumed as provided in subsection (d) of section 3 of Article III of the Lease and Option dated as of June 25, 1967, between I. J. Smith, et al, therein called "Owners ," and Ussram Exploration Company, therein c alled "Ussram."

The assumption by Ussram of the costs of making the locations relieved you of the obligation ~~for the costs~~ of paying them as incurred and, consequently, you have benefitted from this procedure. ~~In our opinion,~~ the Agreement is very clear that Ussram has the right to reimbursement under subsection (d). ~~and that~~ We believe it is in the interest of both parties to proceed in accordance with the Agreement. We are today sending to the South Virginia Office, First National Bank of Nevada, ~~the~~ 24 advance royalty which will bring the accumulation to the amount specified in section 4 of the Lease and Option, less $1750.00, which is one=half of the royalty payment.

~~We believe that the Lease and Option is fair to both parties.~~ It will permit the Owners to acquire title to all of the claims within a described area and give Ussram a lease on them, under which it is obligated to pay both advande and production royalties.

~~We desire to continue to maintain in this transaction the good relations that have existed between us in the past.~~

Very truly yours,

RBH:ec

DRAFT

September 27, 1967

Gentlemen:

We have received your letter of September 23, 1967, replying to our letter of September 20 regarding reimbursement of Ussram for costs assumed as provided in subsection (d) of section 3 of Article II of the Lease and Option dated as of June 25, 1967, between I. J. Smith, et al, therein called "Owners," and Ussram Exploration Company, therein called "Ussram."

The assumption by Ussram of costs in making the locations relieved you of the obligation of paying for them as incurred and, consequently, you have benefitted from this proceduure. Ussram will make no claim for costs incurred or work done by the owners. The Agreement is very clear that Ussram has the right to reimbursement for ~~these~~ costs, it has incurred.

As stated in our letter of September 20, the costs incurred in locating the claims named therein exceed $2600.00. As soon as available, we will send you a detailed statement of these costs. ~~The~~ costs being in excess of $1750.00, one-half of the royalty payable on or before October 1, 1967, Ussram is ~~entitled to~~ withhold ing that amount from the payment. ~~royalty and also receive credit on royalty of $3500.00.~~

Very truly yours,

RBH:ec

DRAFT

September 27, 1967

South Virginia Branch
First National Bank of Nevada
Reno, Nevada

Gentlemen:

Enclosed is this Company's voucher payable to you in the amount of $1750.00 for deposit to the order and credit of

I. J. Smith _____
Paul F. Gerken _____
John L. Smith _____
Earl H. Gerken _____

The payment is for accumulated advance royalty due as of October 1, 1967 less $1750.00 deducted in accordance with the terms of the Lease and Option made as of June 25, 1967 between I. J. Smith and Wife, Paul F. Gerken and wife, John L. Smith and wife, and Earl H. Gerken, Owners, and Ussram Exploration Company. These costs were incurred by Ussram in the location of claims covered by the Lease and Option. As soon as available, we will send you a detailed statement of the costs. Page 2 of the Escrow Instructions states that in determining whether Ussram has paid the full sum of all royalties called for by Article II, section 4, you shall be fully protected in relying on any evidence satisfactory to you of any expenditures made by Ussram for the account of Owners and claimed by Ussram to be applicable on account of royalties. Ussram claims that the $1750.00 is so applicable and that the total credit for royalties is $3500.00.

To complete our records, please acknowledge receipt of this letter and enclosure by signing the attached copy at the place indicated and returning it to us.

Very truly yours,

RBH:ec

Mr Conrow
RBH

CANNON, GREENE, PIERCEY, NEBEKER & HORSLEY
(FORMERLY MARR, WILKINS & CANNON)
ATTORNEYS AND COUNSELORS AT LAW
400 KENNECOTT BUILDING
SALT LAKE CITY, UTAH 84111
TELEPHONE 521-4455 AREA CODE 801

PAUL B. CANNON
J. THOMAS GREENE
JOHN F. PIERCEY
RICHARD H. NEBEKER
JOHN W. HORSLEY
DE LYLE H. CONDIE

G. W. WILKINS
OF COUNSEL

September 26, 1967

Mr. Ray B. Holbrook
Counsel, Western Operations
United States Smelting Refining
& Mining Company
P. O. Box 1980
Salt Lake City, Utah

Re: Smith and Gerken Lease -
Offset to Minimum Royalties

Dear Ray:

Under date of September 20, 1967, USSRAM gave notice to Smith and Gerken that Kane claims numbered 28-53 which were located by Smith and Gerken by notices dated June 21, June 22, and July 21, 1967, would be included under the lease and option. You also claim the right under paragraph (3)(d) under Article III of the Agreement of June 25, 1967, to offset the cost to USSRAM of locating the new claims to the extent of 50% of the minimum royalty due October 1. Your letter suggests that the costs would exceed $2600 which amount you would itemize. In any event, you give notice that one-half of the $3500 payment, presumably $1750, would be deducted from the October 1 payment.

Under date of September 23, 1967, Smith and Gerken object to deducting the 50% on October 1 and request that all such deductions be deferred until August 1, 1967, when the monthly minimum royalty reaches $7000. Apparently Smith and Gerken admit that the literal terms of the contract permit you to make this deduction on October 1, 1967, but they make the following assertions as the basis for the delay:

1. Smith and Gerken "note that the time element is not stated hence this would naturally have to be a time mutually agreed upon between ourselves and USSRAM" as to when the deductions are made.

2. Smith claims that he personally wrote out all 25 location notices and "furnished the location posts used 5 men of our's first day 4 the next and put these claims on record."

3. That since you had made the first two payments of August 1 and September 1, 1967, "it would seem it is within your power and by the same token you could pass up the next ten and allow our good feelings with USSRAM to continue as in the past."

4. That the one-half interest in the Copper King claims was not intended originally to be included but that they had been included in the final writing of the lease which, of course, was signed.

5. That during a conversation with Mr. Conrow, after preparing but prior to signing the Agreement, the matter of Article III, paragraphs (a), (b) and (d) were taken up "with some apprehension as my partner Mr. Gerken was 82 years old that same day and I had taken a tick fever shot, etc." Smith and Gerken then state "we fully agreed to reimburse USSRAM for taking in more claims we desired but would he see to it that when you started to deduct the cost that it would be when our monthly payment were considerable more than $3500 per month, then being split 4 ways. It was my desire that we should receive those $3500 payments without any deductions for the reasons stated above. Mr. Conrow said: I believe this can be arranged."

6. Smith and Gerken also state: "I am not a Lawyer, I have not consulted a Lawyer on this subject, but the matter was brought up one time again in the presence of Mr. Conrow, Mr. Cannon and another splendid young Attorney in the living room of my house. I voiced anxiety on this subject and again got the assurance that they were quite sure USSRAM would never do it."

As can be seen from the foregoing, Smith and Gerken are not actually arguing their case from a strict legal point of view under the terms of the written contract. He thinks, however, that no deduction should be made because of the "spirit of the agreement".

I see nothing to the suggestion No. 1 by Smith and Gerken above about the time element. If the money has been spent I think it can be applied on the next minimum royalty payment or any payment thereafter at the election of USSRAM.

I would like to say that I recall nothing being said on this matter when Oliver Gushee, Mr. Conrow and myself talked with Smith and Gerken at Mr. Smith's home in Nevada on July 6. I have re-read my report of that visit to Mr. Smith's home, dated July 12, and it does not refresh my recollection as to any such conversation. The purpose of the visit was to determine whether or not we should contact Mr. Darby whose name appears on some of the notices of location and the conversation was, as I recall, entirely around this subject which included the history of Darby in the Copper Kings and the reason Mr. Smith had put his name on some of the other claims.

I have reviewed the agreement of June 25, 1967, between the Smiths and Gerkens as owners and USSRAM Exploration Company and I can see no legal reason why USSRAM cannot deduct 50% of the minimum royalties until it has been reimbursed for its costs. Paragraph (3)(a) of Article III

clearly provides that USSRAM may include other claims located by Smith and Gerken reimbursing them, however, for their costs. Subparagraph (d) then permits USSRAM to "withhold and retain 50% of the royalties payable under this lease and option until the amount so withheld and retained equals the aggregate amount of all sums paid by USSRAM to owners to reimburse them for costs incurred and payments made in locating claims or acquiring property or rights in property within said area which USSRAM elects to have included under this lease and option and all costs incurred and sums paid by USSRAM in locating claims or acquiring property or rights in property within the said area which owners elected to have included under this lease and option." Technically, it seems to have been contemplated that Smith and Gerken would pay the costs of locating other claims in their own names, for which costs they would be reimbursed by USSRAM, but USSRAM would be permitted under the foregoing paragraph (d) to deduct such cost from the minimum royalties. Instead of this exact procedure USSRAM paid the principal cost of locating the claims in the names of Smith and Gerken. I see nothing in the fact that Smith and Gerken furnished some posts and some time and labor as they will not be charged for this in your accounting of the charges to be offset against the minimum royalties.

I, therefore, agree with the position which you took in your letter of September 20. Presumably, Smith and Gerken are not relying on a legal position as set forth in the written agreement but on a supposed assurance from Mr. Conrow and the general background. They do mention the opportunity to have had a cash payment "in the neighborhood of not less than $2500 from another company." Smith and Gerken emphasize that they preferred doing business with USSRAM.

It seems to me that it is entirely a question of policy whether or not you make the deduction. You could lose money by failing to make the deduction now if you give up the property before the deductions are made after the $7000 per month payments become due. If you hold on to the property it will make no difference in the long run except the matter of interest on the money paid.

I, of course, do not suggest what the company should do as a matter of policy. However, I was very well impressed by Mr. Smith at the time of our conversation with him and his good will is worth something. We have concluded to ignore Darby's name in some of the original location notices relying on Smith and Gerken to defend any claim that is made by Darby. Of course, they are legally obligated to defend any such claim under the terms of the Agreement.

Very truly yours,

Paul B. Cannon

Paul B. Cannon

PBC:ln

jmc
RBH

MEMORANDUM

September 26, 1967

TO: MR. J. M. CONROW

FROM: Mr. C. J. Barber

Smith and Gerken Claims
Copper King Nos. 1, 2, 3 and 4

The Proof of Labor filed August 14, 1967, includes work done on August 14, (among other things), that is, after the affidavit was filed. The affidavit also states that it covers assessment work for the assessment year ending September 1, 1968.

It is not clear whether work was done on all four claims (see the note for August 14, 1967) or only on two (Copper King 1 and 4).

There appear to be two alternatives:

1. To have Smith change the assessment year from 1968 to 1967 on the Proof and record it again. If this is done it must be recorded by October 13, 1967, that is within 60 days after completion of the work.

2. For Ussram at once to do adequate assessment work for the year ending September 1, 1968. (The Lease requires Ussram to do the assessment work for the current assessment year.) Proof of Labor should then be properly prepared and promptly recorded. Adequate work would be either One Hundred Dollars worth of work on each claim, or satisfactory group work.

The second alternative seems to be the better solution. Ussram is already obligated to do the work, and even correcting the date on Smith and Gerken's affidavit may not cure all its faults.

C. J. Barber.
C. J. Barber

CJB/dmj

cc: Mr. R. B. Holbrook

Original of the affidavit is in Mr. Gushees file. 10-24-67

37523

BOOK 52 PAGE 196

Affidavit or Statement of Annual Assessment Work

(PROOF OF LABOR)

ON UNPATENTED MINING CLAIM

STATE OF NEVADA, } ss.
COUNTY OF Douglas }

PROOF OF LABOR ON THE

Copper King Claims 1,2,3 & 4--Certificate Nos. 13530-1,2 & 3

(NAME OR NAMES OF CLAIM___)

Lode

(LODE OR PLACER)

TO WHOM IT MAY CONCERN: *Please take notice that* I.J. Smith & Paul F. Gerken Co-owner's

(NAME OF OWNER OR CLAIMANT)

says that he-they expended more than 400 *dollars for labor and improvements, as the annual assessment work for the year ending September 1, 1968, on the* Copper King 1,2,3 & 4 Lode *mining claims, in the* Pine Nut *Mining District,* Douglas *County, Nevada, owned by* I.J. Smith & Paul F. Gerken & Melvin Darby, *for the purpose of holding said claim.*

Said labor was performed by John L. Smith, I.J. Smith, Chris. Smith, Eric. Smith Paul F. Gerken, Earl Gerken, Geo. Lazaneo and Earl Games Contracting Co.

(NAME OF PERSON___ OR CONTRACTOR___ WHO PERFORMED THE WORK)

on Month	Day	Year	Shifts	(Continue on back if necessary)
9	24	66	6	
10	8	66	2	
11	4	66	4	
7	10	67	2	With additional D-8 Cat Work by
8	14	67	2	With cat work on open cut 150' long 6' Deep 16' wide

Games Contracting Co.

Such work or improvements, and character, consisted of 9/24/66--10/8/66 & 11/4/66 Work on exposed vein open cut following same. C.K. #4 4X12X21

D-8 Cat work 8 X 11 X100' crossing open cut ~~south~~ 120' Northerly of Location Monument--also building 560' road 500' northerly of Location Monument of Copper King #1 & 4 work performed April 15, 1967 and July 10th 1967, ~~August 14, 1967--Earl Games Contracting--Open cut lowering 6 to 8', deep 150' long.~~ This work done in open cut immediately South of Lovation Monuments Copper King 1,2,3 & 4.

(INCLUDE DESCRIPTION OF CLAIM OR PART OF CLAIM AFFECTED)

Dated this 1st *day of* August, 19 67.

1905 Spanish Springs Rd. Sparks, Nev. — I.J. Smith, Co-owner

351 Crampton St. Reno, Nevada — Paul F. Gerken, Co-owner (Name of Subscriber)

Subscribed and sworn to before me this ..... day of ....., 19.....

1805 Willow Tree Lane (Witness) Reno, Nevada

3050 Porter Ave. (Witness) Ogden, Utah

CARLISLE'S FORM NO. 60 N

Recorded at Request of I. J. Smith
On Aug. 14 1967 At 11 Min. Past 11 A.M.
Official Records of Douglas County, Nevada
Ethel N. Schacht, Recorder.
By Ethel N. Schacht Deputy

37523

37523

BOOK 52 PAGE 196

1019 NEWHOUSE BUILDING
SALT LAKE CITY, UTAH

September 20, 1967

Mr. I. J. Smith
1905 Spanish Springs Road
Sparks, Nevada

and

Mr. Paul F. Gerken
351 Compton Street
Reno, Nevada

Gentlemen:

Reference is made to subsections (a), (b) and (d) of section 3, Article III, of the Lease and Option dated as of June 25, 1967, between I. J. Smith and wife, Paul F. Gerken and wife, John L. Smith and wife, and Earl H. Gerken, therein called "Owners," and Ussram Exploration Company, therein called "Ussram."

Subsection (a) grants Ussram the right to elect to have property or rights in property situated within described legal subdivisions of the public land survey in Lyon, Ormsby and Douglas Counties, Nevada, acquired by Owners, included under the Lease and Option.

Subsection (b) grants Owners the right to elect to take title to and hold subject to the Lease and Option property or rights in property situated within said legal subdivisions, acquired by Ussram.

Subsection (d) authorizes Ussram to withhold and retain 50% of the royalties payable under the Lease and Option until the amount so withheld and retained equals the aggregate amount of all sums paid by Ussram to Owners to reimburse them for costs incurred and payments made in locating claims or acquiring property or rights in property within said legal subdivisions which Ussram elects to have included under the Lease and Option, and all costs incurred and sums paid by Ussram in locating claims or acquiring property or rights in property within said legal subdivision which Owners elect to have included under the Lease and Option.

On June 21, 1967, I. J. Smith and Paul F. Gerken located lode mining claims within said legal subdivisions in Douglas County known as and notices of location of which are recorded in the official records of Douglas County, as follows:

NAME OF CLAIM	NOTICE OF LOCATION RECORDED IN BOOK	PAGE
Kane #28	50	610
Kane #29	50	611
Kane #30	50	612
Kane #31	50	613
Kane #32	50	614

Name of Claim	Book	Page
Kane 33	50	615
Kane 34	50	616
Kane 35	50	617
Kane 36	50	618
Kane 37	50	619
Kane 38	50	620
Kane 39	50	621
Kane 40	50	622
Kane 41	50	623
Kane 42	50	624

On June 22, 1967, I. J. Smith and Paul F. Gerken located lode mining claims within said legal subdivisions in Douglas County known as and notices of location of which are recorded in the official records of Douglas County, as follows:

Name of Claim	NOTICE OF LOCATION RECORDED IN Book	Page
Kane #43	50	625
Kane 44	50	626
Kane #45	50	627
Kane 46	50	628
Kane 47	50	629
Kane 48	50	630
Kane 49	50	631
Kane 50	50	632
Kane 51	50	633
Kane 52	50	634

The Location Certificates for said Kane #28 through Kane #52, both inclusive, were recorded in the official records of Douglas County, Nevada, on September 15, 1967.

On July 4, 1967, I J. Smith and Paul F. Gerken located within said legal subdivisions in Douglas County the Kane 53 claim.

Ussram has assumed the total cost of making all of said locations, with the understanding that the claims would be included under the Lease and Option, and to make a formal record of this understanding, Ussram hereby gives you written notice of its election to have all of the aforesaid claims included under the Lease and Option.

Ussram is to be reimbursed for the costs assumed, as provided in said subsection (d). At this time we do not have the costs itemized, but the total amount exceeds Twenty-Six Hundred Dollars ($2600.00). In our opinion, Ussram should be reimbursed for these costs by withholding and retaining 50% of the royalties payable under the Lease and Option, commencing with royalties payable on or before October 1, 1967. We will submit a statement of itemized costs to you before the amount withheld and retained equals $2600.00.

Would you please indicate your concurrence in this procedure by signing

the attached copy of this letter and returning it to me?

Very truly yours,

UNGRAM EXPLORATION COMPANY

By _____
Benton Boyd,
Vice President

The undersigned concur in the foregoing procedure:

_____
I. J. Smith

_____
Dorothea L. Smith

_____
Paul F. Gerken

_____
Mary Lena Gerken

_____
John L. Smith

_____
Gloria B. Smith

_____
Earl H. Gerken

Mr. John N. Conrow

MEMORANDUM

August 29, 1967

Mr. Conrow handed me the attached papers today. They were given to him by Mr. I. J. Smith. Mr. Smith said the Proof of Labor was made for the Copper King claims #1, 2, 3 and 4, and it has been recorded, as evidenced by the receipt of August 14 from the recorder. Mr. Smith advised that the Copper King claims 5, 6, 7 and 8 were relocated. Copies of the Notices of Relocation and Certificates of Relocation are attached. The Certificates of Location for the following claims are also attached:

King #17 and 18

Kane #15, 20, 21, 22, 23, 24,25, 26, 27, 16, 17, 18 and 19

Kings #1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15 and 16

The four Notices of Relocation and all of the Certificates of Location are recorded. All of these instruments were prepared and recorded by Smith and Gerken.

I told Mr. Conrow that we would not have a picture of the status of the locations until the Smith-Gerken claims were surveyed. He said this is now being done by Mr. Poulsen and he thought it would perhaps take another month.

R. B. Holbrook

R. B. Holbrook

RBH:ec

Mr. J. M. Conr

U.S.S.R. & M. CO.
RECEIVED
AUG 14 1967
EXPLORATION DEPARTMENT
SALT LAKE CITY, UTAH

August 11, 1967

First National Bank of Nevada
South Virginia Office
P. O. Box 461
Reno, Nevada 89504

Attention: Mr. Lino Del Grande, Vice President and Manager

Gentlemen:

This refers to your letter of August 7, 1967 enclosing copy of escrow instructions for the Lease and Option between Mr. Smith, et al and Ussram. Early next week we will send you a revision of the escrow instructions, the principal change relating to the recital regarding royalty payments.

We have not seen a copy of the Deed dated August 4, 1967 and would you please send us a copy so that we may examine it.

It is assumed that Mr. Smith delivered the Deed to the Bank and had the escrow instructions prepared in response to the statement in Ussram's letter of July 27 to the Bank that "At an early date these parties will deliver to you a copy of the Lease and Option and a Deed to be held in escrow under the terms of the Lease and Option." We had anticipated working out with Mr. Smith the form of Deed and escrow instructions before they were delivered to you.

Pending completion of the escrow you are authorized to deposit the voucher payable to the Bank in the amount of $3,500.00 as directed in Ussram's letter of July 27.

Very truly yours,

USSRAM EXPLORATION COMPANY

By J. V. Neuman

J. V. Neuman, Jr.
Vice President

RBH:moh

FORM C. O. 23

UNITED STATES SMELTING REFINING
AND MINING COMPANY

SALT LAKE CITY, UTAH

For Mr. J. M. Conrow

COPY

9-66

U.S.S.R. & M. C.
RECEIVED
AUG 14 1967
EXPLORATION
DEPARTMENT
SALT LAKE CITY, UTAH

MEMORANDUM

August 14, 1967

TO: MR. R. B. HOLBROOK

FROM: Mr. C. J. Barber

Abstract to Smith and Gerken Claims

The abstract of title to the Smith and Gerken claims purports to give the ownership of property in several sections, including Section 20, T 14 N, R 22 E, M.D. Meridian. Actually, the abstract gives only the ownership of the NW¼ of this Section.

According to the BLM master title plat, the NE¼ SW¼ is a State selection. This Section is included in the lands referred to in Article III, paragraph 3(a) of the Lease and Option.

I recommend asking the abstractor to complete the ownership record of Section 20, T 14 N, R 22 E, M.D. Mer.

C.J.B.

C. J. Barber

CJB/dmj

cc: Mr. Paul B. Cannon
Mr. J. M. Conrow

Mr. John M. Conrow

U.S.S.R. & M. CO.
RECEIVED
AUG 1 1967
EXPLORATION DEPARTMENT
SALT LAKE CITY, UTAH

July 27, 1967

First National Bank of Nevada
South Virginia Office
Reno, Nevada

Gentlemen:

Enclosed is this Company's voucher payable to you in the amount of $3500.00 for deposit to the order and credit of the following:

25% to I. J. Smith	$875.00
25% to Paul F. Gerken	$875.00
25% to John L. Smith	$875.00
25% to Earl H. Gerken	$875.00

The payment is for advance royalties under the provisions of a Lease and Option made as of June 25, 1967, between I. J. Smith and wife, Paul F. Gerken and wife, John L. Smith and wife and Earl H. Gerken, Owners, and Ussram Exploration Company. At an early date, these parties will deliver to you a copy of the Lease and Option and a Deed to be held in escrow under the terms of the Lease and Option.

To complete our records, please acknowledge receipt of this letter and enclosure by signing the attached copy at the place indicated and returning it to us.

Very truly yours,

USSRAM EXPLORATION COMPANY

By _____
Benton Boyd,
Vice President

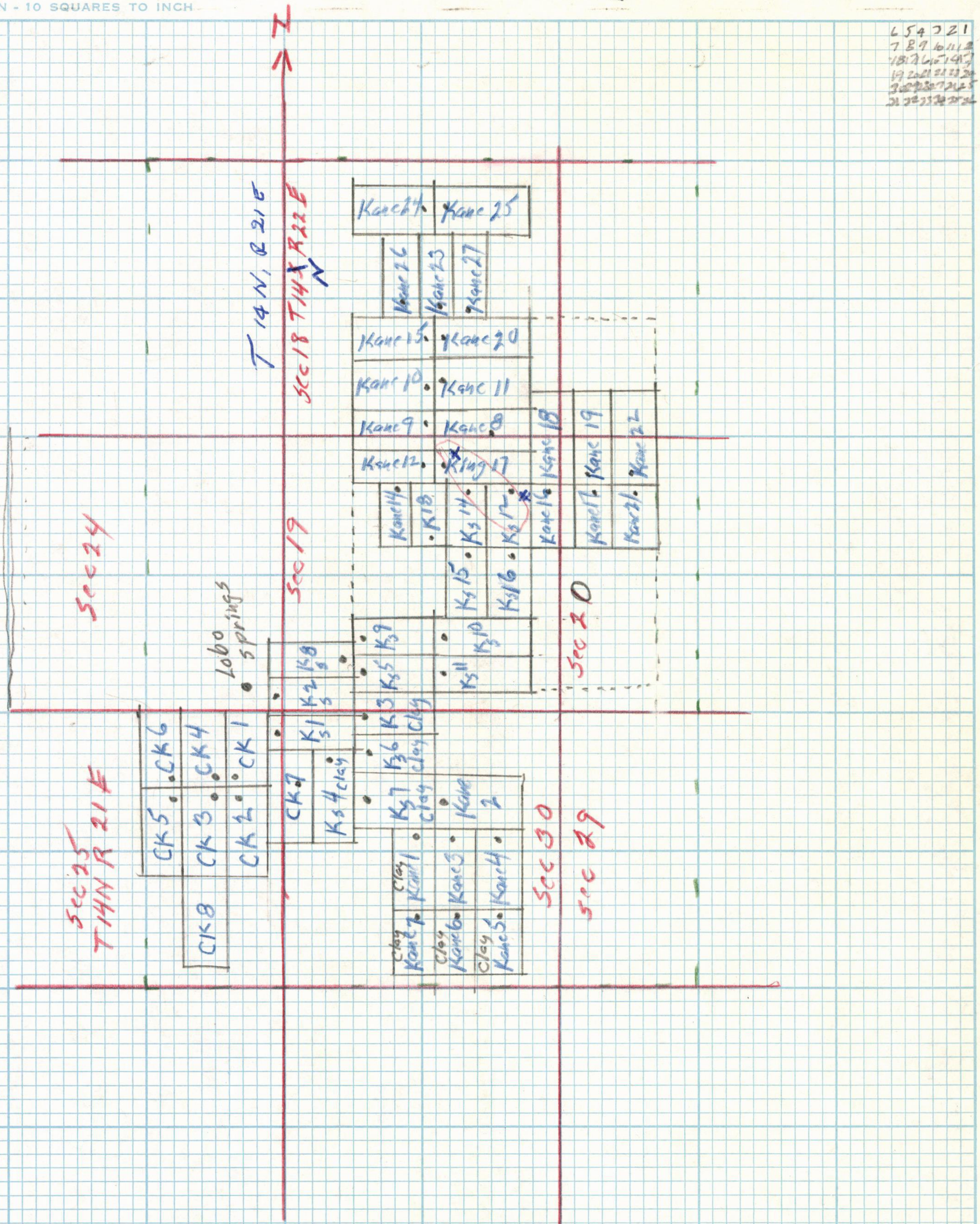
Received original of above letter
and enclosure July _____, 1967.

First National Bank of Nevada
South Virginia Office

By _____

"THE CHAMPION LINE" NO. 810

CROSS SECTION - 10 SQUARES TO INCH



MEMORANDUM
June 22, 1967

TO: MR. RAY B. HOLBROOK

FROM: John M. Conrow

RE: Smith-Gerken Mining Claims, Douglas County, Nevada

Herewith is a copy of a letter I have received from Mr. I. J. Smith which gives the names of the mining claims which Mr. Smith and Mr. Gerken had located prior to June 20. The letter also gives the names of the owners of the claims, the names of their wives and the addresses of the owners .

General terms of an agreement with Smith and Gerken were discussed by telephone conversation this morning among yourself, Mr. Gange, Mr. Neuman and me. Mr. Smith is currently locating additional claims which he believes he needs to firm up the block of ground which they have. Consequently, the agreement with Smith and Gerkin should specify that in addition to the claims named in the letter from I. J. Smith, any additional claims which Smith and Gerken or their associates may locate within the south half section 7, south half section 8, and sections 17, 18, 19, 20, 29 and 30, north half 31 and north half 32, T 14 N, R 22 E; and sections 13, 24, 25 ~~and 25E~~ , south half 12 and north half 36, T 14 N, R 21 E, Douglas County, Nevada, must become a part of the property covered under the terms of the agreement.

John M. Conrow

JMC:rb

Attachment - letter

P. S. In addition to the claims listed by Mr. Smith in his letter to me dated June 20, Smith and Gerken also own a 50 percent interest in the following claims which are in section 25, T 14 N, R 21 E and section 30, T 14 N, R 22 E: Copper King Nos. 1 - 8 inclusive. Smith and Gerken said in their conversation with me that any deal for the Copper King group of 8 claims would necessarily be a separate agreement, but they chose not to elaborate on the reason for this necessity at the time of our discussion.

J.M.C.

1905 Spanish Springs Road
Sparks, Nevada 89431
June 20,1967

Telephone: 358-5480

Dear Mr. Conrow:

In accordance with telephone conversation with you this morning we will Pick Dr. Beaton and another person up at 6:45 AM and I will have my two Grandsons with me to carry the posts. I feel we can at least get the Location Posts up on some gaps of at least 6 or more claims by tomorrow night. The completion of installing posts at corners and side centers possibly can wait for a later date.

Certificates of location file numbers and dates on the 43 claims are as follows:

King #17 & 18 Numbers 36423-36424 Recorded June 2,1967
Kings #1-2-3-4-5-6-7-8-9-10-11-12-14-15-16 Recorded June 15,1967
Kane #15,20-21-22-23-24-25-26-27- 16-17-18 & 19 Recorded June 15,1967
Numbers 36531 thru 36558
Kane #1-2-3-4-5-6-7-8-9-10-11-12-14 Recorded May 26th 1967
Numbers 36372 thru 36384

You will notice there are three different claims names: King, Kings & Kane. We can pick up the original Certificates within a few weeks at the Court House at Minden Douglas County Nevada which we will do. You will note this covers 43 claims.

The names are as follows:

I.J. & Dorothea L. Smith 1905 Spanish Springs Road, Sparks, Nev.
Husband and wife of Washoe County Nevada.
Pa ul F. Gerken and Mary Lena Gerken 351 Crampton St. Reno, Nev.
Husband and wife—Washoe County, Nevada
John L. Smith and Gloria B. Smith, husband and wife
30 East "P" Street, Sparks, Washoe County, Nevada
Earl H. Gerken—a single man—351 Crampton St., Reno, Washoe County Nevada.

In making out the preliminary papers my son in law (Tax Attorney) advised me to request you to show the $3500. monthly payments as (FOR PRIVILEGE TO PROSPECT SAID CLAIMS) also that these payments are to apply to the total purchase price of said property---if—you exercise your option to purchase. This would go also on any other advanced payments with the same stipulation that if the option to purchase is exercised they too will apply on the or as payments on the total purchase price. There is some tax technicality involved.

Trust you have a pleasant return trip to Utah and thanking you for the consideration and understanding you have shown, I remain

Sincerely

I.J. Smith

CO-980
10M 2-67

ASSAY CERTIFICATE

6015 UNITED STATES SMELTING REFINING AND MINING COMPANY

Name John M. Conrow

Exploration Department

Midvale, Utah, June 13, 1967

LOT NO.	Oz. Gold Per Ton	Oz. Silver Per Ton	Per Cent Copper	Per Cent Lead	Per Cent Silica	Per Cent Iron	Per Cent Zinc	Per Cent Sulphur	Per Cent Lime	Per Cent Antimony	Per Cent Bismuth	Per Cent Arsenic	Per Cent Cadmium	Per Cent ox Pb	Per Cent ox Zn
HS	.01	7.5	8.80								Smith - Gerken				

L. D. Marshall

Chief Chemist

CO-980
10M 2-67

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HS	.01	7.5	8.80								Smith - Gerken				

L. D. Marshall

Chief Chemist

CO-980
10M 2-67

ASSAY CERTIFICATE

6019

UNITED STATES SMELTING REFINING AND MINING COMPANY

Name John Conrow - Exploration

Smith-Gerkin # 2 Midvale, Utah, June 26, 1967

LOT NO.	Oz. Gold Per Ton	Oz. Silver Per Ton	Per Cent Copper	Per Cent Lead	Per Cent Silica	Per Cent Iron	Per Cent Zinc	Per Cent Sulphur	Per Cent Lime	Per Cent Antimony	Per Cent Bismuth	Per Cent Arsenic	Per Cent Cadmium	Per Cent ox Pb	Per Cent ox Zn
HS	.005	.2	1.10	.2			Tr								

D. M. Marshall

Chief Chemist

CO-980
10M 2-67

ASSAY CERTIFICATE

6019

UNITED STATES SMELTING REFINING AND MINING COMPANY

Name John Conrow - Exploration

Smith-Gerkin # 2

Midvale, Utah, June 26, 1967

LOT NO.	Oz. Gold Per Ton	Oz. Silver Per Ton	Per Cent Copper	Per Cent Lead	Per Cent Silica	Per Cent Iron	Per Cent Zinc	Per Cent Sulphur	Per Cent Lime	Per Cent Antimony	Per Cent Bismuth	Per Cent Arsenic	Per Cent Cadmium	Per Cent ox Pb	Per Cent ox Zn
HS	.005	.2	1.10	.2			Tr								

Chief Chemist

U.S.S.R. & M. CO.
RECEIVED
MAY 19 1967
EXPLORATION
DEPARTMENT
SALT LAKE CITY, UTAH

MEMORANDUM

May 17, 1967

To: John M. Conrow
From: K. F. Bickford
Re: Prospect of I. J. Smith and Paul Gerken
(see memo of April 27, 1967)

On Monday, Dr. Beaton and I made a rather quick trip into this prospect. The claims lie east of the Pine Nut Claims.

A dozer has uncovered oxide copper in three pits. One pit exposed about 50 feet of mineralization along a S 50° E trend. An area of 500 or 600 feet in diameter is included in the copper showing exposed. One pit, showing no copper, exposed much shearing and alteration with indeterminate structure. The area shows much alteration. The host rock appears to be Triassic and is covered by about a foot of soil and debris; the copper mineralization is about 3 or 4 feet below the top of the rock. It may have been picked up by digging the discovery pits for there seems to be little surface evidence. A magnetite 'blowout' near the road probably started the interest.

The thickness of conglomerate which was encountered in the Pine Nut drilling is not here but its presence is revealed by boulders in the alluvial cover. A red soil is also found suggesting the presence of the old red conglomerate.

This is the best copper showing in the Pine Nut Project area and is completely new. That is, the showing is not an old pit or adit. A sample of this material is being shipped under separate cover for inspection and assay. A zone of secondary enrichment is possible.

I recommend that we deal for the ~~claims~~ Property until we can evaluate it's potential; if a reasonable deal can be made.

Kerr Bickford

MEMORANDUM

July 6, 1967

Re: LEASE AND OPTION BETWEEN I. J. SMITH, PAUL F. GERKIN, ET AL
AND USSRAM EXPLORATION COMPANY, DATED June 25, 1967.

The Lease and Option covers three groups of claims:

Kane
King-Kings
Undivided ½ interest in Copper King
(Mr. Conrow advised me on July 5, that he believes Melvin Darby owns the other ½ interest in Copper King)

On page 2, the Owners agree that the claims are valid unpatented mining claims, that they are free of liens and encumbrances, and that the Owners have good right, full power and lawful authority to lease and sell them; also, that Ussram may examine the title and correct any defects. The costs so incurred by Ussram may be deducted from any royalty payments due. I believe this may be Ussram's only remedy for recovery of such costs.

Ussram is required to perform assessment work for the year ending September 1, 1968. This provision was included because it was believed that under the exploration program more than enough work would be done to satisfy this requirement. The only work that would apply for that period would be work performed after noon of September 1, 1967.

Mr. Conrow advised me by telephone on July 5 that it appeared from the County records that Mr. Darby has an interest in some of the claims. Mr. Conrow gave me the following information regarding this interest:

Kane

These claims were located in the spring of 1967, probably, March, April and May, in the names of Smith and Gerkin. Darby has no record interest in them.

King-Kings

Smith and Gerkin first located (probably in September, 1966) 7 King claims and put Darby's name on the location notices with Smith and Gerkin, specifying that he was given a 10% interest. Apparently no certificates of location were filed for these claims. The Nevada Supreme Court has ruled that unless a certificate of location is timely filed, the locations are void. In March of 1967, they relocated these 7 claims, including Darby's name with Smith and Gerkin and in addition they located 10 more King claims in the names of Smith, Gerkin and Darby. These relocations and locations did not specify that Darby's interest is limited to 10%.* Following these locations, Smith and Gerkin told Darby he should put up his share of the money for doing work on the claims. Apparently they had reference to the assessment work, as they were not aware that location work was necessary. Darby replied that he would discuss the matter with his wife, but after that refused to talk with Smith about Darby's interest or obligation to contribute toward expenses. Darby is a retired railroad man and lives close to Smith.

* Mr. Conrow did not state whether Certificates of Location were filed for the relocation of the 7 claims or the 10 new claims.

In May and June, 1967, perhaps before the time location work needed to be completed, or certificates of location be filed, Smith and Gerkin relocated all 17 claims in their own names (without Darby's) and in the names of a son of Smith and a son of Gerkin, by names or as"associates" by changing the name from King to Kings and using the same numbers. They have done considerable bulldozer work on these claims, which Mr. Conrow believes may be adequate for location work. Certificates of location have been filed in the names of the locators, viz. Smith, Gerkin and sons or associates.

Mr. Conrow advised that the King locations now appear to cover some of the most favorable showings.

Copper King

These claims were located about 7 years ago in the name of Smith and a partner, who Mr. Conrow belives sold his interest to Darby. The fact that Darby may have an interest in these claims might be the basis for a conference with him regarding inclusion of that interest in the Lease and Option and also regarding any interest he might have in the 17 King claims.

When Mr. Conrow first talked with me on July 5, he was at the home of Mr. Smith and he put Mr. Smith on the line for a brief telephone conversation. I asked Mr. Smith whether he had discussed any interest Darby might have in the claims. He said "yes, with a Mr. Wigglesworth, a former Federal tax employee, who is now practicing law in Nevada." Mr. Smith also told me that his son-in-law was a member of the Wm. Forman law firm. I asked Mr. Smith if he had discussed this matter with Mr. Forman. He said "No."

A crew of 7 men have been working on the property for some time perfecting the old locations and making new locations in the names of Smith, Gerkin and sons, which are subject to the Lease, under the provisions of Article III, section 3(a), commencing on page 7.

Form NMAL:1 (Rev.)

JUN 2[illegible] 1967

1469

NEVADA MINING ANALYTICAL LABORATORY

UNIVERSITY OF NEVADA

RENO, NEVADA 89507

1. The Laboratory makes free identifications and analyses of ORES, MINERALS, ROCKS, and FOSSILS. This service is restricted to Nevada citizens and to samples collected from within the State. The major purpose of this service is to aid the prospector in the discovery of new mineral deposits. It may not be done for operating mines, engineers evaluating mines and prospects, nor as control assays to check other assayers. No artificial material will be analyzed.

2. Two gold-silver assays, 5 quantitative determinations, and 10 mineral identifications will be allowed in any 30-day period. Do not grind or pulverize your samples. Samples weighing less than 5 ounces will not be assayed. Please number all samples.

3. If preliminary examinations indicate that the sample is of no commercial value, quantitative analysis will not be made.

4. Report on the sample is mailed usually within 10 working days of receipt of sample and this form. The material will be kept for 90 days and then discarded.

5. Do not send soil or water samples to this laboratory. Send:

   SOIL samples to: Agriculture Soils Research Laboratory, University of Nevada, Reno, Nevada.

   WATER samples to: Nevada Health Department, Hygienic Laboratory, Reno, Nevada.

Name E J. Smith

Address 1905 Spanish Springs

City Sparks State Nev

← **This is your mailing label. Please PRINT or TYPE your name and address to insure accurate mailing.**

JUN 23 1967

1074

MEMORANDUM

April 27, 1967

To: Mr. John M. Conrow
From:
K. F. Bickford
Re: Smith-Gerken claims east of the Pine Nut Project

Mr. I. J. Smith and Mr. Paul F. Gerken were in the office a while ago. They have 38 claims in sections 18, 19, 30 and 31, T 14 N, R 22 E and section 24, T 14 N, R 21 E. On Tuesday of this week, we visited their best show which is near the middle of the common line between section 18 and 19 about two miles east of the Utopiam Mine on the Pine Nut Project. They have done some dozing and have opened a reasonably good show of copper, although the area of observation was limited by snow cover. If there is an east-west structure through the Pine Nut drill area, as seems likely, it could extend across their claims.

When the weather permits, I will make a better survey of the area.

I. J. Smith operates the Sparks Realty.

911

Carbon copy

LEASE AND OPTION

THIS LEASE AND OPTION, made and entered into as of the _____ day of _____, 1967, by and between I. J. SMITH and DOROTHIE L. SMITH, his wife, of Sparks, Nevada, PAUL F. GERKIN and MARY LENA GERKIN, his wife, of Reno, Nevada, JOHN L. SMITH and GLORIA B. SMITH, his wife, of Sparks, Nevada, and EARL E. GERKIN, a single man, of Reno, Nevada, hereinafter called "Owners," and USSRAM EXPLORATION COMPANY, a corporation of the State of Maine and qualified to do business in the State of Nevada, hereinafter called "Ussram";

W I T N E S S E T H :

ARTICLE I

For and in consideration of the sum of Ten Dollars ($10.00) paid by Ussram to Owners, receipt whereof is hereby acknowledged and for and in consideration of its covenants and agreements hereinafter set forth, Owners do hereby:

1. Lease, let and demise unto Ussram, its successors and assigns, the unpatented lode mining claims situate in the County of Douglas, State of Nevada and recorded as:

Name of Claim	Certificates of Location Recorded in the records of said Douglas County, Nevada	
	Serial No.	Date Recorded
Kane #1	36372	May 26, 1967
Kane #2	36373	May 26, 1967
Kane #3	36374	May 26, 1967
Kane #4	36375	May 26, 1967
Kane #5	36376	May 26, 1967
Kane #6	36377	May 26, 1967
Kane #7	36378	May 26, 1967
Kane #8	36379	May 26, 1967
Kane #9	36380	May 26, 1967
Kane #10	36381	May 26, 1967
Kane #11	36382	May 26, 1967
Kane #12	36383	May 26, 1967
Kane #14	36384	May 26, 1967
King #17	36423	June 2, 1967
King #18	36424	June 2, 1967
Kings #1	36531	June 15, 1967
Kings #2	36532	June 15, 1967
Kings #3	36533	June 15, 1967
Kings #4	36534	June 15, 1967
Kings #5	36535	June 15, 1967
Kings #6	36536	June 15, 1967
Kings #7	36537	June 15, 1967
Kings #8	36538	June 15, 1967
Kings #9	36539	June 15, 1967
Kings #10	36540	June 15, 1967
Kings #11	36541	June 15, 1967
Kings #12	36542	June 15, 1967
Kings #14	36543	June 15, 1967
Kings #15	36544	June 15, 1967
Kings #16	36545	June 15, 1967
Kane #15	36546	June 15, 1967
Kane #20	36547	June 15, 1967
Kane #21	36548	June 15, 1967
Kane #22	36549	June 15, 1967
Kane #23	36550	June 15, 1967
Kane #24	36551	June 15, 1967
Kane #25	36552	June 15, 1967

Kane #26	36553	June 15, 1967
Kane #27	36554	June 15, 1967
Kane #16	36555	June 15, 1967
Kane #17	36556	June 15, 1967
Kane #18	36557	June 15, 1967
Kane #19	36558	June 15, 1967

An undivided one-half (½) interest in:

Copper King No. 1
Copper King No. 2
Copper King No. 3
Copper King No. 4
Copper King No. 5
Copper King No. 6
Copper King No. 7
Copper King No. 8

together with all and singular the mines, minerals, lodes and veins within the lines of said claims, and their dips and spurs and all dumps, plant, fixtures, improvements, rights, privileges and appurtenances thereunto in anywise belonging.

TO HAVE AND TO HOLD said mining claims and rights and any other property and rights in property included under this Lease and Option, as hereinafter provided, collectively referred to herein as "leased premises," unless otherwise designated, unto Ussram for a term of twenty-five (25) years, commencing on the date hereof and ending at midnight on the _____day of _____, 1992, unless extended or terminated as hereinafter provided, together with the right to use the same and the workings therein for all uses and purposes incident to its mining operations in the leased premises and in other properties, and for any and all other uses and purposes, including the right to prospect for, develop, mine, remove from the leased premises, ship, treat, sell and dispose of all ores, materials and minerals taken therefrom.

2. Owners covenant and agree:

(a) That the aforesaid mining claims are valid subsisting unpatented lode mining claims under the laws of the United States and the State of Nevada; that all of said claims and all dumps, plant, fixtures, improvements, rights, privileges and appurtenances thereunto in anywise belonging are free from liens and encumbrances; and that they have good right, full power and lawful authority to lease and sell the same.

(b) That Ussram may, at its option, at any time procure an abstract of title to the aforesaid mining claims and cause the same to be examined by its attorneys, and the cost of the abstract may be deducted from any royalty payments due hereunder. If the examination of the abstract discloses a defect, or defects, in the title to said mining claims which makes or shall make them, or any part thereof, unmarketable and Owners are apprised in writing of the same and

after thirty (30) days have not cured the defect, or defects, or taken all steps necessary in the judgment of Ussram's attorneys to do so, Ussram is hereby authorized, at its election to file any papers as the agent of Owners, or otherwise attempt to cure such defect, or defects. Ussram may deduct any cost incurred under this subsection from any royalty payments due under Article II, section 4.

(c) That it may be advisable to amend the aforesaid mining claims and/or correct or change the description of them in Article I, section 1, after examination of the locations in the field and of the Notices and Certificates of Location; and that in such event they will execute and acknowledge such instruments as may be necessary to effect such amendments, corrections and changes, including a revision or amendment of this Lease and Option and of any deed escrowed pursuant to the option.

(d) That Ussram is not required to perform any work in the leased premises; its covenant and agreement to pay advance minimum royalty being in lieu of a work commitment.

ARTICLE II

In consideration of said demise, Ussram covenants and agrees:

1. That it will, upon undertaking work in or upon the leased premises, forthwith post and thereafter keep posted in conspicuous places at entrances to the premises, such notices as may be necessary adequately to notify all persons who may come in or upon the leased premises that they are held by Ussram under Lease from Owners and that Ussram is liable for all labor performed and supplies and materials used by it in and upon said premises and that Ussram, and not Owners, will be responsible for any and all debts and expenses incurred in operations under this Lease and Option, all as may be required by the Statutes of the State of Nevada.

2. That all work done by it in the leased premises will be performed in a good and minerlike manner, with due regard to the safety, development and preservation of the leased premises and workings and operations therein; and it will remove, in so far as is practicable and consistent with good mining practice, all commercial ores encountered in exploration, development and mining operations in the leased premises to the end that such ores shall be removed or preserved and shall not be wasted or left in an inaccessible condition. All work shall at all times be under the sole control of and done in accordance with the exercise of the discretion and judgment of Ussram as to time, place, method and manner of operation.

3. That it will pay to Owners as royalty on all ores shipped from the leased premises ten per cent (10%) of the net value per dry ton of such ores.

"Net value per dry ton" shall be the net mill or smelter schedule value of the ores less the cost of railroad freight, treatment, assaying or special sampling charges incident to settlement, and less the cost of truck haulage from mine to railroad siding or mill or smelter, plus any subsidy, or equivalent thereof, payable by the Federal Government or any agency thereof, or from any other source as a result of the production, sale and/or disposal of the lot of ore or of the metal content thereof, if and to the extent that Government regulations permit.

Settlement for royalty on production after having first applied and credited advance royalty paid, as provided in Article II, section 4, and any costs which Ussram may deduct from royalty payments due, as provided in Article I, section 2, subsection (b), shall be made on or before the last day of each calendar month or as soon thereafter as necessary data are available for all lots of ore shipped and sampled during the preceding calendar month by depositing the same in _____, Reno, Nevada, to the order and credit of the following named Owners in the percentage opposite each name:

_____% to I. J. Smith
_____% to Paul F. Gerkin
_____% to John L. Smith
_____% to Earl E. Gerkin

accompanied by a statement showing the factors used in determining the amount of the royalty. Said bank shall be fully protected in relying on any evidence satisfactory to it of costs which Ussram may deduct from royalty payments due.

4. That while this Lease remains in effect, Ussram will have paid, or will pay, on or before each of the dates in the schedule marked "Exhibit A" attached hereto and made a part hereof, royalties amounting in the aggregate to not less than the amount set opposite such date respectively. Any amount so paid in excess of royalties payable on production shall be advance royalties and shall be applied against future production, and no royalties on production shall be paid, except to the extent that there shall be a balance due on production after having applied and credited against the said production all royalties previously paid in advance. All sums paid for the account of, or for the benefit of Owners, in accordance with the terms of this Lease and Option, except payment pursuant to Article IV, shall be deemed to be royalties paid to Owners for all purposes thereof.

Payments hereunder, except expenditures made for the account of, or for the benefit of Owners, such as those provided for under Article I, section 2, subsection (b), shall be made by depositing the same in _____ _____, Reno, Nevada, to the order and credit of Owners in the percentage set opposite each name:

_____% to I. J. Smith
_____% to Paul F. Gerkin
_____% to John L. Smith
_____% to Earl E. Gerkin.

5. That it will furnish and pay for all labor, power, tools, equipment, explosives, timber and other materials and supplies that may be used by it in the prosecution of work under this Lease, and shall not allow any claim or lien for any such thing to be effectively made or asserted against the leased premises or against Owners.

6. That it will make available for inspection by Owners a map showing all workings made in the leased premises by Ussram and assays of samples, if any, taken by Ussram in the leased premises. If they so request, Owners shall have access to logs of and cores from any diamond drill holes and logs of and cuttings from any percussion drill holes made by Ussram in the leased premises.

7. That it will comply with the provisions of the Nevada Workmen's Compensation and Occupational Disease Laws and the Nevada Unemployment Compensation Law, the Federal Unemployment Tax Act and the Federal Insurance Contribution Act; and it will make all payments, returns and reports required of it by such acts and will comply with and conform to the requirements, laws, ordinances and regulations of any governmental authority having jurisdiction over the leased premises.

8. That it will hold Owners harmless and fully indemnify them against all claims or demands of any kind or nature which may be made upon them or against the leased premises, for or on account of any debt or expense contracted or incurred by Ussram, as well as against any and all acts, transactions, or omissions of Ussram, its agents or servants, and Ussram will defend and save Owners harmless and fully indemnify them as to any liability or asserted liability, for or on account of injury to or death of any person or damage to any property sustained during the period this Lease remains in effect, alleged to have resulted from any act or omission of Ussram, its agents or servants, or the unsafe condition of the leased premises, except when Owners have assumed the risk, as provided in section 10 of this Article.

That it will pay before they become delinquent, all taxes levied upon improvements and personal property placed by Ussram upon the leased premises, and

any gross receipts taxes, severance taxes or property taxes based on production from the leased premises, computed with a deduction for royalty payable to Owners, and any other taxes that may accrue for or on account of or be applicable to the operations conducted by Ussram under this Lease (but not income taxes) and will send to Owners a copy of receipts for all taxes paid.

10. That it will permit Owners or their representatives, authorized in writing, at all reasonable times to enter at Owners' risk onto the leased premises and into any workings therein for the purpose of examining and inspecting the same and for surveying and sampling and ascertaining whether the terms and conditions of this Lease are being performed and carried out by Ussram, but representatives of Ussram may accompany Owners or their representatives, and Owners, or their representatives authorized in writing, at all reasonable times, shall have access to records of production from the leased premises and such other records as will show compliance on the part of Ussram with the provisions of this Lease and Option.

ARTICLE III

The parties mutually agree that:

(1) Ussram shall perform upon or for the benefit of the aforesaid mining claims the assessment work required by the laws of the United States and the State of Nevada to keep and maintain them in good standing as unpatented lode mining claims for the assessment year ending September 1, 1968, and for each assessment year thereafter in which this Lease is in effect for nine (9) months of the assessment year; provided, however, that for any year or years in which assessment work on unpatented mining claims shall be suspended by act of Congress notice of intention to hold said unpatented mining claims or other papers under any such law may be filed in lieu of performance of the assessment work.

If Ussram furnishes Owners the necessary information for affidavits of such assessment work, Owners shall make and file such affidavits within the time provided by law. For any year in which assessment work is suspended, Owners shall, at the request of Ussram, file notice of intention to hold said unpatented mining claims or other papers under such law. At the election of Ussram, it may make and file affidavits of such assessment work or notice of intention to hold said unpatented mining claims and Ussram's officers and agents are hereby authorized to make and file such instruments.

Notwithstanding anything in the preceding paragraph to the contrary, Ussram may give Owners written notice of the nature and place of the assessment work it will perform on or for the benefit of said unpatented mining claims, and

if Owners do not object to such assessment work within thirty (30) days after receiving such notice, failure to object shall be deemed to constitute recognition by each of them that performance of such assessment work will fully satisfy the obligation to perform the assessment work for the year involved.

(2) Ussram may ship any ores mined under this Lease to the mill at Midvale, Utah, or to the smelter at International, Utah, for processing on terms as favorable (transportation and all other charges, credits and costs considered) as those known to be obtainable at any other mill or smelter.

(3) (a) Owners shall keep Ussram informed of any mining claims other than the leased premises located by them or any of them, and of any negotiations by them, or any of them, to lease or option or purchase or obtain an easement or other rights in or over the following described lands situated in Lyon, Ormsby and Douglas Counties, State of Nevada:

T. 14 N., R. 22 E., M.D. Mer.

Section 7: S½
Section 8: S½
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 29: All
Section 30: All
Section 31: N½
Section 32: N½

T. 14 N., R. 21 E., M.D. Mer.

Section 12: S½
Section 13: All
Section 24: All
Section 25: All
Section 36: N½

If Owners, or any of them, before entering into this Lease and Option, or during the term of the Lease, either directly or indirectly, shall locate or lease or option or purchase or obtain an easement or other rights in or over said lands, Owners shall notify Ussram, in writing, of the acquisition and of the costs incurred by them in locating the mining claims and of the terms of the lease, option or agreement by which the property or rights in property were acquired within thirty (30) days from the date of this Lease and Option if located or entered into before then, and forthwith if entered into on or after its date. Ussram may elect to have such property or rights in property so acquired by Owners included under this Lease and Option by notifying Owners in writing of such election within ninety (90) days from the date it receives such notice of the acquisition, terms and costs. Thereupon, Ussram shall promptly reimburse Owners for all costs incurred and payments made, other than royalty, in locating such claims or acquiring

such property or rights in property which Ussram so elects to have included under this Lease and Option, and Owners and Ussram shall promptly execute a supplement which includes such property or rights in property under this Lease and Option.

(b) Ussram shall keep Owners informed of any mining claims located by Ussram and of any negotiations by it to lease or option or purchase or obtain an easement or other rights in or over the lands described in the preceding subsection (a). If Ussram, either before entering into this Lease and Option or during the term of the Lease, shall locate or lease or option or purchase or obtain an easement or other rights in or over said lands, Ussram shall notify Owners, in writing, of the acquisition and of the cost incurred by it in locating the mining claims and of the terms of the lease, option or agreement by which the property or rights in property were acquired within thirty (30) days from the date of this Lease and Option if entered into before then, and forthwith if entered into after its date. Owners may elect to take title to and hold subject to this Lease and Option such property or rights in property so acquired by Ussram by notifying Ussram, in writing, of such election within ninety (90) days from the date they receive such notice of the acquisition, terms and costs. Thereupon, Ussram shall, by proper instrument, promptly transfer such property and rights in property to Owners, and Owners and Ussram shall promptly execute a supplement which includes such property and rights in property under this Lease and Option.

(c) Royalty payments on ores mined under any lease included under this Lease and Option under the provisions of either the preceding subsections (a) or (b), shall be credited on and applied against royalty payable on such ores under this Lease and Option, and if the royalty payable under any such lease is the same or greater than the royalty payable on such ores under this Lease and Option, there shall be no royalty payable under this Lease and Option on such ores.

(d) Ussram may withhold and retain fifty per cent (50%) of the royalties payable under this Lease and Option, until the amount so withheld and retained equals the aggregate amount of all sums paid by Ussram to Owners to reimburse them for costs incurred and payments made in locating claims or acquiring property or rights in property within said area which Ussram elected to have included under this Lease and Option and all costs incurred and sums paid by Ussram in locating claims or acquiring property or rights in property within said area which Owners elected to have included under this Lease and Option.

(4) If Ussram shall at any time be in default in the performance of any of the terms and conditions hereof upon it made incumbent, including payment of royalties, such default shall not operate to or give Owners the right to cancel, forfeit or terminate this Lease and Option, unless Owners shall notify Ussram, in writing, specifying the exact nature of such default and unless Ussram shall, within sixty (60) days from the date of the receipt of such notification by Ussram, fail to make any payment due hereunder or to proceed diligently to cure any other default.

(5) It is expressly understood between the parties hereto, anything herein contained to the contrary notwithstanding, that continuance of this Lease and Option is optional with Ussram and no penalty shall accrue or be asserted against Ussram for failure to perform any undertaking of this Lease and Option. Ussram may terminate this Lease and Option at any time and thereupon all its obligations and liabilities hereunder shall immediately cease and terminate, except liability on account of any obligations incurred and owing at the time of such termination.

(6) In case of the expiration or termination of this Lease and Option for any cause, Ussram shall have the right within one hundred twenty (120) days from the date thereof, to remove from the leased premises all tools, equipment, machinery, buildings and other property placed therein and thereon by it, excepting ties and timbers in place below the surface; and if during such one hundred twenty (120) day period inclement weather, storms, difficult roads or other causes beyond the reasonable control of Ussram make it impossible even with reasonable diligence to remove all such property from the leased premises, Ussram may, upon request, have for that purpose an additional sixty (60) days.

7. If Ussram is delayed or interrupted in or prevented from performing its obligations as in this Lease and Option provided by acts of God, fires, floods, strikes or labor troubles, breakage of machinery, inability to obtain necessary materials, supplies or labor, interruptions in delivery or transportation, insurrection or mob violence, injunction, regulations or order or requirements of Government or other disabling cause beyond its reasonable control, then and in all such cases Ussram shall for the time being and without liability, be excused from performance of its obligations as in this Lease and Option provided for the period of such prevention, delay or disability, and this Lease and Option and all provisions hereof shall again come into full force and effect immediately upon termination of the period of prevention, delay or disability resulting from any of the causes aforesaid, and the term of this Lease shall be extended for a period

equal to the number of days in any such period of prevention, delay or disability.

ARTICLE IV

In consideration of the foregoing covenants and agreements of Ussram and the sum of Ten Dollars ($10.00) paid by Ussram to Owners, receipt whereof is hereby acknowledged, Owners do hereby give and grant to Ussram, its successors and assigns, the exclusive right and option, to be exercised at any time during the continuance of the term of this Lease, provided it has already paid the full amount of the total royalties payable under the provisions of Article II, section 4, namely Five Million Four Hundred Forty-six Thousand Dollars ($5,446,000.00), to purchase the leased premises (mining claims and rights hereinabove particularly described, and any other property and rights in property hereafter included in this Lease) as they then are for the sum of Five Hundred Fifty-four Thousand Dollars ($554,000.00). In the event Ussram shall elect to purchase the leased premises it shall deposit said Five Hundred Fifty-four Thousand Dollars ($554,000.00) in _____, Reno, Nevada, to the order and credit of Owners, in the percentage set opposite each name:

_____% to I. J. Smith
_____% to Paul F. Gerkin
_____% to John L. Smith
_____% to Earl E. Gerkin,

in full payment for the leased premises. Owners simultaneously with the execution hereof have made, executed, acknowledged and placed in escrow with said _____ a good and sufficient deed conveying to Ussram the mining claims and rights hereinabove particularly described, and they will make, execute, acknowledge and place in escrow with said bank a similar deed or deeds conveying to Ussram any other property or rights in property hereafter included under this Lease; and said bank is instructed to deliver said deed or deeds to Ussram or its successor at any time upon the request of Ussram or its successor and upon payment by Ussram, or its successor of the said purchase price of Five Hundred Fifty-four Thousand Dollars ($554,000.00), provided that Ussram shall, prior thereto, have paid the full sum of all the royalties called for by said Article II, section 4; otherwise, said bank shall hold said deed subject only to the order of Owners. In determining for the purpose of this Article, whether United States Company has paid the full sum of all royalties called for by said Article II, section 4, said bank shall be fully protected in relying on any evidence satisfactory to it of any expenditures made by Ussram for account of or for the benefit of Owners, and claimed by Ussram to be applicable on account of royalties in accordance with the provisions of said Article II, section 4.

ARTICLE V

The parties further mutually agree that:

1. All notices under this Lease and Option may be given by United States registered or certified mail, and notice by such mail shall be deemed given when deposited in the mail with postage prepaid and addressed as herein provided. Notice by Owners shall be addressed to:

Ussram Exploration Company
c/o United States Smelting Refining and Mining Company
1019 Newhouse Building (P. O. Box 1980)
Salt Lake City, Utah 84110.

Notice by Ussram shall be addressed to:

I. J. Smith
1905 Spanish Springs Road
Sparks, Nevada
and
Paul F. Gerkin
351 Compton Street
Reno, Nevada.

Either party may from time to time change the address which it desires used and upon written notice to the other party, such changed address shall be deemed inserted herein in place of the address above stated.

2. In the event any provision of this Lease and Option shall be declared by a court of competent jurisdiction to be invalid or counter to the laws of the State of Nevada, or rendered invalid or inoperative by any ruling of the Federal Government or agency thereof, such holding shall not prejudice the intent and spirit of this Lease and Option and the other provisions hereof shall continue in full force and effect.

3. All the terms, covenants, agreements and conditions embodied in, and all rights and liabilities arising by virtue of any and all agreements, whether oral or written, covering the leased premises, heretofore entered into between the parties hereto, are superseded by this Lease and Option.

4. Each and every clause, condition, covenant and agreement of this Lease and Option shall inure to the benefit of and be binding upon the parties hereto, their heirs, administrators, executors, successors and assigns.

IN WITNESS WHEREOF, Owners have hereunto set their hands and Ussram has caused this Lease and Option to be executed by its proper officers thereunto duly authorized, and its corporate seal affixed, in quadruplicate originals, as of the day and year in this Lease and Option first above written, one of which shall be lodged with said bank as its escrow instructions for the holding

and delivery of the documents herein mentioned.

I. J. Smith

Dorothie L. Smith

Paul F. Gerkin

Mary Lena Gerkin

John L. Smith

Gloria B. Smith

Earl F. Gerkin

ATTEST:

USSRAM EXPLORATION COMPANY

By

STATE OF NEVADA)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1967, personally appeared before me _____, a notary public in and for _____ County, I. J. Smith and Dorothie L. Smith, known to me to be the persons described in and who executed the foregoing instrument, who acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the County of _____ the day and year in this certificate first above written.

_____
Notary Public, In and For the County of _____, State of Nevada

STATE OF NEVADA)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1967, personally appeared before me _____, a notary public in and for _____ County, Paul F. Gerkin and Mary Lena Gerkin, known to me to be the persons described in and who executed the foregoing instrument, who acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the County of _____ the day and year in this certificate first above written.

_____
Notary Public, In and For the County of _____, State of Nevada

STATE OF NEVADA)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1967, personally appeared before me _____, a notary public in and for _____ County, John L. Smith and Gloria B. Smith, known to me to be the persons described in and who executed the foregoing instrument, who acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the County of _____ the day and year in this certificate first above written.

_____
Notary Public, In and For the County of _____, State of Nevada

STATE OF NEVADA)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1967, personally appeared before me _____, a notary public in and for _____ County, Earl F. Gerkin, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the County of _____ the day and year in this certificate first above written.

_____
Notary Public, In and For the County of _____, State of Nevada

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On this _____ day of _____, 1967, personally appeared before me _____, a notary public in and for _____ County, _____ known to me to be the _____ of the USSRAM EXPLORATION COMPANY, the corporation that executed the foregoing instrument, and upon oath did depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the County of _____ the day and year in this certificate first above written.

_____
Notary Public, In and For the County of _____

"EXHIBIT A"

On or before August 1, 1967 plus an accumulation of a like sum on or before the first day of each succeeding month through July 1, 1968	$3,500.00
On or before August 1, 1968 plus an accumulation of $7,000.00 on or before the 1st day of each succeeding month through July 1, 1969	$49,000.00
On or before August 1, 1969 plus an accumulation of $10,000.00 on or before the 1st day of each succeeding month through July 1, 1970	$136,000.00
On or before August 1, 1970 plus an accumulation of $15,000.00 on or before the 1st day of each succeeding month through July 1, 1971	$261,000.00
On or before August 1, 1971 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1972	$446,000.00
On or before August 1, 1972 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1973	$686,000.00
On or before August 1, 1973 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1974	$926,000.00
On or before August 1, 1974 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1975	$1,166,000.00
On or before August 1, 1975 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1976	$1,406,000.00
On or before August 1, 1976 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1977	$1,646,000.00
On or before August 1, 1977 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1978	$1,886,000.00
On or before August 1, 1978 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1979	$2,126,000.00
On or before August 1, 1979 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1980	$2,366,000.00
On or before August 1, 1980 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1981	$2,606,000.00

On or before August 1, 1981 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1982	$2,846,000.00
On or before August 1, 1982 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1983	$3,086,000.00
On or before August 1, 1983 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1984	$3,326,000.00
On or before August 1, 1984 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1985	$3,566,000.00
On or before August 1, 1985 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1986	$3,806,000.00
On or before August 1, 1986 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1987	$4,046,000.00
On or before August 1, 1987 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1988	$4,286,000.00
On or before August 1, 1988 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1989	$4,526,000.00
On or before August 1, 1989 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1990	$4,766,000.00
On or before August 1, 1990 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through July 1, 1991	$5,006,000.00
On or before August 1, 1991 plus an accumulation of $20,000.00 on or before the 1st day of each succeeding month through June 1, 1992	$5,246,000.00