

SOME PLATES AND OR MAPS TOO LARGE TO COPY

FOR COMPLETE REPORT SEE FILE

EXXON MINERALS COMPANY

BOX 120, DENVER, COLORADO 80201

U.S. Exploration

DEC 1981



MEMORANDUM

December 11, 1981

TO: G. Westra and T.D. Irwin

FROM: E.P. Baumgartner *EPB*

SUBJECT: Proposed Gravity Survey at the Quartz Mountain, Nevada, Prospect

At the request of T.D. Irwin, a series of two-dimensional gravity models were generated using various target concepts to define the model parameters. The density values used in the modeling were supplied by T.D. Irwin and were obtained from determinations made on core from drill hole EQM-1. The modeling shows that the amplitude of the anomalies produced by topographic features on the subcrop density interface will be insufficiently large for a meaningful interpretation to be carried out. Therefore, it is recommended that the proposed gravity survey not be initiated.

The geophysical target concept at Quartz Mountain is the determination of the "pediment-like" surface that lies beneath a post-mineral tuffaceous unit. The deuteric alteration and the ubiquitous pyrite in the area preclude the use of induced polarization for the direct detection of the mineralized unit.

The following information was used in the modeling process:

1. The "pediment-like" is assumed to extend outward of a relative constant depth from a central exposed hill.
2. The density of the overburden rhyolite constant at 2.45 g/cc.
3. The "bedrock" andesite volcanics have a density of 2.62 g/cc from 400 to 1200 foot depth and 2.66 from 1200 feet to depth.
4. It is assumed that no gravity gradient exists across the area.

Figures 1, 2 and 3 show various models and the calculated gravitational fields over the models. The divergences of the calculated data from a least squares fit of a line are all within 1 milligal and most within one-half a milligal. To be able to successfully model the observed data from the proposed survey, the data collection and reduction would have to be of sufficient quality to be accurate to one-quarter milligal. This would require a first order x, y, z survey of the station locations and terrain corrections on all locations. In addition, several lines of gravity

stations would have to be run across the valleys, both east-west and north-south, to determine the nature of the gravity gradient. Because of the small density contrast, the one drill hole would be insufficient to pin down the gradient.

The extreme requirements for accuracy that are required to make the proposed survey feasible must be weighed against the benefits. With this new information the estimated cost of the survey will probably exceed \$20,000.00. The cost effectiveness of this survey would have to be weighed against the benefits of other exploration techniques, such as peephole drilling. Since the accuracy of the interpretation might be insufficient to define the nature of the "pediment-like" surface it is recommended that the proposed survey not be run.

EPB:nb

cc: R.A. Sultzbach (R)

Attachments

Figure 1

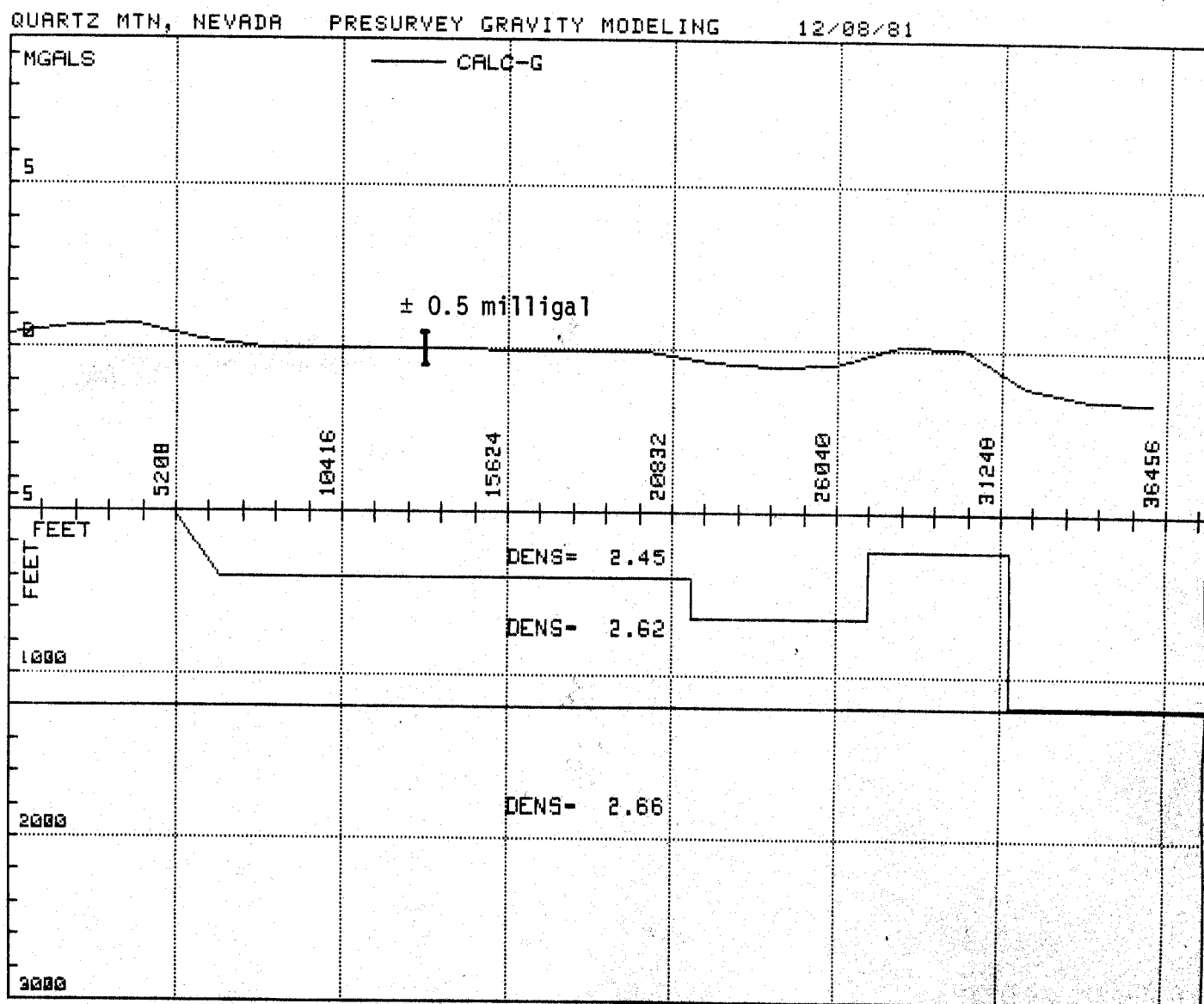


Figure 2

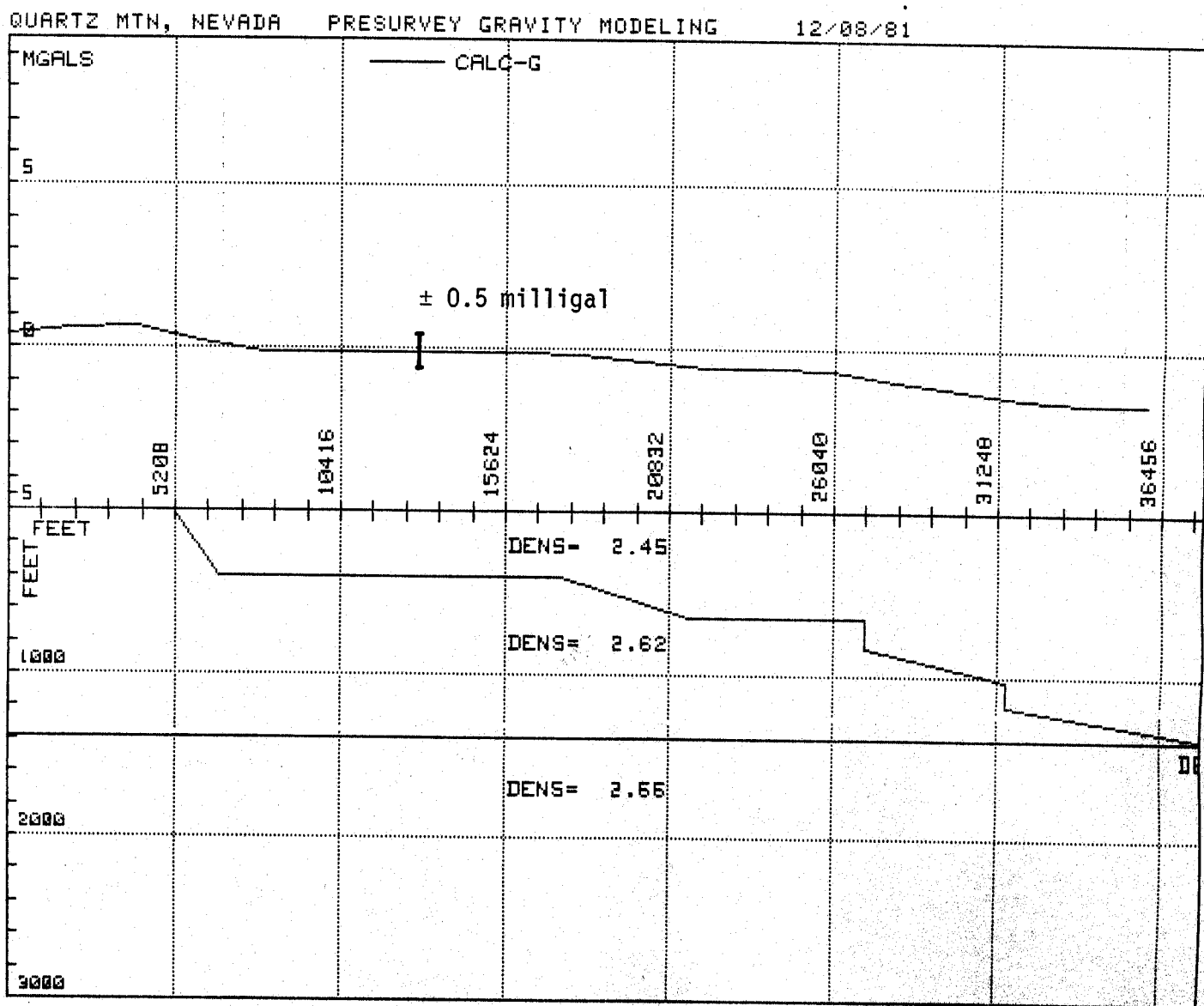
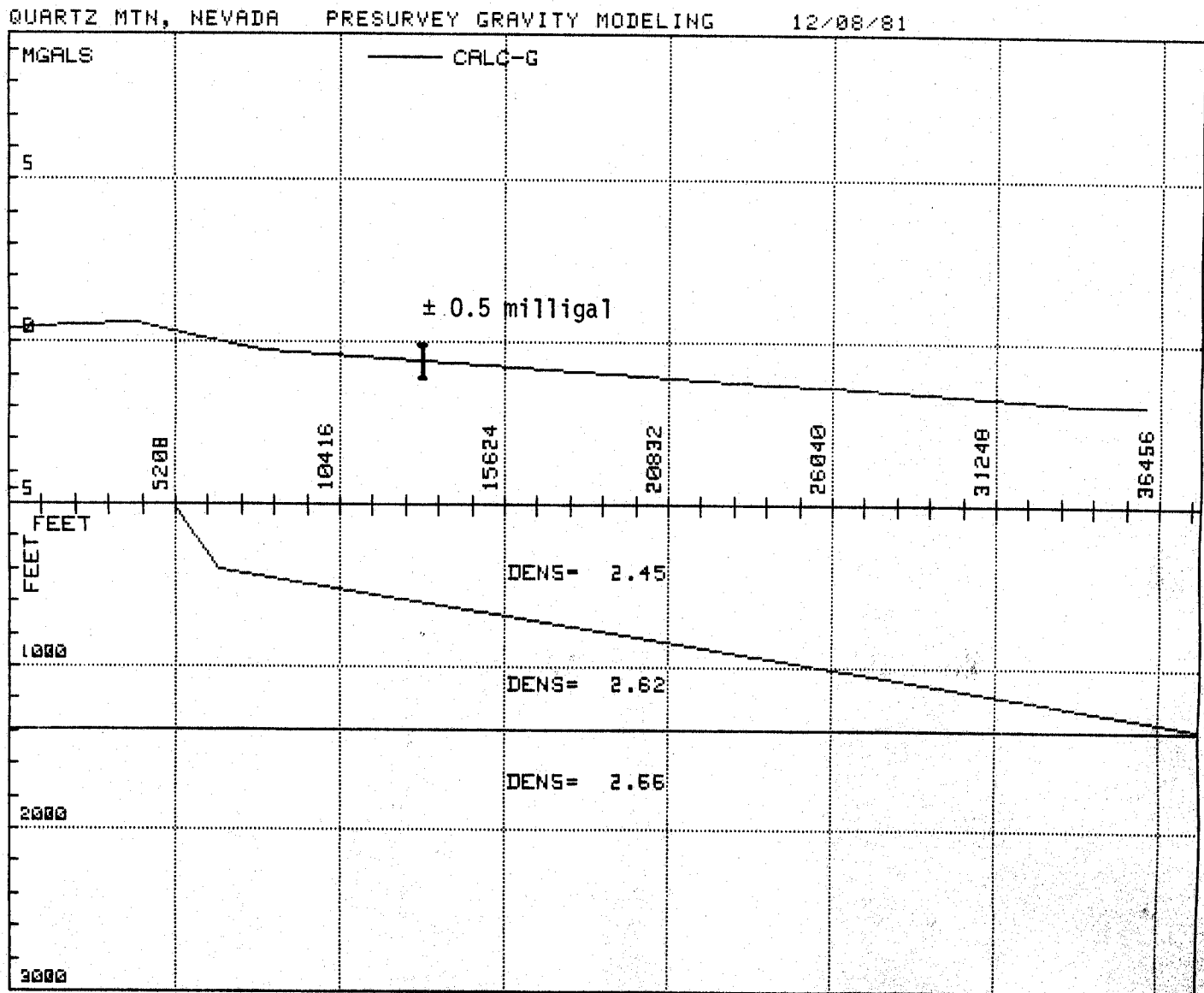


Figure 3



[illegible]

[illegible]

[illegible]

EXXON MINERALS COMPANY

BOX 120, DENVER, COLORADO 80201

U.S. Exploration

August 21, 1981

Longyear Company
6617 N. Peterson Road
Sedalia, Co. 80135

Re: Quartz Mountain, #6129
Nye County, Nevada



Gentlemen:

Enclosed are two copies of the Drilling Contract to cover the drilling operations for the above-captioned project. If you concur with the terms of this Agreement, please sign and return both copies to us. We cannot allow you to start the project until we receive the signed copies from you. We will return an executed copy for your files.

Part A, Section I.4. provides that you will keep information and materials resulting from this project confidential. We want to be certain that this provision is strictly followed. Please so inform your supervisors and foremen and arrange to have all workers associated with the project advised that we want strict compliance.

This project will be under the direction of Tom Irwin of our Reno office, 50 Freeport, #23, Sparks, Nevada 89431; telephone (702) 358-7020. If you have any technical questions pertaining to the drilling of this project, please contact E.J. Huskinson at this office, telephone (303) 789-7635.

Please send all invoices for work performed on this project to the Reno office.

Very truly yours,

A.R. McAdams
Drilling Operations Superintendent

EJH:nb
cc: G. Westra
T.D. Irwin

Attachments

Project Name Quartz Mountain

Project Number 6129

This Drilling Contract, made this 21st day of August, 1981,
between Exxon Minerals Company, a division of Exxon Corporation, herein called
EXXON MINERALS, and Longyear Company

herein called CONTRACTOR, a Minnesota Corporation.

W I T N E S S E T H that,

in consideration of the mutual agreements herein stated, it is agreed between the
parties as follows:

PART A - GENERAL PROVISIONS

I. CONTRACTOR'S STATUS AND GENERAL OBLIGATIONS OF THE PARTIES

1. CONTRACTOR shall perform the work specified in Part B of this Contract in accordance with the particulars set forth in said Part B, diligently and in a proper, careful, safe and workmanlike manner in compliance with all laws and lawful regulations applicable and EXXON MINERALS shall pay CONTRACTOR for said performance the amounts specified in Part C of this Contract. CONTRACTOR agrees to notify EXXON MINERALS promptly upon discovery of any instance where the CONTRACTOR fails to comply with all laws and lawful regulations applicable to any activities carried out in the name of or on behalf of EXXON MINERALS under the provisions of this Contract and/or any amendments to it. This Contract is made for a term beginning on the date stated above and ending upon completion of the services herein provided for, unless sooner terminated under the express provisions of this Contract.

2. CONTRACTOR shall be an independent contractor with respect to performance of all work hereunder and neither CONTRACTOR nor anyone employed by CONTRACTOR shall be deemed for any purpose to be the employee, agent, servant, or representative of EXXON MINERALS in the performance of any work or service or any part thereof in any manner dealt with hereunder. The actual performance and superintendence of all work hereunder shall be by CONTRACTOR, but EXXON MINERALS or its representatives shall have unlimited access to the premises to determine whether work is being performed by CONTRACTOR in accordance with all of the provisions of this Contract and to observe the results thereof. CONTRACTOR shall not subcontract any part of the Project hereunder without the prior written consent of EXXON MINERALS. CONTRACTOR shall not assign its rights hereunder without prior written consent of EXXON MINERALS. All the terms, covenants and conditions of this Contract shall be binding upon the successors and assigns of the parties hereto.

3. CONTRACTOR shall comply with all laws, regulations, codes, ordinances and judicial and other orders of federal, state and local government authorities having jurisdiction over CONTRACTOR or any of the contract work, or activities carried out in the name of or on behalf of EXXON MINERALS, and shall obtain, at its own expense, all permits, licenses and equipment required of it by such authorities to enable CONTRACTOR to engage in the contract work. CONTRACTOR shall not be required to obtain permits which reasonably are required to be obtained by EXXON MINERALS in order to permit the contract work to be performed. CONTRACTOR agrees that all financial statements, billings and reports rendered to EXXON MINERALS will accurately report all activities and transactions handled for EXXON MINERALS' account and may be relied upon as being complete and accurate in further recordings and reports made by EXXON MINERALS for any purpose. CONTRACTOR agrees to notify EXXON MINERALS promptly upon discovery of any instance where CONTRACTOR has not complied with the foregoing provisions.

Without limiting the generality of the foregoing, CONTRACTOR shall not engage in any conduct or practice which violates any applicable law, order or regulation prohibiting discrimination against any person by reason of race, color, religion, national origin, sex or age.

If this is a contract subject to the rules and regulations approved by the Secretary of Labor under Executive Order 11246, as amended to date, the provisions of that Executive Order and the implementing rules and regulations of the Secretary of Labor are by reference hereby incorporated in and made a part of this Contract.

If this is a contract subject to the Affirmative Action Regulations with respect to Employment of the Handicapped, or with respect to Disabled or Vietnam Era Veterans, regulations contained in the United States Code of Federal Regulations (41 CFR 60-741) are by reference hereby incorporated in and made a part of this Contract.

4. CONTRACTOR recognizes and confirms that all cores, samples, data and information whatsoever obtained or developed during or in connection with the work under this Contract shall be confidential and owned by EXXON MINERALS as its own proprietary information and property. CONTRACTOR shall use its best efforts at all times to prevent information concerning the Project, including drill sites, results of drilling and exploration, and drill cores, sludge and other samples, from being disclosed to anyone excepting only EXXON MINERALS' designated field representative or other party selected by EXXON MINERALS, in writing, to receive such information. CONTRACTOR shall not allow unauthorized persons to examine samples and drill cores and shall keep drill cores in closed containers at all times and in locked containers when neither CONTRACTOR'S nor EXXON MINERALS' representatives are at the place where the cores are kept. CONTRACTOR shall advise each of its employees of the confidential nature of the services being performed under this agreement. In the event CONTRACTOR or any officer, agent, or employee of CONTRACTOR, individually or with or through others, obtains a land or mineral interest and the same results from or is in any way connected with information obtained or developed during the work performed under this Contract, either during the term of this Contract or within a period of twelve (12) months after this Contract is terminated, then the same, should EXXON MINERALS so elect within a period of twenty-one (21) years after the acquisition thereof, shall be held in trust for the sole benefit of EXXON MINERALS. The foregoing provisions relative to a trust relationship is an addition to, and not a limitation of, any right or remedy otherwise available to EXXON MINERALS.

5. In addition to and without limiting CONTRACTOR'S obligation to comply with applicable law and the provisions of this Contract, it is specifically agreed that CONTRACTOR shall routinely and at all times conduct its operations in a manner commensurate with good environmental conservation practices, and shall perform such incidental operations as are necessary to properly protect and maintain, within feasible limits, the original condition of the Project Area. If EXXON MINERALS advises CONTRACTOR that the terms of any prospecting permits, leases, options, mining claims, agreements or documents governing EXXON MINERALS' right to enter upon, explore, or drill lands within the Project Area contain restrictions, limitations or special obligations concerning the use of such lands, CONTRACTOR or any subcontractor will comply with them and if CONTRACTOR is requested to cease drilling operations because of noncompliance, CONTRACTOR agrees to cease such operations and further agrees that any time lost thereby will be at the sole cost and expense of the CONTRACTOR. CONTRACTOR also agrees to contain all waste oil, drilling mud, cuttings and rubbish that may accrue from its operations and prevent same from escaping. Upon completion of the Project or upon termination of this Contract for any reason, drilling mud contained in nonearthen tanks, CONTRACTOR'S equipment, materials, and rubbish shall be removed from the Project Area in compliance with good conservation practices. CONTRACTOR agrees that, to insure CONTRACTOR'S compliance with this provision, EXXON MINERALS shall have the right to retain an amount not to exceed ten percent (10%) of the charges invoiced to EXXON MINERALS under this Contract. After thirty (30) days from the time of mailing to CONTRACTOR written notice of noncompliance with this provision, these monies may be used for noncompliance of this provision such as but not limited to the removal of CONTRACTOR'S equipment, materials and rubbish and the cleanup of any spills caused by CONTRACTOR and restoration of the Project Area to the extent of CONTRACTOR'S responsibility as set forth in this paragraph. Retained monies will be released when CONTRACTOR complies with the terms of this paragraph 5.

6. CONTRACTOR acknowledges and declares that it is familiar with the Project Area and the climate, terrain and working conditions therein, and that it has knowledge and expertise with respect to the work performed, equipment and materials to be used and methods of operation to be conducted hereunder. All pertinent factors have been considered prior to the agreement to the payments provided for in Part C. Any equipment or material furnished by EXXON MINERALS to CONTRACTOR is furnished "as is" with defects, if any, and the CONTRACTOR shall have the duty to inspect for defects. CONTRACTOR further recognizes and has considered the possibility of catastrophe such as blowout, cratering, fire, flood, storm, or avalanche and CONTRACTOR agrees that it will, at its own sole expense, furnish and have available all necessary, proper and legally required safety equipment and supplies for its operation and to protect its employees, such as, but not limited to fire fighting equipment, gas detection equipment, first aid equipment, and flow diverting equipment. CONTRACTOR agrees to take all precautions which are necessary, reasonable, proper, and legally required to protect its personnel and equipment and also other persons and the property of others from hazards. CONTRACTOR shall observe the following particular fire prevention rules: Vehicles with catalytic converters shall be driven only on roads and parked only in areas where ignitable materials have been removed. Welding or other activities which could ignite timber or brush shall be conducted only with special procedures established to prevent fires.

II. INDEMNITIES

1. EXXON MINERALS shall indemnify CONTRACTOR and save CONTRACTOR harmless from and against any liability or responsibility for bodily injuries, death or damage to property caused solely by the negligence of EXXON MINERALS, its officers or employees.

2. CONTRACTOR agrees to protect, indemnify and hold harmless, EXXON MINERALS, its agents, servants and employees from and against all claims, demands and causes of action of every kind and character arising in favor of CONTRACTOR, CONTRACTOR'S employees or third parties (third parties being defined for purposes of this provision as any party other than an employee of EXXON MINERALS or employee of CONTRACTOR) for:

(i) Labor, materials, services, equipment and supplies furnished by CONTRACTOR or EXXON MINERALS hereunder; and

(ii) Taxes, licenses and fees levied or assessed on CONTRACTOR in connection with or incident to the performance of this Contract, including unemployment compensation insurance, social security or other levies or taxes upon wages paid by CONTRACTOR; and

(iii) Bodily injuries, death or damage to property occurring in or in any way resulting from the performance of the work under this Contract except only those injuries, deaths or damages caused solely by the negligence of EXXON MINERALS, its officers or employees.

3. In the event EXXON MINERALS and CONTRACTOR are unable to agree as to whether the sole cause for the occurrence is the negligence of EXXON MINERALS, its officers or employees, or should applicable law require that EXXON MINERALS and CONTRACTOR share the liability and responsibility for an accident or occurrence despite the provisions of subparagraph 2 (ii) above, then the matter may be referred by either party to the American Arbitration Association for resolution in accordance with its rules for commercial arbitration. If EXXON MINERALS should determine that prompt payment for a third party liability is desirable, it may make such payment subject to refund after arbitration.

4. CONTRACTOR shall defend all suits brought upon any claim, demand or cause of action as to which its indemnity applies and shall pay all costs and expenses incidental thereto but EXXON MINERALS shall have the right at its option to participate at its own cost and expense in the defense of any such suit without relieving CONTRACTOR of any of its obligations.

III. RESPONSIBILITY FOR CONTRACTOR'S EQUIPMENT

CONTRACTOR shall assume sole responsibility and liability at all times for any and all damage to or loss or destruction of CONTRACTOR'S surface equipment, including the platform and all drilling tools, machinery and appliances located above the surface, regardless of how such damage, destruction or loss occurs, and EXXON MINERALS shall be under no liability whatever to reimburse CONTRACTOR for such damage, destruction or loss.

IV. INSURANCE

1. CONTRACTOR now carries and shall maintain in force for the duration for this Contract the following insurances and agrees that no insurance will be cancelled or materially changed while this Contract is in effect without thirty (30) days written notice to EXXON MINERALS. Nothing contained herein shall serve in any way to limit or waive CONTRACTOR'S responsibility.

(i) Workmen's Compensation - CONTRACTOR, for all its employees engaged in the performance of any work or service dealt with hereunder, now carries and shall maintain Workmen's Compensation insurance in full compliance with applicable law. Should any part of the work or services hereunder be sub-contracted, CONTRACTOR shall require each subcontractor to provide Workmen's Compensation insurance for the subcontractor's employees unless said employees are covered under CONTRACTOR'S insurance.

(ii) Comprehensive General Liability - CONTRACTOR now carries and shall maintain Comprehensive General Liability insurance in minimum limits for bodily injury liability of not less than 100,000.00 U.S. Dollars per person and 300,000.00 U.S. Dollars per occurrence, and minimum property damage liability limit of not less than 100,000.00 U.S. Dollars per occurrence.

(iii) Comprehensive Automobile Liability - CONTRACTOR now carries and shall maintain Comprehensive Automobile Liability insurance covering owned, non-owned, and hired automotive equipment and providing minimum limits for bodily injury liability of not less than 100,000.00 U.S. Dollars per person and 300,000.00 U.S. Dollars per occurrence and property damage liability limit of not less than 50,000.00 U.S. Dollars per occurrence.

2. CONTRACTOR agrees to furnish EXXON MINERALS with satisfactory evidence that insurance is being properly carried, including the types, amounts of coverage in effect and the expiration date of each policy. If requested by EXXON MINERALS, CONTRACTOR shall furnish EXXON MINERALS with certified copies of all policies. If any of CONTRACTOR'S insurance policies require CONTRACTOR to list the companies to which it provides service, CONTRACTOR will furnish written notice that EXXON MINERALS is listed.

3. No part of the cost of CONTRACTOR'S insurance shall ever be a reimbursable item under this Contract as those costs are reflected in the rates specified in Part C hereof.

V. FOREIGN STATUS DECLARATION

If CONTRACTOR is not a citizen or resident of the United States, or a corporation or partnership which was created or organized in the United States, or any state or territory of the United States, CONTRACTOR agrees to notify EXXON MINERALS of its citizenship and resident status when this Contract is executed by CONTRACTOR, or if CONTRACTOR'S resident status changes during the term of this Contract, within five (5) days after the change in resident status. CONTRACTOR will provide EXXON MINERALS with the information necessary to determine CONTRACTOR'S United States federal income tax exemption status. Based on the information provided, EXXON MINERALS will advise CONTRACTOR of its exemption status and the amount of tax, if any, that EXXON MINERALS is required to withhold from payments to CONTRACTOR per the Internal Revenue Code. If CONTRACTOR fails to notify EXXON MINERALS of its non-resident alien individual, partnership or foreign corporation status, EXXON MINERALS reserves the right to withhold all payments to the CONTRACTOR until the CONTRACTOR'S tax status is determined and appropriate withholding tax payments are made to the United States Treasury Department, and the CONTRACTOR agrees to reimburse EXXON MINERALS for any withholding tax EXXON MINERALS is obligated to pay the United States Treasury Department on behalf of the CONTRACTOR.

VI. TERMINATION

EXXON MINERALS shall have the right to terminate this Contract at any time, for any reason, by verbal or written notice given to CONTRACTOR, or to CONTRACTOR'S personnel, by EXXON MINERALS or by EXXON MINERALS' authorized personnel.

CONTRACTOR shall have the right to terminate this Contract at any time by giving EXXON MINERALS ten (10) days written or verbal notice, at its address set forth on the last page of this Contract or to EXXON MINERALS' field representative, and either completing the hole in progress or assuming the cost of such hole.

When this Contract is terminated for any reason, EXXON MINERALS shall pay CONTRACTOR as provided in this Contract only for those test holes completed to the depth and in a manner specified by EXXON MINERALS and for that part of the Project completed prior to the time of the termination.

This Contract shall remain in force until all of CONTRACTOR'S equipment, materials and rubbish is removed from the Project Area, according to the provisions herein contained.

VII. CONFLICT OF INTEREST

CONTRACTOR shall exercise reasonable care and diligence to prevent any actions or conditions which could result in a conflict with EXXON MINERALS' best interests. This obligation shall apply to the activities of the employees and agents of CONTRACTOR in their relations with EXXON MINERALS' employees and their families and with third parties arising from the performance of this Contract and accomplishing services hereunder. Both parties' efforts shall include, but not be limited to, establishing precautions to prevent its employees or agents from making, receiving, providing or offering substantial gifts, extravagant entertainment, payments, loans or other considerations for the purpose of influencing individuals to act contrary to EXXON MINERALS' best interests.

VIII. ENFORCEMENT

EXXON MINERALS and CONTRACTOR may at any time or from time to time during the term of this Contract elect not to enforce or require strict observance of the terms, conditions or provisions of this Contract; however, this shall not constitute a waiver of, nor limit or impair such terms, conditions or provisions; nor shall it affect EXXON MINERALS' or CONTRACTOR'S right to enforce such terms, conditions or provisions.

Project Name Quartz Mountain

Project Number 6129

CONTRACTOR Longyear Company

PART B - PROJECT SPECIFICATIONS

I. LOCATION RESPONSIBILITY

Preparation of access roads and drill sites by EXXON MINERALS

Maintenance of access roads and drill sites by EXXON MINERALS

Preparation of mud reserve pits by EXXON MINERALS

II. DRILLING

Drill 1 or 2 holes of varying depths, as directed by EXXON MINERALS, not to exceed 1500 feet maximum, commencing on or about August 24, 1981, in the Project Area described as:

Quartz Mountain, about 18 miles north of Baggs, in Section 29 and 30,

Township 14 North, Range 36 East, Nye County, Nevada

Diameter of Holes, Cores and Casing through objective interval:

<u>Depth</u>	<u>Hole Size</u>	<u>Core Size</u>	<u>Csq. Size</u>
0 - ± 50'	8-5/8"	---	6-5/8"
50 - ± 1500'	6"	---	---

Depths are an estimate; hole size, core size and casing size must be adhered to unless authorized by EXXON MINERALS.

Hole angle or straight hole requirements: Consistent with good
drilling practice.

Work Schedule:

- Shifts per day 2 or 3
- Work days per week 10 days on; 4 off
- Hours per shift 8 or 12

with a minimum 3 man crew per shift, per drill.

Materials, equipment, and services to be provided by CONTRACTOR: All labor, equipment, tools, material, supplies, and services necessary and proper to the drilling and other contract services specified, with the following being particularly itemized:

1500 or equivalent rotary rig with air hammer capability

Water truck - 1500-gallon minimum, 3000-gallon preferred

Ancillary support equipment

Materials, equipment and services to be provided by EXXON MINERALS: Core boxes and sample sacks and other items specified below:

III. OPERATIONAL PROVISIONS:

1. EXXON MINERALS will designate and stake the location of all drill sites. CONTRACTOR shall make all necessary inspections and declares at the time it moves on the drill site that the access roads and drill site, whether staked in natural surroundings or prepared by EXXON MINERALS, are adequate and safe for its operations.

2. CONTRACTOR shall take drill cutting samples, sludge samples and/or core to the extent directed by EXXON MINERALS. CONTRACTOR shall make all reasonable effort to obtain maximum core recovery and samples representative of the intervals drilled. No payment will be made for lost core, unsatisfactory core recovery or unapproved core size reductions. On continuous core holes, if core should be lost in any interval that EXXON MINERALS' representative deems to be critical, CONTRACTOR agrees that it will plug back and make one additional attempt by wedging or by redrilling hole to achieve recovery of the critical core at one-half the hourly rate specified in Part C, Section I.4.a. of this Contract. CONTRACTOR shall box, accurately mark and preserve cores and samples as directed by EXXON MINERALS.

3. CONTRACTOR shall make every reasonable effort to maintain the specified hole and core size through the objective interval of the hole.

4. CONTRACTOR shall install casing and cement the same if required by hole or drilling conditions and authorized by EXXON MINERALS, and recover casing that is reasonably possible to recover. CONTRACTOR shall set plugs in drill holes upon abandonment as requested by EXXON MINERALS, and as required by drilling conditions to stabilize hole or to combat lost circulation.

5. If an artesian flow or other abnormal-pressured flow is encountered in any hole, CONTRACTOR will notify EXXON MINERALS, divert or control the flow to minimize damage and in the case of hydrocarbons or salt water, contain all liquids within the minimum feasible area.

6. CONTRACTOR will not permit livestock or wildlife to be exposed to grease or other deleterious substance.

7. CONTRACTOR shall keep and furnish to EXXON MINERALS such daily drilling shift records and drilling reports as EXXON MINERALS may require.

8. CONTRACTOR shall notify EXXON MINERALS promptly and if possible in advance of any change of personnel or change of work schedule.

9. CONTRACTOR will notify EXXON MINERALS promptly by phone when operations revert to time rates under the terms of this Contract and when conditions occur that could cause loss of hole, that are hazardous to personnel, CONTRACTOR'S equipment and/or the surrounding area or environment.

10. CONTRACTOR agrees that storage of any type of hydrocarbon will be in single, 660 U.S. gallons or less containers and that no more than 1320 U.S. gallons will be stored on the Project Area unless prior permission is obtained from EXXON MINERALS. The storage containers will be placed in an area where no part of any spill would reach the natural drainage, a stream, river, lake, reservoir, spring, pond, hole or well in the area where contamination of surface or underground water is possible.

11. CONTRACTOR agrees not to put any type of oil or toxic substance in the drilling mud for any reason including waste oil without prior permission from EXXON MINERALS. CONTRACTOR further agrees that if prior permission is not obtained, CONTRACTOR will remove the oil and/or toxic substance from the mud at his own expense, including hauling off and disposing of the contaminated mud and replacing with mud approved by EXXON MINERALS.

12. Pursuant to Part A, Section I.5 of this Contract, CONTRACTOR agrees to prevent any mud or drill cuttings to escape, leak, be dumped or discharged or any rubbish to be scattered on the Project Area at any time and to clean up any mud, drill cutting, or rubbish immediately when requested by EXXON MINERALS, at CONTRACTOR'S expense.

13. CONTRACTOR will abandon holes in accordance with State Regulations or as specified by EXXON MINERALS.

Project Name Quartz Mountain

Project Number 6129

CONTRACTOR Longyear Company

PART C - PAYMENT SCHEDULE

I. SCHEDULE OF RATES

1. Mobilization \$1500.00

Mobilization includes rigging up on the first hole and rigging down on the last hole. Hourly rates start when hole is collared (spudded) and stop when logging or coring is completed or, if plugging time requires more than one hour, when plugging is completed on the last hole drilled.

Demobilization \$1500.00

Demobilization is payable only if CONTRACTOR'S rig(s) is not mobilized by EXXON MINERALS or other operators at the completion of the Project.

Moving between drill sites \$100.00/hour

2. The following services and materials to be furnished by the CONTRACTOR are or are not reimbursable to the CONTRACTOR as indicated below.

Reimbursable to Contractor

	<u>Yes</u>	<u>No</u>
a. Preparation of access roads and drill sites	By <u>EXXON MINERALS</u>	
Maintenance of access roads and drill sites authorized by EXXON MINERALS	By <u>EXXON MINERALS</u>	
Preparation of mud reserve pits	By <u>EXXON MINERALS</u>	
b. Casing left in hole or recovered in poor condition less salvage value	<u>X</u>	
c. Mud, mud additives, chemicals, lost return materials and cement, except \$ <u>0.00</u> per hole to be borne by CONTRACTOR	<u>X</u>	

2. (cont.)

Reimbursable to Contractor

	<u>Yes</u>	<u>No</u>
d. Water	<u>X</u>	<u> </u>
e. Bits expended (less salvage value)		
Drilling or Reaming	<u> </u>	<u>X</u>
Coring	<u> </u>	<u>X</u>
f. Rental of in-hole surveying instruments if requested by EXXON MINERALS	<u>X</u>	<u> </u>

All other services, third party services and materials furnished by CONTRACTOR not mentioned above are not reimbursable unless specifically authorized by EXXON MINERALS

3. Unit or Time Rates as Specified:

a. Drilling and Sampling (Overburden or to total depth as applicable.)

Depth Interval (feet)	Rate per <u>foot</u>
0 - 500'-----	\$8.00
501 - 1000'-----	\$10.50
1001 - 1500'-----	\$12.50

b. Coring NOT APPLICABLE

Core Size *

Depth Interval (feet) Rate per

CONTRACTOR should be prepared to take spot cores at EXXON MINERALS' request.

Core size asterisked above is the preferred size through the objective interval.

4. Time Rates (for services other than drilling, sampling and coring applicable only if specifically authorized by EXXON MINERALS.)

- a. Rig Operating with crew---\$ 140.00 per hour, except -0- hours per occurrence combating lost circulation at zero rate.
- b. Standby with crew---\$ 100.00 per hour, except -0- hours per hole at zero rate for logging and geological consultation.
- c. Standby without crew---\$ 75.00 per hour.

5. Other Rates (applicable only if specifically authorized by EXXON MINERALS):

- a. Taking spot cores shall be charged at the rate of \$140.00 per hour, including bits.
- b. Water truck shall be charged at \$1000.00 per month plus \$1.00 per mile.

II. PROVISIONS APPLICABLE TO ALL RATES AND PAYMENTS (Also see Part B, Section III)

1. EXXON MINERALS shall pay all applicable sales and use taxes which are lawfully imposed by reason of CONTRACTOR'S services hereunder. EXXON MINERALS' tax payment obligation shall not include motor fuels taxes or any tax or license fee or charge levied or assessed on CONTRACTOR or upon or measured by CONTRACTOR'S income.

2. There is no guarantee that this Contract will be profitable to CONTRACTOR. Additional compensation will not be paid by reason of unexpected costs or unusual occurrence or catastrophe. Payment at the rates and according to the terms and provisions in this Part C shall be full and complete payment for all services performed and all materials and equipment furnished by CONTRACTOR except only if this Contract be amended in writing.

3. At the end or on the first and fifteenth of each calendar month in which work is performed hereunder, CONTRACTOR shall deliver to EXXON MINERALS a statement of all CONTRACTOR'S charges including all billable drill holes completed or partially completed, all other services performed, and all reimbursable costs incurred hereunder during that calendar month. Each such statement shall show the hole number, Project location, charges and costs for each individual hole drilled, insofar as possible. CONTRACTOR agrees that all financial statements, billings and reports rendered to EXXON MINERALS will reflect properly the facts with respect to charges and costs and may be relied on as complete and accurate for recording and reporting by EXXON MINERALS. CONTRACTOR agrees to notify EXXON MINERALS promptly of any discrepancy discovered.

4. Reimbursable costs for third party materials and services and tangibles furnished by CONTRACTOR, if any, shall be supported by third party invoices with CONTRACTOR'S invoice which includes such costs, and EXXON MINERALS shall be credited with all cash discounts received by CONTRACTOR. Payment shall be made only for supplies and materials accounted for on daily shift reports and no transfer, warehousing or handling charges shall be applicable unless specifically stated in the Payment Schedule.

5. No provision of this Contract for the reimbursement or direct payment by EXXON MINERALS of the cost of materials, use of equipment, or of third party services, shall ever be deemed:

- a. To be an agreement by EXXON MINERALS to procure such equipment, materials or services or to be responsible for the availability or suitability of the same.
- b. To authorize CONTRACTOR to charge all or part of the cost thereof to EXXON MINERALS or to pledge EXXON MINERALS' credit for any purpose.

6. CONTRACTOR shall preserve and protect EXXON MINERALS' properties and property interests from all liens including liens of mechanics and materialmen for labor, services or materials furnished in the performance of this Contract. Should any such lien be filed, or threatened, EXXON MINERALS may, in addition to any other remedy or right available to it, retain from any monies otherwise due CONTRACTOR, whether under this Contract or otherwise, an amount sufficient to discharge the lien and at its election, to discharge the lien by payment of said retained sum if it considers the lien to be valid. EXXON MINERALS shall also have the right, but not the duty, to pay for CONTRACTOR, and to charge against sums

otherwise due CONTRACTOR, any reimbursable unpaid indebtedness incurred by CONTRACTOR in the obtaining of the materials, supplies, equipment, and third parties' services for the performance of this Contract, whether or not a lien has been or could be filed.

7. No footage penetrated in the hole shall be charged as both drilling and coring. The footage rate covers and includes payment for the taking of required samples.

8. All time rates for drilling rig services with crew are based upon use of CONTRACTOR'S full crew. If CONTRACTOR fails to furnish the minimum number of crew members specified in Part B, Section II of this Contract, CONTRACTOR agrees to notify EXXON MINERALS immediately and, if requested by EXXON MINERALS, agrees to go on zero standby rate if operating on a time rate. EXXON MINERALS shall not be required to pay for periods of standby or delay not caused or requested by EXXON MINERALS. No charge for standby or delay, or any other charges, shall be incurred, or charged to EXXON MINERALS, after EXXON MINERALS, or EXXON MINERALS' field representative, advised CONTRACTOR that the Project has been completed or that EXXON MINERALS elects to terminate this Contract. Nor shall there be any charge to EXXON MINERALS for any unit of equipment after EXXON MINERALS advises CONTRACTOR that it is released from use.

9. The standby rate specified shall apply only to shift time delays, including time in excess of the specified hours allotted for logging, waiting on cement to set, running inclinometer or hole deviation surveys, and for time required to allow gas pressure to subside.

10. The time lost caused by CONTRACTOR, including time required to re-enter and condition hole after shutdown periods, mechanical failures or any condition other than is specifically mentioned in paragraph 9 immediately above, will be at the sole cost and expense of the CONTRACTOR and EXXON MINERALS will not reimburse CONTRACTOR for same.

11. If payment is based primarily on footage drilled under unit rates in Part C, Section I, 3.a. of this Contract, then (1) time lost due to stuck pipe, "fishing operations" and the cost of services for and materials expended during "fishing operations" shall be borne by CONTRACTOR and (2) loss of, or damage to drill holes, and loss of or damage to CONTRACTOR'S tools and equipment shall be borne by CONTRACTOR.

12. If payment is based primarily on footage drilled under unit rates in Part C, Section I, 3.a. of this Contract, payment shall be based on either (1) the total depth specified by EXXON MINERALS and determined by in-hole logging or (2) the total depth determined by drill stem measurement. No payment, except for third party services and materials that EXXON MINERALS has agreed to pay for in Part C, Section I, 2 of this Contract, shall be made if the hole does not penetrate the objective depth specified by EXXON MINERALS' representative provided that it is within the maximum depth limit specified herein.

13. If payment is based primarily on footage drilled under unit rates in Part C, Section I, 3.a. of this Contract, CONTRACTOR guarantees the completed open hole to be and remain in a condition to allow in-hole logging to total depth for a period of two (2) hours after the hole is ready and accessible to open hole logging. If CONTRACTOR elects to move off the location prior to logging and it is

not possible to obtain an open hole log through the objective interval, CONTRACTOR will take whatever actions are necessary to allow open hole logging through the objective interval at its own expense or, in the case of non-core holes and at CONTRACTOR'S election, abandon the hole without any compensation for drilling the hole, except for third party services and materials that EXXON MINERALS has agreed to pay for in Part C, Section I, 2 of this Contract.

14. If payment is based primarily on footage under unit rates specified in Part C, Section I, 3.a. of this Contract, CONTRACTOR agrees to make one attempt to fill the hole to 100 feet above the objective interval with a liquid specified by EXXON MINERALS prior to logging at CONTRACTOR'S expense.

15. If payment is based primarily on a time rate under unit rates specified in Part C, Section I, 3.a of this Contract, EXXON MINERALS shall assume the loss of drill pipe, drill tools and lost hole and EXXON MINERALS will reimburse CONTRACTOR for "fishing operations" authorized by EXXON MINERALS provided that CONTRACTOR can establish that CONTRACTOR has not negligently contributed to such loss and loss was not due to failure of any of CONTRACTOR'S drilling equipment, including but not limited to drill pipe, hoisting equipment, pumps and engines. Payment for lost drill pipe and drill tools will be based on actual cost less two (2) percent of actual cost per month for each from the date of acquisition less any insurance collected by CONTRACTOR on such equipment or will be based on the value of the equipment as listed in Part C, Section I, 5 of this Contract. Payment for lost drill pipe, drill tools and lost hole addressed in this paragraph is not applicable if payment is based primarily on footage drilled under unit rates in Part C, Section I, 3.a. of this Contract even if CONTRACTOR is being paid under Section I, 4., Time Rates, at time of drill pipe, drill tool or hole loss.

16. The mobilization fee will be payable when the CONTRACTOR initiates drilling on the first hole or when EXXON MINERALS authorizes movement for drilling equipment to the drill area. If this Contract is terminated according to the provisions in Part A, Section VI of this Contract prior to EXXON MINERALS authorizing movement of drilling equipment, the mobilization fee is not payable. The demobilization fee will be payable if equipment has been mobilized to the Project Area as authorized by EXXON MINERALS and when this Contract is terminated by EXXON MINERALS or by CONTRACTOR according to the provisions in Part A, Section VI of this Contract provided CONTRACTOR is not mobilized by EXXON MINERALS or by another operator.

17. EXXON MINERALS' duly authorized representatives shall have access, at all reasonable times, to all CONTRACTOR'S and subcontractor's personnel, job descriptions, employment and qualification records, books, records, correspondence, instructions, plans, drawings, receipts, vouchers, data stored in computers and memoranda of every description pertaining to work under this Contract for the purpose of auditing and verifying costs of work or for any other reasonable purpose. EXXON MINERALS' representatives shall have the right to reproduce any of the aforesaid documents. CONTRACTOR shall preserve, and shall cause its subcontractors to preserve, all the aforesaid documents for a period of two years after completion and acceptance or termination of this Contract work.

EXXON MINERALS' representatives shall also have sufficient audit access to CONTRACTOR'S costs in the fixed rate areas to satisfy themselves that all services that are supposed to be included in CONTRACTOR'S fixed rates pursuant to this Contract are so included.

IN WITNESS WHEREOF, this Contract is executed as of the day and year stated on page 1 hereof.

EXXON MINERALS: EXXON MINERALS COMPANY,
a Division of Exxon Corporation

Address: PO Box 120
Denver, Colorado 80201
Attn: Drilling

By

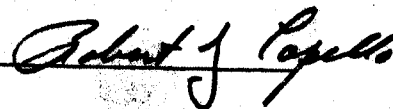


CONTRACTOR: Longyear Company

6617 N. Peterson Road

Sedalia, Colo. 80135

By



EXXON MINERALS COMPANY

BOX 120, DENVER, COLORADO 80201

U.S. Exploration

July 28, 1981

Re: Notice of Intent
Quartz Mountain Project
Nye County, Nevada
Project No. M-6129



Mr. Tom Owen, District Manager
Bureau of Land Management
Carson City District
1050 East Williams
Suite 335
Carson City, Nevada 89701

Dear Mr. Owen:

Please accept this letter as Exxon Minerals Company's notice of intent to conduct minerals exploration activities on unpatented mining claims in your area of responsibility. The claims are owned by Mr. Peter H. Hahn, et al, 3706 4th Street, Sparks, Nevada 89431. They are leased by the Exxon Corporation. The Exxon Minerals Company, P.O. Box 120, Denver, Colorado 80201 is the operator which will be conducting exploration activities. The "MAC" claims were located in February of 1972. The "ROB" claims were located in November of 1974 and March and May of 1976.

There will be less than five acres of surface disturbance associated with this year's activities. The claims in which work will be done are described as follows:

Claim Name and Number

MAC #1-5
MAC #6-9
MAC #10-11
MAC #14-30
MAC EXT.
ROB #2-5
ROB #10-16
ROB #19-20
ROB #21-24
ROB #41
ROB #43-45
ROB #46

BLM Serial Number

NMC 99081-99085
NMC 99086-99089
NMC 99090-99091
NMC 99092-99108
NMC 99109
NMC 99110-99113
NMC 99118-99124
NMC 99127-99128
NMC 99129-99132
NMC 99142
NMC 99150-99152
NMC 99153

The above listed claims are located in Sections 29, 30 and 31, T14N, R36E, MDM. The actual work will be done in the NE 1/4 of Section 30, T14N, R36E, MDM.

Page 2
Mr. Tom Owen
July 28, 1981

Exxon's plan for this year is to drill one exploration hole in the NE/4 of Section 30. Site preparation includes leveling a 1/10th of one acre pad, excavating two mud pits and drilling one exploration hole using a truck mounted portable rig.

Access to the drill site is provided for by public roads, trails over public lands and less than one half mile of new road to be constructed. In building the temporary drill road Exxon will do only the earthwork necessary to provide for the safe passage of men and equipment.

Operations will begin about mid August, 1981. Upon completion of use of disturbed areas, reclamation work will be done in accordance with Section 3809.1-3(d) of the Rules and Regulations published on November 26, 1980. Exxon will avoid undue and unnecessary degradation in doing its work.

My office number is (303)789-7603. If you have any questions for me, please call. It is respectfully requested that the information contained herein be kept confidential.

Sincerely,



Mahlon L. Gerrow

cc: G. Westra

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: Gabbs - R
Location: NEVADA

Date: 8-25-81 Drill TWT #1 / WASH TRUCK
MONTH DAY TYPE DRILL NO. TRUCK NO.
Foreman's Signature: Harold H. Bouquet

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Recovered	Size	Footage
					From	To	From	To				
Day A												
Aft B												
Nite C												

Hourly Distribution		Day	Aft.	Nite
Core Drilling				
Handling Rod (change bit)				
Overburden - rock bit				
Collaring Hole - Dia. bit				
Rotary Drilling				
Handling Rod (bit)				
Rock Bit - Overburden				
Reaming (to)				
Casing — Placing				
— Pulling				
ys - Client Acct.				
STANDING BY		4		
Cementing - Handling Rods				
- Prep Hole & Grout				
- Setting				
- Drilling				
Moving - Hole to Hole				
Rigging Up - Rigging Down				
Mix Mud				
Condition Hole, Lost Circulation				
Surveying, Inclination Test				
Mobilization/Demobilization		6		
Other (Explain)				
Total Hours		10		
Driller's Initials				

Supplies Consumed					
Description	Size	Product Name	Day	Aft.	Nite
			Number of Units		
Portland					
Lumnite					
Calseal					
Mud	50#				
Mud	100#				
Other (Describe)					

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: Gabbs - R Date: 8-26-81 Drill TKT#1 / WASH TRUCK
 Location: NEVADA Foreman's Signature: Frederic H. Bousquet

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Recovered	Size	Footage
					From	To	From	To				
Day A												
Aft B												
Nite C												

Hourly Distribution				Supplies Consumed			
Day	Aft.	Nite		Description	Size	Product Name	Number of Units
				Core Drilling			
				Handling Rod (change bit)			
				Overburden - rock bit			
				Collaring Hole - Dia. bit			
				Rotary Drilling			
				Handling Rod (bit)			
				Rock Bit - Overburden			
				Reaming (to)			
				Casing - Placing			
				- Pulling			
				ys - Client Acct.			
				Cementing - Handling Rods			
				- Prep Hole & Grout			
				- Setting			
				- Drilling			
				Moving - Hole to Hole			
				Rigging Up - Rigging Down			
				Mix Mud			
				Condition Hole, Lost Circulation			
				Surveying, Inclination Test			
				Mobilization/Demobilization			
				Other (Explain)			
				stand by			
				Flat bed truck			
				8 hrs stand by			
				Total Hours			
				Driller's Initials			

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	FH Bousquet	12	K. VAN AUSSDAL	12	M. VAN AUSSDAL	12
B	S. Wilson	12	M. Stapley	12	D. Root	12
C						

Remarks: SHRUTE CAME AND TOOK US OUT TO DRILL SITE BUT THEN PEOPLE WOULDN'T LET US DRILL - EXXON SAID #1 STARTING TO SET THE RIG UP WHEN THEY SHUT US DOWN. BOTH SHIFTS STANDING BY.

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

CLIENT

Minneapolis, Minnesota 55414

WATER
TRUCK

[illegible]

Hourly Distribution	Day	Aft.	Nite
Core Drilling			
Handling Rod (change bit)			
Overburden - rock bit			
Collaring Hole - Dia. bit			
Rotary Drilling			
Handling Rod (bit)			
Mud, Delay	4	4	
Rock Bit - Overburden			
Reaming (to)			
Casing - Placing			
- Pulling			
Delays - Client Acct.			
END BY	3		
Cementing - Handling Rods			
- Prep Hole & Grout			
- Setting			
- Drilling			
Moving - Hole to Hole			
Rigging Up - Rigging Down			
Mix Mud			
Condition Hole, Lost Circulation			
Surveying, Inclination Test			
Mobilization/Demobilization			
Other (Explain)			
Total Hours	7	4	
Driller's Initials	F.H.B.	S.W.	

Supplies Consumed

Description	Size	Product Name	Day	Aft.	Nite
Portland			Number of Units		
Lumnite					
Calseal					
Mud	50#				
Mud	100#				
Other (Describe)					

OTHER

Water hauling 70 miles 2 loads

Core boxes: size/ no.

Length of waterline:

Lost tools: Description

Lost bits: Size Serial no.

Depth: ft. Hole #

Casing lost or left in hole: Size ft.

for Client Hole #

Longco Hole #

Bit changes: Size Serial # Depth

(Include first bit in hole)

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	F. H. BOUSQUET	2	K. VAN AUSSDAL	2	M. VAN AUSSDAL	2
B	S. WILSON	4	M. STAPLEY	4	D. ROOT	4
C						

Remarks: Pump went out on the tower hoist cant raise tower
Pennoon shift taking pump off. getting pumps dug -
waiting get equipment around rig - hauled another
load water.

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

CLIENT

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: Gabbbs - R Date: 8-28-81 Drill TWT#1 / 1
 Location: NEVADA MONTH DAY TYPE DRILL NO. TRUCK NO.
 Foreman's Signature: A. H. Bousquet

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Re-covered	Size	Footage
Day A	<u>EQM 1</u>	<u>✓</u>			<u>0</u>	<u>0</u>						
Aft B	<u>EQM 1</u>	<u>✓</u>		<u>8 3/4</u>	<u>0</u>	<u>20'</u>						
Nite C												

Hourly Distribution				Supplies Consumed			
Day	Aft.	Nite		Description	Size	Product Name	Number of Units
Core Drilling				Portland			
Handling Rod (change bit)				Lumnite			
Overburden - rock bit				Calseal			
Collaring Hole - Dia. bit				Mud	50#		
Rotary Drilling		<u>4</u>		Mud	100#		
Handling Rod (bit)				Other (Describe)			
<u>Mech - delay</u>	<u>8</u>	<u>4</u>					
Rock Bit - Overburden							
Reaming (to)							
Casing - Placing							
- Pulling							
Days - Client Acct.							
Cementing - Handling Rods							
- Prep Hole & Grout							
- Setting							
- Drilling							
Moving - Hole to Hole							
Rigging Up - Rigging Down							
Mix Mud							
Condition Hole, Lost Circulation							
Surveying, Inclination Test							
Mobilization/Demobilization							
Other (Explain)							
Total Hours	<u>8</u>	<u>0</u>					
Driller's Initials	<u>F.H.B.</u>	<u>SW</u>					

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	<u>F.H. Bousquet</u>	<u>8</u>	<u>V. VAN AUSDAI</u>	<u>4</u>	<u>M. VAN AUSDAI</u>	<u>4</u>
B	<u>S. Wilson</u>	<u>8</u>	<u>M. Stapley</u>	<u>0</u>	<u>D. Root</u>	<u>0</u>
C						

Remarks: 4 hours going to Reno & back to drill site. 4 hours setting pump back on new pump different than the one we took off. got tower up had to wait 4 hours in Reno for pump. Pump went out on swing again. Drilled 20' pretty rough going.

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

CLIENT

Minneapolis, Minnesota 55414

Contract: 04005 - R Date: 0 21 19 47 Drill 141-1 / Truck
MONTH DAY TYPE DRILL NO. TRUCK NO.
Location: NEVADA Foreman's Signature: Fred H. Bonquet

[illegible]

Hourly Distribution	Day	Aft.	Nite
Core Drilling			
Handling Rod (change bit)			
Overburden - rock bit			
Collaring Hole - Dia. bit			
Rotary Drilling	10	12	
Handling Rod (bit)	3		
Mech Delay			
Rock Bit - Overburden			
Reaming (to)			
Casing — Placing	2		
— Pulling			
ys - Client Acct.			
Cementing - Handling Rods			
- Prep Hole & Grout			
- Setting			
- Drilling			
Moving - Hole to Hole			
Rigging Up - Rigging Down			
Mix Mud			
Condition Hole, Lost Circulation			
Surveying, Inclination Test			
Mobilization/Demobilization			
Other (Explain)			
Total Hours	15	12	
Driller's Initials	FHB.	S.W.	

Supplies Consumed

Description	Size	Product Name	Day	Aft.	Nite
Portland			Number of Units		
Lumnite					
Calseal					
Mud	50#				
Mud	100#				
Other (Describe)					

OTHER

Water hauling _____ miles _____ loads

Core boxes: _____ size/ _____ no.

Length of waterline: _____

Lost tools: Description _____

Lost bits: Size _____ Serial no. _____

Depth: _____ ft. Hole # _____

Casing lost or left in hole: Size _____ ft.

for Client _____ Hole # _____

Longco _____ Hole # _____

Bit changes: Size _____ Serial # _____ Depth _____

(Include first bit in hole) 6 3/4" 04344B ON AT 53'

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	F. A. BOUSQUET	15	K. VAN AUSSDAL	15	M. VAN AUSSDAL	15
B	S. WILSON	12	M. STAPLEY	12	D. ROOT	12
C						

Remarks: went out put old pump back on. couldn't get
lot help going sat 5:30 1 1/2" casing formation pretty soft.

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

CLIENT

Minneapolis, Minnesota 55414

Contract: 12ABNS-K Date: 8-31 1982 Drill THT=6 / Truck
MONTH DAY TYPE DRILL NO. TRUCK NO.
Location: NAVADA Foreman's Signature: Steve H. Bonisquiere

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

CLIENT

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: GABB'S R Date: 8 31 1981 Drill TKT *1 / WATER TRUCK
MONTH DAY TYPE DRILL NO. TRUCK NO.

Location: NEVADA Foreman's Signature: [Signature]

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Re-covered	Size	Footage
Day A	<u>EQM 1</u>	<u>V</u>			<u>425</u>	<u>425</u>						
Aft B												
Nite C												

Hourly Distribution				Supplies Consumed						
Day	Aft.	Nite		Description	Size	Product Name	Day	Aft.	Nite	Number of Units
Core Drilling				Portland						
Handling Rod (change bit)				Lumnite						
Overburden - rock bit				Calseal						
Collaring Hole - Dia. bit				Mud	50#					
Rotary Drilling				Mud	100#					
Handling Rod (bit)				Other (Describe)						
Rock Bit - Overburden										
Reaming (to)										
Placing										
Pulling										
Delays - Client Acct.										
Cementing - Handling Rods										
- Prep Hole & Grout										
- Setting										
- Drilling										
Moving - Hole to Hole										
Rigging Up - Rigging Down										
Mix Mud										
Condition Hole, Lost Circulation										
Surveying, Inclination Test										
Mobilization/Demobilization										
Other (Explain)										
<u>REPAIR WATER TRUCK</u>										
Total Hours	<u>6</u>									
Driller's Initials										

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	<u>K. VAN AUSSAL</u>	<u>6</u>	<u>M. VAN AUSSAL</u>	<u>6</u>		
B						
C						

marks: BRACKS WOULDNT WORK ON WATER TRUCK REPAIRED DRILL
TRUCKED WATER TRUCK

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: GABO'S R Date: 9 1 19 81 Drill TKT #1 / WATER TRUCK
 MONTH DAY TYPE DRILL NO. TRUCK NO.
 Location: NEVADA Foreman's Signature: [Signature]

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Recovered	Size	Footage
					From	To	From	To				
Day A	<u>EQM 1</u>	<u>V</u>		<u>6 1/4 diameter</u>	<u>425</u>	<u>429</u>	<u>425</u>	<u>430</u>	<u>5</u>	<u>4</u>	<u>7</u>	<u>53'</u>
Aft B												
Nite C												

Hourly Distribution				Supplies Consumed			
	Day	Aft.	Nite	Description	Size	Product Name	Day Aft. Nite
Core Drilling	<u>5</u>						
Handling Rod (change bit)	<u>1</u>						
Overburden - rock bit				Portland			
Collaring Hole - Dia. bit				Lumnite			
Rotary Drilling				Calseal			
Handling Rod (bit)				Mud	<u>50#</u>		
				Mud	<u>100#</u>		
Rock Bit - Overburden				Other (Describe)			
Reaming (<u>425</u> to <u>430</u>)	<u>1</u>			<u>NOVA FUM</u>		<u>5 GAL</u>	
Casing - Placing							
- Pulling							
Delays - Client Acct.							
Cementing - Handling Rods							
- Prep Hole & Grout				Water hauling	miles		loads
- Setting				Core boxes:	size/		no.
- Drilling				Length of waterline:			
Moving - Hole to Hole				Lost tools: Description			
Rigging Up - Rigging Down							
Mix Mud							
Condition Hole, Lost Circulation				Lost bits: Size		Serial no.	
Surveying, Inclination Test				Depth:		ft. Hole #	
Mobilization/Demobilization				Casing lost or left in hole: Size		ft.	
Other (Explain)				for Client		Hole #	
				Longco		Hole #	
				Bit changes: Size		Serial #	Depth
				(Include	<u>8 1/2</u>		<u>53'</u>
				first bit	<u>6 1/4</u>	<u>093498</u>	<u>ON AT 53'</u>
				in hole)		<u>DIAMOND SHARP BIT</u>	
						<u>ON AT 425 OFF AT 429</u>	
<u>K.V.</u> Total Hours	<u>7</u>						
Driller's Initials	<u>K.V.</u>						

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	<u>K. VAN AUSSAL</u>	<u>7</u>	<u>M. VAN AUSSAL</u>	<u>7</u>	<u>M. STAPLEY</u>	<u>5</u>
B						
C						

Remarks: ADJUSTED CORE BARREL TRIPED INTO HOLE WITH CORE BARREL CURED 4'
WENT OUT PUT ON HAMMER WEST BACK ON HOLE REAMED 5' - M. STAPLEY
WENT TO ROAD TO RETURN FORD PICKUP TO JOB SITE

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: GABB'S R Date: 9 2 19 81 Drill TKT #1 / WATER TRUCK
 Location: NEVADA Foreman's Signature: [Signature]

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Re-covered	Size	Footage
					From	To	From	To				
Day A	EQM 1	V		6 1/4 Hammer	430	585			155		7	53'
Aft B	EQM 1	V		6 1/4 Hammer	585	705			120		7	53'
Nite C												

Hourly Distribution				Supplies Consumed			
Core Drilling	Day	Aft.	Nite	Description	Size	Product Name	Day Aft. Nite
Handling Rod (change bit)				Portland			Number of Units
Overburden - rock bit				Lumnite			
Collaring Hole - Dia. bit				Calseal			
Rotary Drilling	12	12		Mud	50#		
Handling Rod (bit)				Mud	100#		
Rock Bit - Overburden				Other (Describe)			
Reaming (to)				Nova Foam	30 GAL.		
Casing - Placing							
- Pulling							
Delays - Client Acct.							
Cementing - Handling Rods							
- Prep Hole & Grout				Water hauling	82	miles 2 loads	
- Setting				Core boxes:		size/ no.	
- Drilling				Length of waterline:			
Moving - Hole to Hole				Lost tools: Description			
Rigging Up - Rigging Down							
Mix Mud							
Condition Hole, Lost Circulation				Lost bits: Size		Serial no.	
Surveying, Inclination Test				Depth:		ft. Hole #	
Mobilization/Demobilization				Casing lost or left in hole: Size		ft.	
Other (Explain)				for Client		Hole #	
				Longco		Hole #	
				Bit changes: Size		Serial # Depth	
				(Include			
				first bit			
				in hole)			
Total Hours	12	12					
Driller's Initials	KV	SW					

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	K VAN AUSSAL	12	M VAN AUSSAL	12		
B	S WILSON	12	M STAPLEY	12	D ROOT	12
C						

Remarks: INTERMEDIATE SHIFT TRIPED OUT TO CHECK BIT. BIT OK
WENT BACK IN SAME BIT.

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

CLIENT

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: GABB'S R Date: 9 3 19 81 Drill TKT #1 / WATER TRUCK
 MONTH DAY TYPE DRILL NO. TRUCK NO.
 Location: NEVADA Foreman's Signature: [Signature]

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Re-covered	Size	Footage
Day A	<u>EQM 1</u>	<u>V</u>		<u>6 1/4</u>	<u>705</u>	<u>785</u>			<u>85</u>		<u>7</u>	<u>53</u>
				<u>6" Hammer</u>			<u>760</u>	<u>785</u>	<u>25</u>			
				<u>6" Hammer</u>	<u>785</u>	<u>795</u>			<u>10</u>			
Aft B												
Nite C												

Hourly Distribution				Supplies Consumed			
Day	Aft.	Nite		Description	Size	Product Name	Number of Units
Core Drilling				Portland			
Handling Rod (change bit)				Lumnite			
Overburden - rock bit				Calseal			
Collaring Hole - Dia. bit				Mud	50#		
Rotary Drilling	<u>9</u>			Mud	100#		
Handling Rod (bit)	<u>1</u>			Other (Describe)			
Rock Bit - Overburden				<u>NOVA FRAM 15 GAL</u>			
Reaming (<u>760</u> to <u>785</u>)	<u>1</u>			<u>5 GAL ZINK LUBRICANT</u>			
Casing - Placing				<u>15 GAL AUTOMATIC TRANSMISSION</u>			
- Pulling				<u>FLUID</u>			
Days - Client Acct.							
Handling - Handling Rods							
- Prep Hole & Grout							
- Setting							
- Drilling							
Moving - Hole to Hole							
Rigging Up - Rigging Down							
Mix Mud							
Condition Hole, Lost Circulation							
Surveying, Inclination Test							
Mobilization/Demobilization							
Other (Explain) <u>WENT TO</u>	<u>2</u>						
<u>MIDDLE GATE TO GET</u>							
<u>HELP TO TRIP OUT</u>							
Total Hours	<u>13</u>						
Driller's Initials							

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	<u>K. VAN AUSDAL</u>	<u>13</u>	<u>M. VAN AUSDAL</u>	<u>13</u>	<u>M. STAPLEY</u>	<u>4</u>
B					<u>D. ROOT</u>	<u>4</u>
C						

Remarks: BIT # 093948 OUT OF GAUGE APPROXIMATELY 760 SHOW DRILLING TO 785
WORKING TWO MEN CROW NEEDED HELP TO STAB RODS

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

CLIENT

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: GABBS R Date: 9 4 19 81 Drill TKT #1 / WATER TRUCK
 MONTH DAY TYPE DRILL NO. TRUCK NO.
 Location: NEVADA Foreman's Signature: [Signature]

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Re-covered	Size	Footage
Day A	<u>EQM 1 V</u>			<u>6" HAMMER</u>	<u>795</u>	<u>930</u>			<u>135</u>		<u>7</u>	<u>53</u>
Aft B												
Nite C												

Hourly Distribution				Supplies Consumed						
Day	Aft.	Nite		Description	Size	Product Name	Day	Aft.	Nite	Number of Units
Core Drilling				Portland						
Handling Rod (change bit)				Lumnite						
Overburden - rock bit				Calseal						
Collaring Hole - Dia. bit				Mud	50#					
Rotary Drilling	<u>10</u>			Mud	100#					
Handling Rod (bit)				Other (Describe)						
Rock Bit - Overburden				<u>NOVA FOAM</u>		<u>30 GAL</u>				
Reaming (to)										
Casing - Placing										
- Pulling										
Days - Client Acct.										
menting - Handling Rods										
- Prep Hole & Grout										
- Setting										
- Drilling										
Moving - Hole to Hole										
Rigging Up - Rigging Down										
Mix Mud										
Condition Hole, Lost Circulation										
Surveying, Inclination Test										
Mobilization/Demobilization										
Other (Explain) <u>MECH</u>	<u>2</u>									
<u>CHANGE PUMP & CHARGE</u>										
<u>HYD LINES</u>										
Total Hours	<u>12</u>									
Driller's Initials	<u>K.V.</u>									

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	<u>K. VAN AUSSAL</u>	<u>14</u>	<u>M. VAN AUSSAL</u>	<u>12</u>	<u>D. ROOT</u>	<u>12</u>
B					<u>S. VAN AUSSAL</u>	<u>12</u>
C						

Remarks: K. VAN AUSSAL DROVE R HRT TAKING STEVE EDWARDS TO FAIR
HOLE MAKING WATER USING 200' AIR TO
PIPE & TIGHTEN COLLAR

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

CLIENT

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: GABBS

R

Date: 9 5 19 81 Drill TKT #1

MONTH

DAY

TYPE

DRILL NO.

TRUCK NO.

Location: NEVADA

Foreman's Signature: _____

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Recovered	Size	Footage
					From	To	From	To				
Day A	<u>EQM 1</u>	<u>V</u>		<u>6" HAMMER</u>	<u>930</u>	<u>975</u>			<u>45</u>		<u>7</u>	<u>53'</u>
				<u>6" ROCK BIT</u>			<u>960</u>	<u>975</u>	<u>15</u>			
				<u>6" ROCK BIT</u>	<u>975</u>	<u>990</u>			<u>15</u>			
Aft B												
Nite C												

Hourly Distribution				Supplies Consumed						
Core Drilling	Day	Aft.	Nite	Description	Size	Product Name	Day	Aft.	Nite	Number of Units
Handling Rod (change bit)				Portland						
Overburden - rock bit				Lumnite						
Collaring Hole - Dia. bit				Calseal						
Rotary Drilling	<u>6</u>			Mud	<u>50#</u>					
Handling Rod (bit)	<u>6</u>			Mud	<u>100#</u>					
Rock Bit - Overburden				Other (Describe)						
Reaming (<u>960</u> to <u>975</u>)				<u>NOVA FOAM 20 GAL</u>						
Casing - Placing				<u>FUEL FOR EXTRA COMP.</u>						
- Pulling				<u>160 GAL.</u>						
ys - Client Acct.										
Cementing - Handling Rods										
- Prep Hole & Grout				Water hauling	<u>41</u>	miles <u>1</u> loads				
- Setting				Core boxes:		size/ no.				
- Drilling				Length of waterline:						
Moving - Hole to Hole				Lost tools: Description						
Rigging Up - Rigging Down										
Mix Mud										
Condition Hole, Lost Circulation				Lost bits: Size		Serial no.				
Surveying, Inclination Test				Depth:		ft. Hole #				
Mobilization/Demobilization				Casing lost or left in hole: Size		ft.				
Other (Explain)				for Client		Hole #				
				Longco		Hole #				
				Bit changes: Size		Serial #				
				(Include	<u>6"</u>	<u>144382</u>	<u>ONAT 785</u>	<u>OH 975</u>		
				first bit	<u>ROCKBIT 6"</u>	<u>AES9785</u>	<u>ON 975</u>	<u>OH 990</u>		
				in hole)	<u>HAMMER 6"</u>	<u>144380</u>	<u>ON 990</u>			
Total Hours	<u>12</u>									
Driller's Initials	<u>K.V</u>									

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	<u>K VAN HUSOAL</u>	<u>12</u>	<u>M VAN HUSOAL</u>	<u>12</u>	<u>D. ROOT</u>	<u>12</u>
B						
C						

Remarks: MOVED COMPRESSOR FROM MIDDLEGATE TO JOB SITE ON WAY TO WORK SET UP & USED TO PUMP WATER DUE TO WATER TRIPED IN & OUT OF THE HOLE 3 TIMES TO CHANGE BITS

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: GABB'S

R

Date: 9 6 1981

Drill TKT #1

WATER
TRUCK

Location: NEVAOA

Foreman's Signature: _____

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Recovered	Size	Footage
					From	To	From	To				
Day A	<u>EQM 1</u>	<u>V</u>		<u>6" Hammer</u>	<u>990</u>	<u>1150</u>			<u>160</u>		<u>7</u>	<u>53'</u>
Aft B												
Nite C												

Hourly Distribution			Day	Aft.	Nite	Supplies Consumed			Day	Aft.	Nite
						Description	Size	Product Name	Number of Units		
Core Drilling						Portland					
Handling Rod (change bit)						Lumnite					
Overburden - rock bit						Calseal					
Collaring Hole - Dia. bit						Mud	50#				
Rotary Drilling						Mud	100#				
Handling Rod (bit)						Other (Describe)					
Rock Bit - Overburden						<u>NOVA FOAM 30 GAL</u>					
Reaming (to)						<u>FUEL FOR EXTRA COMP.</u>					
ng - Placing						<u>210 GAL</u>					
- Pulling											
Delays - Client Acct.											
Cementing - Handling Rods						OTHER					
- Prep Hole & Grout						Water hauling	<u>41</u>	miles <u>1</u> loads			
- Setting						Core boxes:		size/ no.			
- Drilling						Length of waterline:					
Moving - Hole to Hole						Lost tools: Description					
Rigging Up - Rigging Down											
Mix Mud											
Condition Hole, Lost Circulation						Lost bits: Size Serial no.					
Surveying, Inclination Test						Depth: ft. Hole #					
Mobilization/Demobilization						Casing lost or left in hole: Size ft.					
Other (Explain) <u>MECH</u>						for Client Hole #					
						Longco Hole #					
						Bit changes: Size Serial # Depth					
						(Include <u>6" 144382 ON AT 785</u>					
						first bit					
						in hole)					
Total Hours											
Driller's Initials											

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	<u>K. VAN AUSSAL</u>	<u>12</u>	<u>M. VAN AUSSAL</u>	<u>12</u>	<u>D. ROOT</u>	<u>12</u>
B						
C						

Remarks: WORKED ON ROAD TRUCK THAT BROUGHT COMP FROM UTAH
REPAIRED ENGINE SHUT OFF REMOVED JAKE BRAKE CONTROL REMOVED BEST
P.T.O. SHUTT FOR WHICH WENT AFTER 55 GAL DRUMS TO HAUL
FUEL TO COMP. HOPE CAVING FROM ABOVE

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: GABBS R Date: 9 7 19 81 Drill TKT #1 / WATER TRUCK
MONTH DAY TYPE DRILL NO. TRUCK NO.

Location: NEVADA Foreman's Signature: _____

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Re-covered	Size	Footage
Day A	<u>EQM1</u>	<u>V</u>		<u>6" Hammer</u>	<u>1150</u>	<u>1175</u>			<u>25</u>		<u>7</u>	<u>53'</u>
Aft B												
Nite C												

Hourly Distribution				Supplies Consumed						
Core Drilling	Day	Aft.	Nite	Description	Size	Product Name	Day	Aft.	Nite	Number of Units
Handling Rod (change bit)				Portland						
Overburden - rock bit				Lumnite						
Collaring Hole - Dia. bit				Calseal						
Rotary Drilling	<u>4</u>			Mud	50#					
Handling Rod (bit)				Mud	100#					
Rock Bit - Overburden				Other (Describe)						
Reaming (to)				<u>NOVA FOAM 10GAL</u>						
ng - Placing				<u>55 GAL FUEL FOR</u>						
- Pulling				<u>EXTRA COMP.</u>						
Delays - Client Acct.										
Cementing - Handling Rods	<u>1</u>			OTHER						
- Prep Hole & Grout				Water hauling	<u>41</u>	miles <u>1</u> loads				
- Setting				Core boxes:		size/ no.				
- Drilling				Length of waterline:						
Moving - Hole to Hole				Lost tools: Description						
Rigging Up - Rigging Down										
Mix Mud										
Condition Hole, Lost Circulation	<u>6</u>			Lost bits: Size		Serial no.				
Surveying, Inclination Test				Depth:		ft. Hole #				
Mobilization/Demobilization				Casing lost or left in hole: Size		ft.				
Other (Explain) <u>MECH.</u>	<u>1</u>			for Client		Hole #				
<u>SERVICING TRUCKS & REPAIRS TO ROAD TRUCK</u>				Longco		Hole #				
				Bit changes: Size		Serial #				
				(Include <u>6"</u>		<u>144382</u> ON AT <u>785</u>				
				first bit						
				in hole)						
Total Hours	<u>12</u>									
Driller's Initials	<u>K.V</u>									

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	<u>K. VAN AUSOAL</u>	<u>12</u>	<u>M. VAN AUSOAL</u>	<u>12</u>	<u>D. ROOT</u>	<u>12</u>
B						
C						

marks: HOLE WAS CAVED IN AT 730' HAD TO ReDRILL TO Bottom of Hole. Keep Caving AS we WAS DRILLING

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: GABBS R Date: 8 8 19 81 Drill TKT #1 / WATER TRUCK
 Location: NEVADA Foreman's Signature: [Signature]

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Recovered	Size	Footage
					From	To	From	To				
Day A	<u>Eqm 1</u>	<u>✓</u>			<u>1175</u>	<u>1179</u>				<u>4</u>	<u>7</u>	<u>53'</u>
Aft B												
Nite C												

Hourly Distribution				Supplies Consumed			
Core Drilling	Day	Aft.	Nite	Description	Size	Product Name	Day Aft. Nite
Handling Rod (change bit)	<u>3</u>			Portland			Number of Units
Overburden - rock bit				Lumnite			
Collaring Hole - Dia. bit				Calseal			
Rotary Drilling				Mud	50#		
Handling Rod (bit)				Mud	100#		
Rock Bit - Overburden				Other (Describe)			
Reaming (to)				<u>NOVA FOAM 15 GAL</u>			
Casing - Placing				<u>110 GAL FUEL FOR</u>			
- Pulling				<u>EXTRA COMP.</u>			
Delays - Client Acct.							
Cementing - Handling Rods	<u>3</u>						
- Prep Hole & Grout							
- Setting							
- Drilling							
Moving - Hole to Hole							
Rigging Up - Rigging Down							
Mix Mud							
Condition Hole, Lost Circulation	<u>6</u>						
Surveying, Inclination Test							
Mobilization/Demobilization							
Other (Explain)							
Total Hours	<u>12</u>						
Driller's Initials	<u>K.V</u>						

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	<u>K VAN AUSDAL</u>	<u>12</u>	<u>M VAN AUSDAL</u>	<u>12</u>	<u>D. ROOF</u>	<u>12</u>
B						
C						

marks: ROD WERE ABOVE CAVE CLEARED HOLE TO BOTTOM. TRIPED OUT
CHANGED BIT TRIPED IN DRILLED 4' TRIPED OUT BROKE DOWN CORE
BARRELL REMOVED CORE READED CORE BARRELL FOR NEXT USE

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: GABBS R Date: 9 9 1981 Drill TKT #1 / WATER TRUCK
 Location: NEVADA Foreman's Signature: [Signature]

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Re-covered	Size	Footage
Day A	<u>EQM 1</u>	<u>✓</u>									<u>7</u>	<u>53'</u>
Aft B											<u>4</u>	<u>1179'</u>
Nite C												

Hourly Distribution				Supplies Consumed			
Core Drilling	Day	Aft.	Nite	Description	Size	Product Name	Day Aft. Nite
Handling Rod (change bit)				Portland			Number of Units
Overburden - rock bit				Lumnite			
Collaring Hole - Dia. bit				Calseal			
Rotary Drilling				Mud	50#		
Handling Rod (bit)	<u>2</u>			Mud	100#		
Rock Bit - Overburden				Other (Describe)			
Reaming (to)				<u>NOVA FOAM 5 GAL</u>			
Casing - Placing	<u>10</u>						
- Pulling							
Delays - Client Acct.							
Cementing - Handling Rods							
- Prep Hole & Grout				Water hauling	miles	loads	
- Setting				Core boxes:	size/	no.	
- Drilling				Length of waterline:			
Moving - Hole to Hole				Lost tools: Description			
Rigging Up - Rigging Down							
Mix Mud							
Condition Hole, Lost Circulation	<u>2</u>			Lost bits: Size		Serial no.	
Surveying, Inclination Test				Depth:		ft. Hole #	
Mobilization/Demobilization				Casing lost or left in hole: Size		ft.	
Other (Explain)				for Client		Hole #	
				Longco		Hole #	
				Bit changes: Size		Serial #	Depth
				(Include			
				first bit			
				in hole)			
Total Hours	<u>14</u>						
Driller's Initials	<u>K.V</u>						

Shift	DRILLERS	Hrs.	HELPERS	Hrs.	TRUCK DRIVERS	Hrs.
A	<u>K. VAN AUSDAL</u>	<u>14</u>	<u>M. VAN AUSDAL</u>	<u>14</u>	<u>D. ROOT</u>	<u>14</u>
B						
C						

Remarks: TRIPED INTO HOLE TO CLEAN FOR CASING TRIPED OUT
TOWED RODS. CASED HOLE HAD TO BLOW SOME JOINTS OF
CASING DOWN. 56 JOINTS CASING IN HOLE

NOTE: If item is chargeable to client, place circle around time entry. Please follow instructions on reverse side.

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: GABBS R Date: 9 10 19 81 Drill TKT #1 / WATER TRUCK
 MONTH DAY TYPE DRILL NO. TRUCK NO.
 ation: NEUNDA Foreman's Signature: _____

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Re-covered	Size	Footage
Day A	EQM1	✓			From	To	From	To			4"	53'
											4"	1179'
Aft B												
Nite C												

Hourly Distribution		Day	Aft.	Nite
Core Drilling				
Handling Rod (change bit)				
Overburden - rock bit				
Collaring Hole - Dia. bit				
Rotary Drilling				
Handling Rod (bit)		2		
Rock Bit - Overburden				
Reaming (to)				
Casing — Placing				
— Pulling				
Days - Client Acct.				
Cementing - Handling Rods				
- Prep Hole & Grout				
- Setting				
- Drilling				
Moving - Hole to Hole				
Rigging Up - Rigging Down				
Mix Mud				
Condition Hole, Lost Circulation				
Surveying, Inclination Test				
Mobilization/Demobilization				
Other (Explain)				
Total Hours		2		
Driller's Initials		K.V.		

Supplies Consumed			Day	Aft.	Nite
Description	Size	Product Name	Number of Units		
Portland					
Lumnite					
Calseal					
Mud	50#				
Mud	100#				
Other (Describe)					

LONGYEAR COMPANY

Contracting Division

General Office

Minneapolis, Minnesota 55414

"DAILY DRILL REPORT"

Contract: GABBS R Date: 9 10 19 81 Drill TKT #1 / WATCH TRUCK
 MONTH DAY TYPE DRILL NO. TRUCK NO.
 Location: NEVADA Foreman's Signature: [Signature]

Shift	Hole No.	Angle	Material Drilled	Bit Size & Type	Footage Summary				Feet		Total Casing in Hole	
					Drilling		Reaming		Drilled or Reamed	Core Recovered	Size	Footage
					From	To	From	To				
Day A	<u>EQM 1A V</u>			<u>6" HAMMER</u>	<u>0</u>	<u>100</u>			<u>100</u>			
				<u>6" COBE</u>	<u>100</u>	<u>104</u>			<u>4</u>	<u>4</u>	<u>NONE</u>	
Aft B												
Nite C												

Hourly Distribution		Day	Aft.	Nite
Core Drilling		5		
Handling Rod (change bit)		1		
Overburden - rock bit				
Collaring Hole - Dia. bit				
Rotary Drilling		2		
Handling Rod (bit)				
Rock Bit - Overburden				
Reaming (to)				
Casing — Placing				
— Pulling				
ys - Client Acct.				
Cementing - Handling Rods				
- Prep Hole & Grout				
- Setting				
- Drilling				
Moving - Hole to Hole				
Rigging Up - Rigging Down		2		
Mix Mud				
Condition Hole, Lost Circulation				
Surveying, Inclination Test				
Mobilization/Demobilization				
Other (Explain)				

BASE METALS WEEKLY DRILLING REPORT

WEEK ENDING September 4, 1981

MINERAL	PROJECT & NO.	COUNTY & STATE	HOLE NO.	ANGLE	PROPOSED DEPTH	DEPTH	PROGRESS FROM FOOTAGE	NO. DRILL
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Mo Mt. Hope #2608 Eureka, NV EHM-18 Vert. 2000' 1420' 1285' 135' 1

1285 - 1360 Previously drilled; not covered in this report.
1360 - 1420 Quartz porphyry.

Abundant secondary K-feldspar, minor sericite. Strongly sheared with late clay. 15 vol % quartz veins.
0.7 - 1.5 wt % pyrite.

Common quartz-molybdenite veinlets:

* visual estimate: 0.06 - 0.14% Mo

Mo Mt. Hope #2608 Eureka, NV EHM-18 Vert. 2500' 1970' 1800' 170' 1

Quartz porphyry throughout. Common secondary K-feldspar; sericite patches and selvages. Common fluorite.
10 - 15 vol % quartz veinlets. 0.5 - 1.25 wt % pyrite, minor chalcocopyrite.

Common quartz-molybdenite veinlets:

visual estimate: 0.03 - 0.07% Mo

Mo Mt. Hope #2608 Eureka, NV EHM-21 Vert. 1500' 206' 206' -0- 1

No progress.

Cu-Mo Quartz Mtn #6129 Nye, NV EQM-1 (Rotary) Vert. 1500' 780' -0- 780' 1

0 - 50 Overburden
50 - 390 Post-ore crystal-lithic tuff
390 - 520 Dark quartz-feldspar porphyry
520 - 600 Siliceous hornfels
600 - 780 Intrusive rhyolite, grading into quartz porphyry

Common pyrite below 390'. Pyrite content increases below 600'.



DATE RECEIVED 9-14-81

OR
SPECIAL
INSTRUCTIONS

DATE _____

PLEASE COPY ENCLOSURE WITH SAMPLE SIGNATURE

FIELD WORK ORDER EXXON COMPANY, U.S.A. A DIVISION OF EXXON CORPORATION

ORDERED FROM

SWANSON'S TRUCKING Service

DATE

6/21/82

ADDRESS

P.O. Box 172 Mina, NV, 89422

Send invoice in quadruplicate for each order, itemizing materials purchased and prices, and mail to:

EXXON COMPANY, U.S.A.

SPARKS

NV.

Deliver Material to or perform work at:

(CITY)

(STATE)

QUARTZ MTN. PROJECT, NV. #6129

QUANTITY	DESCRIPTION	AMOUNT
3	Mud PITS FOR DRILL SITES @ \$50.00/hr. beginning from the departure point and return to departure point. After drilling completed reclaiming drill sites.	

This order is subject to the conditions on the back hereof which have been read, and accepted, and contractor agrees to be bound thereby.

CONTRACTOR

Mr. Meele Swanson

BY

x Meele Swanson

CHARGE TO

INITIAL INSTALLATION ☐

REPAIRS OR REPLACEMENT ☐

EXXON'S REPRESENTATIVE

318-0038F

EXXON MINERALS COMPANY

BOX 120, DENVER, COLORADO 80201

August 19, 1982

Terradrill, Inc.
2367 Krameria St.
Denver, Co. 80207
Attn: John Thurston

Re: Quartz Mountain, #6129
Nye County, Nevada

U.S. Exploration



Gentlemen:

Enclosed are two copies of the Drilling Contract to cover the drilling operations for the above-captioned project. If you concur with the terms of this Agreement, please sign and return both copies to us. We cannot allow you to start the project until we receive the signed copies from you. We will return an executed copy for your files.

Part A, Section I.4. provides that you will keep information and materials resulting from this project confidential. We want to be certain that this provision is strictly followed. Please so inform your supervisors and foremen and arrange to have all workers associated with the project advised that we want strict compliance.

This project will be under the direction of Tom Irwin of our Reno office, 50 Freeport, #23, Sparks, Nevada 89431; telephone (702) 358-7020. If you have any technical questions pertaining to the drilling of this project, please contact E.J. Huskinson at this office, telephone (303) 789-7635.

Please send all invoices for work performed on this project to the Reno address. Also, please ask your insurance agent to send us a copy of your current certificate of insurance.

Sincerely,

G.E. Lehtinen
Senior Drilling Coordinator

EJH:nb (250)
cc: G. Westra
T.D. Irwin

Attachments

Project Name Quartz Mountain

Project Number 6129

This Drilling Contract, made this 19th day of August, 19 82,
between Exxon Minerals Company, a division of Exxon Corporation, herein called
EXXON MINERALS, and Terradrill, Inc.

herein called CONTRACTOR, a Wyoming Corporation

W I T N E S S E T H that,

in consideration of the mutual agreements herein stated, it is agreed between the
parties as follows:

PART A - GENERAL PROVISIONS

I. CONTRACTOR'S STATUS AND GENERAL OBLIGATIONS OF THE PARTIES

1. CONTRACTOR shall perform the work specified in Part B of this Contract in accordance with the particulars set forth in said Part B, diligently and in a proper, careful, safe and workmanlike manner in compliance with all laws and lawful regulations applicable and EXXON MINERALS shall pay CONTRACTOR for said performance the amounts specified in Part C of this Contract. CONTRACTOR agrees to notify EXXON MINERALS promptly upon discovery of any instance where the CONTRACTOR fails to comply with all laws and lawful regulations applicable to any activities carried out in the name of or on behalf of EXXON MINERALS under the provisions of this Contract and/or any amendments to it. This Contract is made for a term beginning on the date stated above and ending upon completion of the services herein provided for, unless sooner terminated under the express provisions of this Contract.

2. CONTRACTOR shall be an independent contractor with respect to performance of all work hereunder and neither CONTRACTOR nor anyone employed by CONTRACTOR shall be deemed for any purpose to be the employee, agent, servant, or representative of EXXON MINERALS in the performance of any work or service or any part thereof in any manner dealt with hereunder. The actual performance and superintendence of all work hereunder shall be by CONTRACTOR, but EXXON MINERALS or its representatives shall have unlimited access to the premises to determine whether work is being performed by CONTRACTOR in accordance with all of the provisions of this Contract and to observe the results thereof. CONTRACTOR shall not subcontract any part of the Project hereunder without the prior written consent of EXXON MINERALS. CONTRACTOR shall not assign its rights hereunder without prior written consent of EXXON MINERALS. All the terms, covenants and conditions of this Contract shall be binding upon the successors and assigns of the parties hereto.

3. CONTRACTOR shall comply with all laws, regulations, codes, ordinances and judicial and other orders of federal, state and local government authorities having jurisdiction over CONTRACTOR or any of the contract work, or activities carried out in the name of or on behalf of EXXON MINERALS, and shall obtain, at its own expense, all permits, licenses and equipment required of it by such authorities to enable CONTRACTOR to engage in the contract work. CONTRACTOR shall not be required to obtain permits which reasonably are required to be obtained by EXXON MINERALS in order to permit the contract work to be performed. CONTRACTOR agrees that all financial statements, billings and reports rendered to EXXON MINERALS will accurately report all activities and transactions handled for EXXON MINERALS' account and may be relied upon as being complete and accurate in further recordings and reports made by EXXON MINERALS for any purpose. CONTRACTOR agrees to notify EXXON MINERALS promptly upon discovery of any instance where CONTRACTOR has not complied with the foregoing provisions.

Without limiting the generality of the foregoing, CONTRACTOR shall not engage in any conduct or practice which violates any applicable law, order or regulation prohibiting discrimination against any person by reason of race, color, religion, national origin, sex or age.

If this is a contract subject to the rules and regulations approved by the Secretary of Labor under Executive Order 11246, as amended to date, the provisions of that Executive Order and the implementing rules and regulations of the Secretary of Labor are by reference hereby incorporated in and made a part of this Contract.

If this is a contract subject to the Affirmative Action Regulations with respect to Employment of the Handicapped, or with respect to Disabled or Vietnam Era Veterans, regulations contained in the United States Code of Federal Regulations (41 CFR 60-741) are by reference hereby incorporated in and made a part of this Contract.

4. CONTRACTOR recognizes and confirms that all cores, samples, data and information whatsoever obtained or developed during or in connection with the work under this Contract shall be confidential and owned by EXXON MINERALS as its own proprietary information and property. CONTRACTOR shall use its best efforts at all times to prevent information concerning the Project, including drill sites, results of drilling and exploration, and drill cores, sludge and other samples, from being disclosed to anyone excepting only EXXON MINERALS' designated field representative or other party selected by EXXON MINERALS, in writing, to receive such information. CONTRACTOR shall not allow unauthorized persons to examine samples and drill cores and shall keep drill cores in closed containers at all times and in locked containers when neither CONTRACTOR'S nor EXXON MINERALS' representatives are at the place where the cores are kept. CONTRACTOR shall advise each of its employees of the confidential nature of the services being performed under this agreement. In the event CONTRACTOR or any officer, agent, or employee of CONTRACTOR, individually or with or through others, obtains a land or mineral interest and the same results from or is in any way connected with information obtained or developed during the work performed under this Contract, either during the term of this Contract or within a period of twelve (12) months after this Contract is terminated, then the same, should EXXON MINERALS so elect within a period of twenty-one (21) years after the acquisition thereof, shall be held in trust for the sole benefit of EXXON MINERALS. The foregoing provisions relative to a trust relationship is an addition to, and not a limitation of, any right or remedy otherwise available to EXXON MINERALS.

5. In addition to and without limiting CONTRACTOR'S obligation to comply with applicable law and the provisions of this Contract, it is specifically agreed that CONTRACTOR shall routinely and at all times conduct its operations in a manner commensurate with good environmental conservation practices, and shall perform such incidental operations as are necessary to properly protect and maintain, within feasible limits, the original condition of the Project Area. If EXXON MINERALS advises CONTRACTOR that the terms of any prospecting permits, leases, options, mining claims, agreements or documents governing EXXON MINERALS' right to enter upon, explore, or drill lands within the Project Area contain restrictions, limitations or special obligations concerning the use of such lands, CONTRACTOR or any subcontractor will comply with them and if CONTRACTOR is requested to cease drilling operations because of noncompliance, CONTRACTOR agrees to cease such operations and further agrees that any time lost thereby will be at the sole cost and expense of the CONTRACTOR. CONTRACTOR also agrees to contain all waste oil, drilling mud, cuttings and rubbish that may accrue from its operations and prevent same from escaping. Upon completion of the Project or upon termination of this Contract for any reason, drilling mud contained in nonearthen tanks, CONTRACTOR'S equipment, materials, and rubbish shall be removed from the Project Area in compliance with good conservation practices. CONTRACTOR agrees that, to insure CONTRACTOR'S compliance with this provision, EXXON MINERALS shall have the right to retain an amount not to exceed ten percent (10%) of the charges invoiced to EXXON MINERALS under this Contract. After thirty (30) days from the time of mailing to CONTRACTOR written notice of noncompliance with this provision, these monies may be used for noncompliance of this provision such as but not limited to the removal of CONTRACTOR'S equipment, materials and rubbish and the cleanup of any spills caused by CONTRACTOR and restoration of the Project Area to the extent of CONTRACTOR'S responsibility as set forth in this paragraph. Retained monies will be released when CONTRACTOR complies with the terms of this paragraph 5.

6. CONTRACTOR acknowledges and declares that it is familiar with the Project Area and the climate, terrain and working conditions therein, and that it has knowledge and expertise with respect to the work performed, equipment and materials to be used and methods of operation to be conducted hereunder. All pertinent factors have been considered prior to the agreement to the payments provided for in Part C. Any equipment or material furnished by EXXON MINERALS to CONTRACTOR is furnished "as is" with defects, if any, and the CONTRACTOR shall have the duty to inspect for defects. CONTRACTOR further recognizes and has considered the possibility of catastrophe such as blowout, cratering, fire, flood, storm, or avalanche and CONTRACTOR agrees that it will, at its own sole expense, furnish and have available all necessary, proper and legally required safety equipment and supplies for its operation and to protect its employees, such as, but not limited to fire fighting equipment, gas detection equipment, first aid equipment, and flow diverting equipment. CONTRACTOR agrees to take all precautions which are necessary, reasonable, proper, and legally required to protect its personnel and equipment and also other persons and the property of others from hazards. CONTRACTOR shall observe the following particular fire prevention rules: Vehicles with catalytic converters shall be driven only on roads and parked only in areas where ignitable materials have been removed. Welding or other activities which could ignite timber or brush shall be conducted only with special procedures established to prevent fires.

II. INDEMNITIES

1. EXXON MINERALS shall indemnify CONTRACTOR and save CONTRACTOR harmless from and against any liability or responsibility for bodily injuries, death or damage to property caused solely by the negligence of EXXON MINERALS, its officers or employees.

2. CONTRACTOR agrees to protect, indemnify and hold harmless, EXXON MINERALS, its agents, servants and employees from and against all claims, demands and causes of action of every kind and character arising in favor of CONTRACTOR, CONTRACTOR'S employees or third parties (third parties being defined for purposes of this provision as any party other than an employee of EXXON MINERALS or employee of CONTRACTOR) for:

(i) Labor, materials, services, equipment and supplies furnished by CONTRACTOR or EXXON MINERALS hereunder; and

(ii) Taxes, licenses and fees levied or assessed on CONTRACTOR in connection with or incident to the performance of this Contract, including unemployment compensation insurance, social security or other levies or taxes upon wages paid by CONTRACTOR; and

(iii) Bodily injuries, death or damage to property occurring in or in any way resulting from the performance of the work under this Contract except only those injuries, deaths or damages caused solely by the negligence of EXXON MINERALS, its officers or employees.

3. In the event EXXON MINERALS and CONTRACTOR are unable to agree as to whether the sole cause for the occurrence is the negligence of EXXON MINERALS, its officers or employees, or should applicable law require that EXXON MINERALS and CONTRACTOR share the liability and responsibility for an accident or occurrence despite the provisions of subparagraph 2 (ii) above, then the matter may be referred by either party to the American Arbitration Association for resolution in accordance with its rules for commercial arbitration. If EXXON MINERALS should determine that prompt payment for a third party liability is desirable, it may make such payment subject to refund after arbitration.

4. CONTRACTOR shall defend all suits brought upon any claim, demand or cause of action as to which its indemnity applies and shall pay all costs and expenses incidental thereto but EXXON MINERALS shall have the right at its option to participate at its own cost and expense in the defense of any such suit without relieving CONTRACTOR of any of its obligations.

III. RESPONSIBILITY FOR CONTRACTOR'S EQUIPMENT

CONTRACTOR shall assume sole responsibility and liability at all times for any and all damage to or loss or destruction of CONTRACTOR'S surface equipment, including the platform and all drilling tools, machinery and appliances located above the surface, regardless of how such damage, destruction or loss occurs, and EXXON MINERALS shall be under no liability whatever to reimburse CONTRACTOR for such damage, destruction or loss.

IV. INSURANCE

1. CONTRACTOR now carries and shall maintain in force for the duration for this Contract the following insurances and agrees that no insurance will be cancelled or materially changed while this Contract is in effect without thirty (30) days written notice to EXXON MINERALS. Nothing contained herein shall serve in any way to limit or waive CONTRACTOR'S responsibility.

(i) Workmen's Compensation - CONTRACTOR, for all its employees engaged in the performance of any work or service dealt with hereunder, now carries and shall maintain Workmen's Compensation insurance in full compliance with applicable law. Should any part of the work or services hereunder be subcontracted, CONTRACTOR shall require each subcontractor to provide Workmen's Compensation insurance for the subcontractor's employees unless said employees are covered under CONTRACTOR'S insurance.

(ii) Comprehensive General Liability - CONTRACTOR now carries and shall maintain Comprehensive General Liability insurance in minimum limits for bodily injury liability of not less than 100,000.00 U.S. Dollars per person and 300,000.00 U.S. Dollars per occurrence, and minimum property damage liability limit of not less than 100,000.00 U.S. Dollars per occurrence.

(iii) Comprehensive Automobile Liability - CONTRACTOR now carries and shall maintain Comprehensive Automobile Liability insurance covering owned, non-owned, and hired automotive equipment and providing minimum limits for bodily injury liability of not less than 100,000.00 U.S. Dollars per person and 300,000.00 U.S. Dollars per occurrence and property damage liability limit of not less than 50,000.00 U.S. Dollars per occurrence.

2. CONTRACTOR agrees to furnish EXXON MINERALS with satisfactory evidence that insurance is being properly carried, including the types, amounts of coverage in effect and the expiration date of each policy. If requested by EXXON MINERALS, CONTRACTOR shall furnish EXXON MINERALS with certified copies of all policies. If any of CONTRACTOR'S insurance policies require CONTRACTOR to list the companies to which it provides service, CONTRACTOR will furnish written notice that EXXON MINERALS is listed.

3. No part of the cost of CONTRACTOR'S insurance shall ever be a reimbursable item under this Contract as those costs are reflected in the rates specified in Part C hereof.

V. FOREIGN STATUS DECLARATION

If CONTRACTOR is not a citizen or resident of the United States, or a corporation or partnership which was created or organized in the United States, or any state or territory of the United States, CONTRACTOR agrees to notify EXXON MINERALS of its citizenship and resident status when this Contract is executed by CONTRACTOR, or if CONTRACTOR'S resident status changes during the term of this Contract, within five (5) days after the change in resident status, CONTRACTOR will provide EXXON MINERALS with the information necessary to determine CONTRACTOR'S United States federal income tax exemption status. Based on the information provided, EXXON MINERALS will advise CONTRACTOR of its exemption status and the amount of tax, if any, that EXXON MINERALS is required to withhold from payments to CONTRACTOR per the Internal Revenue Code. If CONTRACTOR fails to notify EXXON MINERALS of its non-resident alien individual, partnership or foreign corporation status, EXXON MINERALS reserves the right to withhold all payments to the CONTRACTOR until the CONTRACTOR'S tax status is determined and appropriate withholding tax payments are made to the United States Treasury Department, and the CONTRACTOR agrees to reimburse EXXON MINERALS for any withholding tax EXXON MINERALS is obligated to pay the United States Treasury Department on behalf of the CONTRACTOR.

VI. TERMINATION

EXXON MINERALS shall have the right to terminate this Contract at any time, for any reason, by verbal or written notice given to CONTRACTOR, or to CONTRACTOR'S personnel, by EXXON MINERALS or by EXXON MINERALS' authorized personnel.

CONTRACTOR shall have the right to terminate this Contract at any time by giving EXXON MINERALS ten (10) days written or verbal notice, at its address set forth on the last page of this Contract or to EXXON MINERALS' field representative, and either completing the hole in progress or assuming the cost of such hole.

When this Contract is terminated for any reason, EXXON MINERALS shall pay CONTRACTOR as provided in this Contract only for those test holes completed to the depth and in a manner specified by EXXON MINERALS and for that part of the Project completed prior to the time of the termination.

This Contract shall remain in force until all of CONTRACTOR'S equipment, materials and rubbish is removed from the Project Area, according to the provisions herein contained.

VII. CONFLICT OF INTEREST

CONTRACTOR shall exercise reasonable care and diligence to prevent any actions or conditions which could result in a conflict with EXXON MINERALS' best interests. This obligation shall apply to the activities of the employees and agents of CONTRACTOR in their relations with EXXON MINERALS' employees and their families and with third parties arising from the performance of this Contract and accomplishing services hereunder. Both parties' efforts shall include, but not be limited to, establishing precautions to prevent its employees or agents from making, receiving, providing or offering substantial gifts, extravagant entertainment, payments, loans or other considerations for the purpose of influencing individuals to act contrary to EXXON MINERALS' best interests.

VIII. ENFORCEMENT

EXXON MINERALS and CONTRACTOR may at any time or from time to time during the term of this Contract elect not to enforce or require strict observance of the terms, conditions or provisions of this Contract; however, this shall not constitute a waiver of, nor limit or impair such terms, conditions or provisions; nor shall it affect EXXON MINERALS' or CONTRACTOR'S right to enforce such terms, conditions or provisions.

Project Name Quartz Mountain

Project Number 6129

CONTRACTOR Terradrill, Inc.

PART B - PROJECT SPECIFICATIONS

I. LOCATION RESPONSIBILITY

Preparation of access roads and drill sites by EXXON MINERALS

Maintenance of access roads and drill sites by EXXON MINERALS

Preparation of mud reserve pits by EXXON MINERALS

II. DRILLING

Drill 3 holes of varying depths, as directed by EXXON MINERALS, not to exceed 1500 feet maximum, commencing on or about September 7, 1982, in the Project Area described as:

Quartz Mountain, approximately 20 miles north of Gabbs, in Sections

29 and 30, T14N, R36E, Nye County, Nevada

Diameter of Holes, Cores and Casing through objective interval:

<u>Depth</u>	<u>Hole Size</u>	<u>Core Size</u>	<u>Csq. Size</u>
0 - ±100'	8-3/4"	---	6" FJ*
±100 - T.D.	5-1/4 - 5-1/8"	---	---

*to be provided by CONTRACTOR

Depths are an estimate; hole size, core size and casing size must be adhered to unless authorized by EXXON MINERALS.

Hole angle or straight hole requirements: Consistent with good drilling practice.

Work Schedule:

- Shifts per day - 1 or 2
- Work days per week - 10 on, 4 off; can be altered by mutual agreement
- Hours per shift - 10 or 12

with a minimum 2 man crew per shift, per drill.

Materials, equipment, and services to be provided by CONTRACTOR: All labor, equipment, tools, material, supplies, and services necessary and proper to the drilling and other contract services specified, with the following being particularly itemized:

Portadrill TLT

1500' to 2000' of 4-1/2" CSR drill pipe

LeRoi 256-S2 compressor

Auxiliary booster compressor (if needed)

Mud and injection pumps

40' pipe trailer to facilitate tripping in and out

3000-gallon water truck

Ancillary support equipment

Materials, equipment and services to be provided by EXXON MINERALS: Core boxes and sample sacks and other items specified below:

III. OPERATIONAL PROVISIONS:

1. EXXON MINERALS will designate and stake the location of all drill sites. CONTRACTOR shall make all necessary inspections and declares at the time it moves on the drill site that the access roads and drill site, whether staked in natural surroundings or prepared by EXXON MINERALS, are adequate and safe for its operations.
2. CONTRACTOR shall take drill cutting samples, sludge samples and/or core to the extent directed by EXXON MINERALS. CONTRACTOR shall make all reasonable effort to obtain maximum core recovery and samples representative of the intervals drilled. No payment will be made for lost core, unsatisfactory core recovery or unapproved core size reductions. On continuous core holes, if core should be lost in any interval that EXXON MINERALS' representative deems to be critical, CONTRACTOR agrees that it will plug back and make one additional attempt by wedging or by redrilling hole to achieve recovery of the critical core at one-half the hourly rate specified in Part C, Section I.4.a. of this Contract. CONTRACTOR shall box, accurately mark and preserve cores and samples as directed by EXXON MINERALS.
3. CONTRACTOR shall make every reasonable effort to maintain the specified hole and core size through the objective interval of the hole.
4. CONTRACTOR shall install casing and cement the same if required by hole or drilling conditions and authorized by EXXON MINERALS, and recover casing that is reasonably possible to recover. CONTRACTOR shall set plugs in drill holes upon abandonment as requested by EXXON MINERALS, and as required by drilling conditions to stabilize hole or to combat lost circulation.
5. If an artesian flow or other abnormal-pressured flow is encountered in any hole, CONTRACTOR will notify EXXON MINERALS, divert or control the flow to minimize damage and in the case of hydrocarbons or salt water, contain all liquids within the minimum feasible area.
6. CONTRACTOR will not permit livestock or wildlife to be exposed to grease or other deleterious substance.
7. CONTRACTOR shall keep and furnish to EXXON MINERALS such daily drilling shift records and drilling reports as EXXON MINERALS may require.
8. CONTRACTOR shall notify EXXON MINERALS promptly and if possible in advance of any change of personnel or change of work schedule.
9. CONTRACTOR will notify EXXON MINERALS promptly by phone when operations revert to time rates under the terms of this Contract and when conditions occur that could cause loss of hole, that are hazardous to personnel, CONTRACTOR'S equipment and/or the surrounding area or environment.
10. CONTRACTOR agrees that storage of any type of hydrocarbon will be in single, 660 U.S. gallons or less containers and that no more than 1320 U.S. gallons will be stored on the Project Area unless prior permission is obtained from EXXON MINERALS. The storage containers will be placed in an area where no part of any spill would reach the natural drainage, a stream, river, lake, reservoir, spring, pond, hole or well in the area where contamination of surface or underground water is possible.

11. CONTRACTOR agrees not to put any type of oil or toxic substance in the drilling mud for any reason including waste oil without prior permission from EXXON MINERALS. CONTRACTOR further agrees that if prior permission is not obtained, CONTRACTOR will remove the oil and/or toxic substance from the mud at his own expense, including hauling off and disposing of the contaminated mud and replacing with mud approved by EXXON MINERALS.

12. Pursuant to Part A, Section I.5 of this Contract, CONTRACTOR agrees to prevent any mud or drill cuttings to escape, leak, be dumped or discharged or any rubbish to be scattered on the Project Area at any time and to clean up any mud, drill cutting, or rubbish immediately when requested by EXXON MINERALS, at CONTRACTOR'S expense.

13. CONTRACTOR will abandon holes in accordance with State Regulations or as specified by EXXON MINERALS.

Project Name Quartz Mountain

Project Number 6129

CONTRACTOR Terradrill, Inc.

PART C - PAYMENT SCHEDULE

I. SCHEDULE OF RATES

1. Mobilization One lump sum of \$1,500.00

Mobilization includes rigging up on the first hole and rigging down on the last hole. Hourly rates start when hole is collared (spudded) and stop when logging or coring is completed or, if plugging time requires more than one hour, when plugging is completed on the last hole drilled.

Demobilization One lump sum of \$1,500.00

Demobilization is payable only if CONTRACTOR'S rig(s) is not mobilized by EXXON MINERALS or other operators at the completion of the Project.

Moving between drill sites Hourly: \$200.00 per hour

2. The following services and materials to be furnished by the CONTRACTOR are or are not reimbursable to the CONTRACTOR as indicated below.

Reimbursable to Contractor

Yes No

a. Preparation of access roads and drill sites By EXXON MINERALS

Maintenance of access roads and drill sites authorized by EXXON MINERALS By EXXON MINERALS

Preparation of mud reserve pits By EXXON MINERALS

b. Casing left in hole or recovered in poor condition less salvage value By EXXON MINERALS

c. Mud, mud additives, chemicals, lost return materials and cement, except \$ -0- per hole to be borne by CONTRACTOR at cost plus 10%

X _____

2. (cont.)

Reimbursable to Contractor

	<u>Yes</u>	<u>No</u>
d. Water	<u>X</u>	<u> </u>
e. Bits expended (less salvage value)		
Drilling or Reaming at cost plus 10%	<u>X</u>	<u> </u>
Coring	<u>X</u>	<u> </u>
Hammer bits - See below *		
f. Rental of in-hole surveying instruments		
if requested by EXXON MINERALS at cost plus 10% handling.	<u>X</u>	<u> </u>
All other services, third party services and materials furnished by CONTRACTOR not mentioned above are not reimbursable unless specifically authorized by EXXON MINERALS		

3. Unit or Time Rates as Specified:

a. Drilling and Sampling (Overburden or to total depth as applicable.)

Depth Interval (feet)	Rate per <u>Hour/foot</u>
Overburden (drilling and setting casing)-----	\$200.00 per hour
0 - 500'-----	\$ 9.00 per foot
501 - 1000'-----	\$10.50 per foot
1001 - 1500'-----	\$12.00 per foot

b. Coring

Core Size _____ *

Depth Interval (feet)	Rate per _____
Spot cores (if requested)-----	\$200.00 per hour.

Core size asterisked above is the preferred size through the objective interval.

*EXXON MINERALS will reimburse CONTRACTOR 50% of cost for hammer bits used on the project.

4. Time Rates (for services other than drilling, sampling and coring applicable only if specifically authorized by EXXON MINERALS.)
- a. Rig Operating with crew---\$ 200.00 per hour, except -0- hours per occurrence combating lost circulation at zero rate.
 - b. Standby with crew---\$ 150.00 per hour, except -0- hours per hole at zero rate for logging and geological consultation.
 - c. Standby without crew---\$ 100.00 per hour.
5. Other Rates (applicable only if specifically authorized by EXXON MINERALS):
- a. Booster compressor, if needed, will be charged at the following rate:
 - 1. CONTRACTOR'S cost FOB jobsite from Milford, Utah and back.
 - 2. \$40.00 per hour or \$240.00 per day plus \$10.00 per hour, whichever is lower.
 - 3. Additional compressor, \$30.00 per hour or \$120.00 per day plus \$10.00 per hour, whichever is lower.
 - b. Spot cores, if requested, will be taken at the hourly rate of \$200.00 per hour, plus diamond bits at cost plus 10%.
 - c. Other equipment requested by EXXON MINERALS such as survey tools, extraordinary sampling equipment, etc., shall be billed at cost FOB jobsite.
 - d. Handling charges - All items for which EXXON MINERALS reimburses CONTRACTOR will be billed at cost FOB jobsite plus 10%.

II. PROVISIONS APPLICABLE TO ALL RATES AND PAYMENTS (Also see Part B, Section III)

1. EXXON MINERALS shall pay all applicable sales and use taxes which are lawfully imposed by reason of CONTRACTOR'S services hereunder. EXXON MINERALS' tax payment obligation shall not include motor fuels taxes or any tax or license fee or charge levied or assessed on CONTRACTOR or upon or measured by CONTRACTOR'S income.

2. There is no guarantee that this Contract will be profitable to CONTRACTOR. Additional compensation will not be paid by reason of unexpected costs or unusual occurrence or catastrophe. Payment at the rates and according to the terms and provisions in this Part C shall be full and complete payment for all services performed and all materials and equipment furnished by CONTRACTOR except only if this Contract be amended in writing.

3. At the end or on the first and fifteenth of each calendar month in which work is performed hereunder, CONTRACTOR shall deliver to EXXON MINERALS a statement of all CONTRACTOR'S charges including all billable drill holes completed or partially completed, all other services performed, and all reimbursable costs incurred hereunder during that calendar month. Each such statement shall show the hole number, Project location, charges and costs for each individual hole drilled, insofar as possible. CONTRACTOR agrees that all financial statements, billings and reports rendered to EXXON MINERALS will reflect properly the facts with respect to charges and costs and may be relied on as complete and accurate for recording and reporting by EXXON MINERALS. CONTRACTOR agrees to notify EXXON MINERALS promptly of any discrepancy discovered.

4. Reimbursable costs for third party materials and services and tangibles furnished by CONTRACTOR, if any, shall be supported by third party invoices with CONTRACTOR'S invoice which includes such costs, and EXXON MINERALS shall be credited with all cash discounts received by CONTRACTOR. Payment shall be made only for supplies and materials accounted for on daily shift reports and no transfer, warehousing or handling charges shall be applicable unless specifically stated in the Payment Schedule.

5. No provision of this Contract for the reimbursement or direct payment by EXXON MINERALS of the cost of materials, use of equipment, or of third party services, shall ever be deemed:

- a. To be an agreement by EXXON MINERALS to procure such equipment, materials or services or to be responsible for the availability or suitability of the same.
- b. To authorize CONTRACTOR to charge all or part of the cost thereof to EXXON MINERALS or to pledge EXXON MINERALS' credit for any purpose.

6. CONTRACTOR shall preserve and protect EXXON MINERALS' properties and property interests from all liens including liens of mechanics and materialmen for labor, services or materials furnished in the performance of this Contract. Should any such lien be filed, or threatened, EXXON MINERALS may, in addition to any other remedy or right available to it, retain from any monies otherwise due CONTRACTOR, whether under this Contract or otherwise, an amount sufficient to discharge the lien and at its election, to discharge the lien by payment of said retained sum if it considers the lien to be valid. EXXON MINERALS shall also have the right, but not the duty, to pay for CONTRACTOR, and to charge against sums

otherwise due CONTRACTOR, any reimbursable unpaid indebtedness incurred by CONTRACTOR in the obtaining of the materials, supplies, equipment, and third parties' services for the performance of this Contract, whether or not a lien has been or could be filed.

7. No footage penetrated in the hole shall be charged as both drilling and coring. The footage rate covers and includes payment for the taking of required samples.

8. All time rates for drilling rig services with crew are based upon use of CONTRACTOR'S full crew. If CONTRACTOR fails to furnish the minimum number of crew members specified in Part B, Section II of this Contract, CONTRACTOR agrees to notify EXXON MINERALS immediately and, if requested by EXXON MINERALS, agrees to go on zero standby rate if operating on a time rate. EXXON MINERALS shall not be required to pay for periods of standby or delay not caused or requested by EXXON MINERALS. No charge for standby or delay, or any other charges, shall be incurred, or charged to EXXON MINERALS, after EXXON MINERALS, or EXXON MINERALS' field representative, advised CONTRACTOR that the Project has been completed or that EXXON MINERALS elects to terminate this Contract. Nor shall there be any charge to EXXON MINERALS for any unit of equipment after EXXON MINERALS advises CONTRACTOR that it is released from use.

9. The standby rate specified shall apply only to shift time delays, including time in excess of the specified hours allotted for logging, waiting on cement to set, running inclinometer or hole deviation surveys, and for time required to allow gas pressure to subside.

10. The time lost caused by CONTRACTOR, including time required to re-enter and condition hole after shutdown periods, mechanical failures or any condition other than is specifically mentioned in paragraph 9 immediately above, will be at the sole cost and expense of the CONTRACTOR and EXXON MINERALS will not reimburse CONTRACTOR for same.

11. If payment is based primarily on footage drilled under unit rates in Part C, Section I, 3.a. of this Contract, then (1) time lost due to stuck pipe, "fishing operations" and the cost of services for and materials expended during "fishing operations" shall be borne by CONTRACTOR and (2) loss of, or damage to drill holes, and loss of or damage to CONTRACTOR'S tools and equipment shall be borne by CONTRACTOR.

12. If payment is based primarily on footage drilled under unit rates in Part C, Section I, 3.a. of this Contract, payment shall be based on either (1) the total depth specified by EXXON MINERALS and determined by in-hole logging or (2) the total depth determined by drill stem measurement. No payment, except for third party services and materials that EXXON MINERALS has agreed to pay for in Part C, Section I, 2 of this Contract, shall be made if the hole does not penetrate the objective depth specified by EXXON MINERALS' representative provided that it is within the maximum depth limit specified herein.

13. If payment is based primarily on footage drilled under unit rates in Part C, Section I, 3.a. of this Contract, CONTRACTOR guarantees the completed open hole to be and remain in a condition to allow in-hole logging to total depth for a period of two (2) hours after the hole is ready and accessible to open hole logging. If CONTRACTOR elects to move off the location prior to logging and it is

not possible to obtain an open hole log through the objective interval, CONTRACTOR will take whatever actions are necessary to allow open hole logging through the objective interval at its own expense or, in the case of non-core holes and at CONTRACTOR'S election, abandon the hole without any compensation for drilling the hole, except for third party services and materials that EXXON MINERALS has agreed to pay for in Part C, Section I, 2 of this Contract.

14. If payment is based primarily on footage under unit rates specified in Part C, Section I, 3.a. of this Contract, CONTRACTOR agrees to make one attempt to fill the hole to 100 feet above the objective interval with a liquid specified by EXXON MINERALS prior to logging at CONTRACTOR'S expense.

15. If payment is based primarily on a time rate under unit rates specified in Part C, Section I, 3.a of this Contract, EXXON MINERALS shall assume the loss of drill pipe, drill tools and lost hole and EXXON MINERALS will reimburse CONTRACTOR for "fishing operations" authorized by EXXON MINERALS provided that CONTRACTOR can establish that CONTRACTOR has not negligently contributed to such loss and loss was not due to failure of any of CONTRACTOR'S drilling equipment, including but not limited to drill pipe, hoisting equipment, pumps and engines. Payment for lost drill pipe and drill tools will be based on actual cost less two (2) percent of actual cost per month for each from the date of acquisition less any insurance collected by CONTRACTOR on such equipment or will be based on the value of the equipment as listed in Part C, Section I, 5 of this Contract. Payment for lost drill pipe, drill tools and lost hole addressed in this paragraph is not applicable if payment is based primarily on footage drilled under unit rates in Part C, Section I, 3.a. of this Contract even if CONTRACTOR is being paid under Section I, 4.. Time Rates, at time of drill pipe, drill tool or hole loss.

16. The mobilization fee will be payable when the CONTRACTOR initiates drilling on the first hole or when EXXON MINERALS authorizes movement for drilling equipment to the drill area. If this Contract is terminated according to the provisions in Part A, Section VI of this Contract prior to EXXON MINERALS authorizing movement of drilling equipment, the mobilization fee is not payable. The demobilization fee will be payable if equipment has been mobilized to the Project Area as authorized by EXXON MINERALS and when this Contract is terminated by EXXON MINERALS or by CONTRACTOR according to the provisions in Part A, Section VI of this Contract provided CONTRACTOR is not mobilized by EXXON MINERALS or by another operator.

17. EXXON MINERALS' duly authorized representatives shall have access, at all reasonable times, to all CONTRACTOR'S and subcontractor's personnel, job descriptions, employment and qualification records, books, records, correspondence, instructions, plans, drawings, receipts, vouchers, data stored in computers and memoranda of every description pertaining to work under this Contract for the purpose of auditing and verifying costs of work or for any other reasonable purpose. EXXON MINERALS' representatives shall have the right to reproduce any of the aforesaid documents. CONTRACTOR shall preserve, and shall cause its subcontractors to preserve, all the aforesaid documents for a period of two years after completion and acceptance or termination of this Contract work.

EXXON MINERALS' representatives shall also have sufficient audit access to CONTRACTOR'S costs in the fixed rate areas to satisfy themselves that all services that are supposed to be included in CONTRACTOR'S fixed rates pursuant to this Contract are so included.

IN WITNESS WHEREOF, this Contract is executed as of the day and year stated on page 1 hereof.

EXXON MINERALS: EXXON MINERALS COMPANY,
a Division of Exxon Corporation

Address: PO Box 120
Denver, Colorado 80201
Attn: Drilling

EE

By _____

CONTRACTOR: Terradrill, Inc.

2367 Krameria St.

Denver, Co. 80207

By _____

EXXON MINERALS COMPANY.

BOX 120, DENVER, COLORADO 80201

August 19, 1982

Terradrill, Inc.
2367 Krameria St.
Denver, Co. 80207
Attn: John Thurston

Re: Quartz Mountain, #6129
Nye County, Nevada

Gentlemen:

Enclosed are two copies of the Drilling Contract to cover the drilling operations for the above-captioned project. If you concur with the terms of this Agreement, please sign and return both copies to us. We cannot allow you to start the project until we receive the signed copies from you. We will return an executed copy for your files.

Part A, Section 1.4. provides that you will keep information and materials resulting from this project confidential. We want to be certain that this provision is strictly followed. Please so inform your supervisors and foremen and arrange to have all workers associated with the project advised that we want strict compliance.

This project will be under the direction of Tom Irwin of our Reno office, 50 Freeport, #23, Sparks, Nevada 89431; telephone (702) 358-7020. If you have any technical questions pertaining to the drilling of this project, please contact E.J. Huskinson at this office, telephone (303) 789-7635.

Please send all invoices for work performed on this project to the Reno address. Also, please ask your insurance agent to send us a copy of your current certificate of insurance.

Sincerely,



G.E. Lehtinen
Senior Drilling Coordinator

EJH:nb (eja)
cc: G. Westra
T.D. Irwin

Attachments

Orig. to Q73
Mtn. Drilling (1982)
file # 6129. Copy to
VJN

U.S. Exploration



Project Name Quartz Mountain

Project Number 6129

This Drilling Contract, made this 19th day of August, 1982,
between Exxon Minerals Company, a division of Exxon Corporation, herein called
EXXON MINERALS, and Terradrill, Inc.

herein called CONTRACTOR, a Wyoming Corporation.

W I T N E S S E T H that,

in consideration of the mutual agreements herein stated, it is agreed between the
parties as follows:

PART A - GENERAL PROVISIONS

I. CONTRACTOR'S STATUS AND GENERAL OBLIGATIONS OF THE PARTIES

1. CONTRACTOR shall perform the work specified in Part B of this Contract in accordance with the particulars set forth in said Part B, diligently and in a proper, careful, safe and workmanlike manner in compliance with all laws and lawful regulations applicable and EXXON MINERALS shall pay CONTRACTOR for said performance the amounts specified in Part C of this Contract. CONTRACTOR agrees to notify EXXON MINERALS promptly upon discovery of any instance where the CONTRACTOR fails to comply with all laws and lawful regulations applicable to any activities carried out in the name of or on behalf of EXXON MINERALS under the provisions of this Contract and/or any amendments to it. This Contract is made for a term beginning on the date stated above and ending upon completion of the services herein provided for, unless sooner terminated under the express provisions of this Contract.

2. CONTRACTOR shall be an independent contractor with respect to performance of all work hereunder and neither CONTRACTOR nor anyone employed by CONTRACTOR shall be deemed for any purpose to be the employee, agent, servant, or representative of EXXON MINERALS in the performance of any work or service or any part thereof in any manner dealt with hereunder. The actual performance and superintendence of all work hereunder shall be by CONTRACTOR, but EXXON MINERALS or its representatives shall have unlimited access to the premises to determine whether work is being performed by CONTRACTOR in accordance with all of the provisions of this Contract and to observe the results thereof. CONTRACTOR shall not subcontract any part of the Project hereunder without the prior written consent of EXXON MINERALS. CONTRACTOR shall not assign its rights hereunder without prior written consent of EXXON MINERALS. All the terms, covenants and conditions of this Contract shall be binding upon the successors and assigns of the parties hereto.

3. CONTRACTOR shall comply with all laws, regulations, codes, ordinances and judicial and other orders of federal, state and local government authorities having jurisdiction over CONTRACTOR or any of the contract work, or activities carried out in the name of or on behalf of EXXON MINERALS, and shall obtain, at its own expense, all permits, licenses and equipment required of it by such authorities to enable CONTRACTOR to engage in the contract work. CONTRACTOR shall not be required to obtain permits which reasonably are required to be obtained by EXXON MINERALS in order to permit the contract work to be performed. CONTRACTOR agrees that all financial statements, billings and reports rendered to EXXON MINERALS will accurately report all activities and transactions handled for EXXON MINERALS' account and may be relied upon as being complete and accurate in further recordings and reports made by EXXON MINERALS for any purpose. CONTRACTOR agrees to notify EXXON MINERALS promptly upon discovery of any instance where CONTRACTOR has not complied with the foregoing provisions.

Without limiting the generality of the foregoing, CONTRACTOR shall not engage in any conduct or practice which violates any applicable law, order or regulation prohibiting discrimination against any person by reason of race, color, religion, national origin, sex or age.

If this is a contract subject to the rules and regulations approved by the Secretary of Labor under Executive Order 11246, as amended to date, the provisions of that Executive Order and the implementing rules and regulations of the Secretary of Labor are by reference hereby incorporated in and made a part of this Contract.

If this is a contract subject to the Affirmative Action Regulations with respect to Employment of the Handicapped, or with respect to Disabled or Vietnam Era Veterans, regulations contained in the United States Code of Federal Regulations (41 CFR 60-741) are by reference hereby incorporated in and made a part of this Contract.

4. CONTRACTOR recognizes and confirms that all cores, samples, data and information whatsoever obtained or developed during or in connection with the work under this Contract shall be confidential and owned by EXXON MINERALS as its own proprietary information and property. CONTRACTOR shall use its best efforts at all times to prevent information concerning the Project, including drill sites, results of drilling and exploration, and drill cores, sludge and other samples, from being disclosed to anyone excepting only EXXON MINERALS' designated field representative or other party selected by EXXON MINERALS, in writing, to receive such information. CONTRACTOR shall not allow unauthorized persons to examine samples and drill cores and shall keep drill cores in closed containers at all times and in locked containers when neither CONTRACTOR'S nor EXXON MINERALS' representatives are at the place where the cores are kept. CONTRACTOR shall advise each of its employees of the confidential nature of the services being performed under this agreement. In the event CONTRACTOR or any officer, agent, or employee of CONTRACTOR, individually or with or through others, obtains a land or mineral interest and the same results from or is in any way connected with information obtained or developed during the work performed under this Contract, either during the term of this Contract or within a period of twelve (12) months after this Contract is terminated, then the same, should EXXON MINERALS so elect within a period of twenty-one (21) years after the acquisition thereof, shall be held in trust for the sole benefit of EXXON MINERALS. The foregoing provisions relative to a trust relationship is in addition to, and not a limitation of, any right or remedy otherwise available to EXXON MINERALS.

5. In addition to and without limiting CONTRACTOR'S obligation to comply with applicable law and the provisions of this Contract, it is specifically agreed that CONTRACTOR shall routinely and at all times conduct its operations in a manner commensurate with good environmental conservation practices, and shall perform such incidental operations as are necessary to properly protect and maintain, within feasible limits, the original condition of the Project Area. If EXXON MINERALS advises CONTRACTOR that the terms of any prospecting permits, leases, options, mining claims, agreements or documents governing EXXON MINERALS' right to enter upon, explore, or drill lands within the Project Area contain restrictions, limitations or special obligations concerning the use of such lands, CONTRACTOR or any subcontractor will comply with them and if CONTRACTOR is requested to cease drilling operations because of noncompliance, CONTRACTOR agrees to cease such operations and further agrees that any time lost thereby will be at the sole cost and expense of the CONTRACTOR. CONTRACTOR also agrees to contain all waste oil, drilling mud, cuttings and rubbish that may accrue from its operations and prevent same from escaping. Upon completion of the Project or upon termination of this Contract for any reason, drilling mud contained in nonearthern tanks, CONTRACTOR'S equipment, materials, and rubbish shall be removed from the Project Area in compliance with good conservation practices. CONTRACTOR agrees that, to insure CONTRACTOR'S compliance with this provision, EXXON MINERALS shall have the right to retain an amount not to exceed ten percent (10%) of the charges invoiced to EXXON MINERALS under this Contract. After thirty (30) days from the time of mailing to CONTRACTOR written notice of noncompliance with this provision, these monies may be used for noncompliance of this provision such as but not limited to the removal of CONTRACTOR'S equipment, materials and rubbish and the cleanup of any spills caused by CONTRACTOR and restoration of the Project Area to the extent of CONTRACTOR'S responsibility as set forth in this paragraph. Retained monies will be released when CONTRACTOR complies with the terms of this paragraph 5.

6. CONTRACTOR acknowledges and declares that it is familiar with the Project Area and the climate, terrain and working conditions therein, and that it has knowledge and expertise with respect to the work performed, equipment and materials to be used and methods of operation to be conducted hereunder. All pertinent factors have been considered prior to the agreement to the payments provided for in Part C. Any equipment or material furnished by EXXON MINERALS to CONTRACTOR is furnished "as is" with defects, if any, and the CONTRACTOR shall have the duty to inspect for defects. CONTRACTOR further recognizes and has considered the possibility of catastrophe such as blowout, cratering, fire, flood, storm, or avalanche and CONTRACTOR agrees that it will, at its own sole expense, furnish and have available all necessary, proper and legally required safety equipment and supplies for its operation and to protect its employees, such as, but not limited to fire fighting equipment, gas detection equipment, first aid equipment, and flow diverting equipment. CONTRACTOR agrees to take all precautions which are necessary, reasonable, proper, and legally required to protect its personnel and equipment and also other persons and the property of others from hazards. CONTRACTOR shall observe the following particular fire prevention rules: Vehicles with catalytic converters shall be driven only on roads and parked only in areas where ignitable materials have been removed. Welding or other activities which could ignite timber or brush shall be conducted only with special procedures established to prevent fires.

II. INDEMNITIES

1. EXXON MINERALS shall indemnify CONTRACTOR and save CONTRACTOR harmless from and against any liability or responsibility for bodily injuries, death or damage to property caused solely by the negligence of EXXON MINERALS, its officers or employees.

2. CONTRACTOR agrees to protect, indemnify and hold harmless, EXXON MINERALS, its agents, servants and employees from and against all claims, demands and causes of action of every kind and character arising in favor of CONTRACTOR, CONTRACTOR'S employees or third parties (third parties being defined for purposes of this provision as any party other than an employee of EXXON MINERALS or employee of CONTRACTOR) for:

(i) Labor, materials, services, equipment and supplies furnished by CONTRACTOR or EXXON MINERALS hereunder; and

(ii) Taxes, licenses and fees levied or assessed on CONTRACTOR in connection with or incident to the performance of this Contract, including unemployment compensation insurance, social security or other levies or taxes upon wages paid by CONTRACTOR; and

(iii) Bodily injuries, death or damage to property occurring in or in any way resulting from the performance of the work under this Contract except only those injuries, deaths or damages caused solely by the negligence of EXXON MINERALS, its officers or employees.

3. In the event EXXON MINERALS and CONTRACTOR are unable to agree as to whether the sole cause for the occurrence is the negligence of EXXON MINERALS, its officers or employees, or should applicable law require that EXXON MINERALS and CONTRACTOR share the liability and responsibility for an accident or occurrence despite the provisions of subparagraph 2 (ii) above, then the matter may be referred by either party to the American Arbitration Association for resolution in accordance with its rules for commercial arbitration. If EXXON MINERALS should determine that prompt payment for a third party liability is desirable, it may make such payment subject to refund after arbitration.

4. CONTRACTOR shall defend all suits brought upon any claim, demand or cause of action as to which its indemnity applies and shall pay all costs and expenses incidental thereto but EXXON MINERALS shall have the right at its option to participate at its own cost and expense in the defense of any such suit without relieving CONTRACTOR of any of its obligations.

III. RESPONSIBILITY FOR CONTRACTOR'S EQUIPMENT

CONTRACTOR shall assume sole responsibility and liability at all times for any and all damage to or loss or destruction of CONTRACTOR'S surface equipment, including the platform and all drilling tools, machinery and appliances located above the surface, regardless of how such damage, destruction or loss occurs, and EXXON MINERALS shall be under no liability whatever to reimburse CONTRACTOR for such damage, destruction or loss.

IV. INSURANCE

1. CONTRACTOR now carries and shall maintain in force for the duration for this Contract the following insurances and agrees that no insurance will be cancelled or materially changed while this Contract is in effect without thirty (30) days written notice to EXXON MINERALS. Nothing contained herein shall serve in any way to limit or waive CONTRACTOR'S responsibility.

(i) Workmen's Compensation - CONTRACTOR, for all its employees engaged in the performance of any work or service dealt with hereunder, now carries and shall maintain Workmen's Compensation insurance in full compliance with applicable law. Should any part of the work or services hereunder be sub-contracted, CONTRACTOR shall require each subcontractor to provide Workmen's Compensation insurance for the subcontractor's employees unless said employees are covered under CONTRACTOR'S insurance.

(ii) Comprehensive General Liability - CONTRACTOR now carries and shall maintain Comprehensive General Liability insurance in minimum limits for bodily injury liability of not less than 100,000.00 U.S. Dollars per person and 300,000.00 U.S. Dollars per occurrence, and minimum property damage liability limit of not less than 100,000.00 U.S. Dollars per occurrence.

(iii) Comprehensive Automobile Liability - CONTRACTOR now carries and shall maintain Comprehensive Automobile Liability insurance covering owned, non-owned, and hired automotive equipment and providing minimum limits for bodily injury liability of not less than 100,000.00 U.S. Dollars per person and 300,000.00 U.S. Dollars per occurrence and property damage liability limit of not less than 50,000.00 U.S. Dollars per occurrence.

2. CONTRACTOR agrees to furnish EXXON MINERALS with satisfactory evidence that insurance is being properly carried, including the types, amounts of coverage in effect and the expiration date of each policy. If requested by EXXON MINERALS, CONTRACTOR shall furnish EXXON MINERALS with certified copies of all policies. If any of CONTRACTOR'S insurance policies require CONTRACTOR to list the companies to which it provides service, CONTRACTOR will furnish written notice that EXXON MINERALS is listed.

3. No part of the cost of CONTRACTOR'S insurance shall ever be a reimbursable item under this Contract as those costs are reflected in the rates specified in Part C hereof.

V. FOREIGN STATUS DECLARATION

If CONTRACTOR is not a citizen or resident of the United States, or a corporation or partnership which was created or organized in the United States, or any state or territory of the United States, CONTRACTOR agrees to notify EXXON MINERALS of its citizenship and resident status when this Contract is executed by CONTRACTOR, or if CONTRACTOR'S resident status changes during the term of this Contract, within five (5) days after the change in resident status, CONTRACTOR will provide EXXON MINERALS with the information necessary to determine CONTRACTOR'S United States federal income tax exemption status. Based on the information provided, EXXON MINERALS will advise CONTRACTOR of its exemption status and the amount of tax, if any, that EXXON MINERALS is required to withhold from payments to CONTRACTOR per the Internal Revenue Code. If CONTRACTOR fails to notify EXXON MINERALS of its non-resident alien individual, partnership or foreign corporation status, EXXON MINERALS reserves the right to withhold all payments to the CONTRACTOR until the CONTRACTOR'S tax status is determined and appropriate withholding tax payments are made to the United States Treasury Department, and the CONTRACTOR agrees to reimburse EXXON MINERALS for any withholding tax EXXON MINERALS is obligated to pay the United States Treasury Department on behalf of the CONTRACTOR.

VI. TERMINATION

EXXON MINERALS shall have the right to terminate this Contract at any time, for any reason, by verbal or written notice given to CONTRACTOR, or to CONTRACTOR'S personnel, by EXXON MINERALS or by EXXON MINERALS' authorized personnel.

CONTRACTOR shall have the right to terminate this Contract at any time by giving EXXON MINERALS ten (10) days written or verbal notice, at its address set forth on the last page of this Contract or to EXXON MINERALS' field representative, and either completing the hole in progress or assuming the cost of such hole.

When this Contract is terminated for any reason, EXXON MINERALS shall pay CONTRACTOR as provided in this Contract only for those test holes completed to the depth and in a manner specified by EXXON MINERALS and for that part of the Project completed prior to the time of the termination.

This Contract shall remain in force until all of CONTRACTOR'S equipment, materials and rubbish is removed from the Project Area, according to the provisions herein contained.

VII. CONFLICT OF INTEREST

CONTRACTOR shall exercise reasonable care and diligence to prevent any actions or conditions which could result in a conflict with EXXON MINERALS' best interests. This obligation shall apply to the activities of the employees and agents of CONTRACTOR in their relations with EXXON MINERALS' employees and their families and with third parties arising from the performance of this Contract and accomplishing services hereunder. Both parties' efforts shall include, but not be limited to, establishing precautions to prevent its employees or agents from making, receiving, providing or offering substantial gifts, extravagant entertainment, payments, loans or other considerations for the purpose of influencing individuals to act contrary to EXXON MINERALS' best interests.

VIII. ENFORCEMENT

EXXON MINERALS and CONTRACTOR may at any time or from time to time during the term of this Contract elect not to enforce or require strict observance of the terms, conditions or provisions of this Contract; however, this shall not constitute a waiver of, nor limit or impair such terms, conditions or provisions; nor shall it affect EXXON MINERALS' or CONTRACTOR'S right to enforce such terms, conditions or provisions.

Project Name Quartz Mountain

Project Number 6129

CONTRACTOR Terradrill, Inc.

PART B - PROJECT SPECIFICATIONS

I. LOCATION RESPONSIBILITY

Preparation of access roads and drill sites by EXXON MINERALS

Maintenance of access roads and drill sites by EXXON MINERALS

Preparation of mud reserve pits by EXXON MINERALS

II. DRILLING

Drill 3 holes of varying depths, as directed by EXXON MINERALS, not to exceed 1500 feet maximum, commencing on or about September 7, 1982, in the Project Area described as:

Quartz Mountain, approximately 20 miles north of Gabbs, in Sections

29 and 30, T14N, R36E, Nye County, Nevada

Diameter of Holes, Cores and Casing through objective interval:

<u>Depth</u>	<u>Hole Size</u>	<u>Core Size</u>	<u>Csq. Size</u>
0 - ±100'	8-3/4"	---	6" FJ*
±100 - T.D.	5-1/4 - 5-1/8"	---	---

*to be provided by CONTRACTOR

Depths are an estimate; hole size, core size and casing size must be adhered to unless authorized by EXXON MINERALS.

Hole angle or straight hole requirements: Consistent with good drilling practice.

Work Schedule:

- Shifts per day - 1 or 2
- Work days per week - 10 on, 4 off; can be altered by mutual agreement
- Hours per shift - 10 or 12

with a minimum 2 man crew per shift, per drill.

Materials, equipment, and services to be provided by CONTRACTOR: All labor, equipment, tools, material, supplies, and services necessary and proper to the drilling and other contract services specified, with the following being particularly itemized:

Portadrill TLT

1500' to 2000' of 4-1/2" CSR drill pipe

LeRoi 256-S2 compressor

Auxiliary booster compressor (if needed)

Mud and injection pumps

40' pipe trailer to facilitate tripping in and out

3000-gallon water truck

Ancillary support equipment

Materials, equipment and services to be provided by EXXON MINERALS: Core boxes and sample sacks and other items specified below:

III. OPERATIONAL PROVISIONS:

1. EXXON MINERALS will designate and stake the location of all drill sites. CONTRACTOR shall make all necessary inspections and declares at the time it moves on the drill site that the access roads and drill site, whether staked in natural surroundings or prepared by EXXON MINERALS, are adequate and safe for its operations.
2. CONTRACTOR shall take drill cutting samples, sludge samples and/or core to the extent directed by EXXON MINERALS. CONTRACTOR shall make all reasonable effort to obtain maximum core recovery and samples representative of the intervals drilled. No payment will be made for lost core, unsatisfactory core recovery or unapproved core size reductions. On continuous core holes, if core should be lost in any interval that EXXON MINERALS' representative deems to be critical, CONTRACTOR agrees that it will plug back and make one additional attempt by wedging or by redrilling hole to achieve recovery of the critical core at one-half the hourly rate specified in Part C, Section I.4.a. of this Contract. CONTRACTOR shall box, accurately mark and preserve cores and samples as directed by EXXON MINERALS.
3. CONTRACTOR shall make every reasonable effort to maintain the specified hole and core size through the objective interval of the hole.
4. CONTRACTOR shall install casing and cement the same if required by hole or drilling conditions and authorized by EXXON MINERALS, and recover casing that is reasonably possible to recover. CONTRACTOR shall set plugs in drill holes upon abandonment as requested by EXXON MINERALS, and as required by drilling conditions to stabilize hole or to combat lost circulation.
5. If an artesian flow or other abnormal-pressured flow is encountered in any hole, CONTRACTOR will notify EXXON MINERALS, divert or control the flow to minimize damage and in the case of hydrocarbons or salt water, contain all liquids within the minimum feasible area.
6. CONTRACTOR will not permit livestock or wildlife to be exposed to grease or other deleterious substance.
7. CONTRACTOR shall keep and furnish to EXXON MINERALS such daily drilling shift records and drilling reports as EXXON MINERALS may require.
8. CONTRACTOR shall notify EXXON MINERALS promptly and if possible in advance of any change of personnel or change of work schedule.
9. CONTRACTOR will notify EXXON MINERALS promptly by phone when operations revert to time rates under the terms of this Contract and when conditions occur that could cause loss of hole, that are hazardous to personnel, CONTRACTOR'S equipment and/or the surrounding area or environment.
10. CONTRACTOR agrees that storage of any type of hydrocarbon will be in single, 660 U.S. gallons or less containers and that no more than 1320 U.S. gallons will be stored on the Project Area unless prior permission is obtained from EXXON MINERALS. The storage containers will be placed in an area where no part of any spill would reach the natural drainage, a stream, river, lake, reservoir, spring, pond, hole or well in the area where contamination of surface or underground water is possible.

11. CONTRACTOR agrees not to put any type of oil or toxic substance in the drilling mud for any reason including waste oil without prior permission from EXXON MINERALS. CONTRACTOR further agrees that if prior permission is not obtained, CONTRACTOR will remove the oil and/or toxic substance from the mud at his own expense, including hauling off and disposing of the contaminated mud and replacing with mud approved by EXXON MINERALS.

12. Pursuant to Part A, Section 1.5 of this Contract, CONTRACTOR agrees to prevent any mud or drill cuttings to escape, leak, be dumped or discharged or any rubbish to be scattered on the Project Area at any time and to clean up any mud, drill cutting, or rubbish immediately when requested by EXXON MINERALS, at CONTRACTOR'S expense.

13. CONTRACTOR will abandon holes in accordance with State Regulations or as specified by EXXON MINERALS.

Project Name Quartz Mountain

Project Number 6129

CONTRACTOR Terradrill, Inc.

PART C - PAYMENT SCHEDULE

I. SCHEDULE OF RATES

1. Mobilization One lump sum of \$1,500.00

Mobilization includes rigging up on the first hole and rigging down on the last hole. Hourly rates start when hole is collared (spudded) and stop when logging or coring is completed or, if plugging time requires more than one hour, when plugging is completed on the last hole drilled.

Demobilization One lump sum of \$1,500.00

Demobilization is payable only if CONTRACTOR'S rig(s) is not mobilized by EXXON MINERALS or other operators at the completion of the Project.

Moving between drill sites Hourly: \$200.00 per hour

2. The following services and materials to be furnished by the CONTRACTOR are or are not reimbursable to the CONTRACTOR as indicated below.

Reimbursable to Contractor

Yes No

a. Preparation of access roads and drill sites By EXXON MINERALS

Maintenance of access roads and drill sites authorized by EXXON MINERALS By EXXON MINERALS

Preparation of mud reserve pits By EXXON MINERALS

b. Casing left in hole or recovered in poor condition less salvage value By EXXON MINERALS

c. Mud, mud additives, chemicals, lost return materials and cement, except \$ -0- per hole to be borne by CONTRACTOR at cost plus 10%

X _____

2. (cont.)

Reimbursable to Contractor

	<u>Yes</u>	<u>No</u>
d. Water	<u>X</u>	<u> </u>
e. Bits expended (less salvage value)		
Drilling or Reaming at cost plus 10%	<u>X</u>	<u> </u>
Coring	<u>X</u>	<u> </u>
Hammer bits - See below *		
f. Rental of in-hole surveying instruments		
if requested by EXXON MINERALS at cost plus	<u>X</u>	<u> </u>
10% handling.		
All other services, third party services and materials furnished by CONTRACTOR not mentioned above are not reimbursable unless specifically authorized by EXXON MINERALS		

3. Unit or Time Rates as Specified:

a. Drilling and Sampling (Overburden or to total depth as applicable.)

Depth Interval (feet)	Rate per <u>Hour/foot</u>
Overburden (drilling and setting casing)-----	\$200.00 per hour
0 - 500'-----	\$ 9.00 per foot
501 - 1000'-----	\$10.50 per foot
1001 - 1500'-----	\$12.00 per foot

b. Coring

Core Size *

Depth Interval (feet)	Rate per <u> </u>
Spot cores (if requested)-----	\$200.00 per hour.

Core size asterisked above is the preferred size through the objective interval.

*EXXON MINERALS will reimburse CONTRACTOR 50% of cost for hammer bits used on the project.

4. Time Rates (for services other than drilling, sampling and coring applicable only if specifically authorized by EXXON MINERALS.)
- a. Rig Operating with crew---\$ 200.00 per hour, except -0- hours per occurrence combating lost circulation at zero rate.
 - b. Standby with crew---\$ 150.00 per hour, except -0- hours per hole at zero rate for logging and geological consultation.
 - c. Standby without crew---\$ 100.00 per hour.
5. Other Rates (applicable only if specifically authorized by EXXON MINERALS):
- a. Booster compressor, if needed, will be charged at the following rate:
 - 1. CONTRACTOR'S cost FOB jobsite from Milford, Utah and back.
 - 2. \$40.00 per hour or \$240.00 per day plus \$10.00 per hour, whichever is lower.
 - 3. Additional compressor, \$30.00 per hour or \$120.00 per day plus \$10.00 per hour, whichever is lower.
 - b. Spot cores, if requested, will be taken at the hourly rate of \$200.00 per hour, plus diamond bits at cost plus 10%.
 - c. Other equipment requested by EXXON MINERALS such as survey tools, extraordinary sampling equipment, etc., shall be billed at cost FOB jobsite.
 - d. Handling charges - All items for which EXXON MINERALS reimburses CONTRACTOR will be billed at cost FOB jobsite plus 10%.

II. PROVISIONS APPLICABLE TO ALL RATES AND PAYMENTS (Also see Part B, Section III)

1. EXXON MINERALS shall pay all applicable sales and use taxes which are lawfully imposed by reason of CONTRACTOR'S services hereunder. EXXON MINERALS' tax payment obligation shall not include motor fuels taxes or any tax or license fee or charge levied or assessed on CONTRACTOR or upon or measured by CONTRACTOR'S income.

2. There is no guarantee that this Contract will be profitable to CONTRACTOR. Additional compensation will not be paid by reason of unexpected costs or unusual occurrence or catastrophe. Payment at the rates and according to the terms and provisions in this Part C shall be full and complete payment for all services performed and all materials and equipment furnished by CONTRACTOR except only if this Contract be amended in writing.

3. At the end or on the first and fifteenth of each calendar month in which work is performed hereunder, CONTRACTOR shall deliver to EXXON MINERALS a statement of all CONTRACTOR'S charges including all billable drill holes completed or partially completed, all other services performed, and all reimbursable costs incurred hereunder during that calendar month. Each such statement shall show the hole number, Project location, charges and costs for each individual hole drilled, insofar as possible. CONTRACTOR agrees that all financial statements, billings and reports rendered to EXXON MINERALS will reflect properly the facts with respect to charges and costs and may be relied on as complete and accurate for recording and reporting by EXXON MINERALS. CONTRACTOR agrees to notify EXXON MINERALS promptly of any discrepancy discovered.

4. Reimbursable costs for third party materials and services and tangibles furnished by CONTRACTOR, if any, shall be supported by third party invoices with CONTRACTOR'S invoice which includes such costs, and EXXON MINERALS shall be credited with all cash discounts received by CONTRACTOR. Payment shall be made only for supplies and materials accounted for on daily shift reports and no transfer, warehousing or handling charges shall be applicable unless specifically stated in the Payment Schedule.

5. No provision of this Contract for the reimbursement or direct payment by EXXON MINERALS of the cost of materials, use of equipment, or of third party services, shall ever be deemed:

- a. To be an agreement by EXXON MINERALS to procure such equipment, materials or services or to be responsible for the availability or suitability of the same.
- b. To authorize CONTRACTOR to charge all or part of the cost thereof to EXXON MINERALS or to pledge EXXON MINERALS' credit for any purpose.

6. CONTRACTOR shall preserve and protect EXXON MINERALS' properties and property interests from all liens including liens of mechanics and materialmen for labor, services or materials furnished in the performance of this Contract. Should any such lien be filed, or threatened, EXXON MINERALS may, in addition to any other remedy or right available to it, retain from any monies otherwise due CONTRACTOR, whether under this Contract or otherwise, an amount sufficient to discharge the lien and at its election, to discharge the lien by payment of said retained sum if it considers the lien to be valid. EXXON MINERALS shall also have the right, but not the duty, to pay for CONTRACTOR, and to charge against sums

otherwise due CONTRACTOR, any reimbursable unpaid indebtedness incurred by CONTRACTOR in the obtaining of the materials, supplies, equipment, and third parties' services for the performance of this Contract, whether or not a lien has been or could be filed.

7. No footage penetrated in the hole shall be charged as both drilling and coring. The footage rate covers and includes payment for the taking of required samples.

8. All time rates for drilling rig services with crew are based upon use of CONTRACTOR'S full crew. If CONTRACTOR fails to furnish the minimum number of crew members specified in Part B, Section II of this Contract, CONTRACTOR agrees to notify EXXON MINERALS immediately and, if requested by EXXON MINERALS, agrees to go on zero standby rate if operating on a time rate. EXXON MINERALS shall not be required to pay for periods of standby or delay not caused or requested by EXXON MINERALS. No charge for standby or delay, or any other charges, shall be incurred, or charged to EXXON MINERALS, after EXXON MINERALS, or EXXON MINERALS' field representative, advised CONTRACTOR that the Project has been completed or that EXXON MINERALS elects to terminate this Contract. Nor shall there be any charge to EXXON MINERALS for any unit of equipment after EXXON MINERALS advises CONTRACTOR that it is released from use.

9. The standby rate specified shall apply only to shift time delays, including time in excess of the specified hours allotted for logging, waiting on cement to set, running inclinometer or hole deviation surveys, and for time required to allow gas pressure to subside.

10. The time lost caused by CONTRACTOR, including time required to re-enter and condition hole after shutdown periods, mechanical failures or any condition other than is specifically mentioned in paragraph 9 immediately above, will be at the sole cost and expense of the CONTRACTOR and EXXON MINERALS will not reimburse CONTRACTOR for same.

11. If payment is based primarily on footage drilled under unit rates in Part C, Section I, 3.a. of this Contract, then (1) time lost due to stuck pipe, "fishing operations" and the cost of services for and materials expended during "fishing operations" shall be borne by CONTRACTOR and (2) loss of, or damage to drill holes, and loss of or damage to CONTRACTOR'S tools and equipment shall be borne by CONTRACTOR.

12. If payment is based primarily on footage drilled under unit rates in Part C, Section I, 3.a. of this Contract, payment shall be based on either (1) the total depth specified by EXXON MINERALS and determined by in-hole logging or (2) the total depth determined by drill stem measurement. No payment, except for third party services and materials that EXXON MINERALS has agreed to pay for in Part C, Section I, 2 of this Contract, shall be made if the hole does not penetrate the objective depth specified by EXXON MINERALS' representative provided that it is within the maximum depth limit specified herein.

13. If payment is based primarily on footage drilled under unit rates in Part C, Section I, 3.a. of this Contract, CONTRACTOR guarantees the completed open hole to be and remain in a condition to allow in-hole logging to total depth for a period of two (2) hours after the hole is ready and accessible to open hole logging. If CONTRACTOR elects to move off the location prior to logging and it is

not possible to obtain an open hole log through the objective interval, CONTRACTOR will take whatever actions are necessary to allow open hole logging through the objective interval at its own expense or, in the case of non-core holes and at CONTRACTOR'S election, abandon the hole without any compensation for drilling the hole, except for third party services and materials that EXXON MINERALS has agreed to pay for in Part C, Section I, 2 of this Contract.

14. If payment is based primarily on footage under unit rates specified in Part C, Section I, 3.a. of this Contract, CONTRACTOR agrees to make one attempt to fill the hole to 100 feet above the objective interval with a liquid specified by EXXON MINERALS prior to logging at CONTRACTOR'S expense.

15. If payment is based primarily on a time rate under unit rates specified in Part C, Section I, 3.a of this Contract, EXXON MINERALS shall assume the loss of drill pipe, drill tools and lost hole and EXXON MINERALS will reimburse CONTRACTOR for "fishing operations" authorized by EXXON MINERALS provided that CONTRACTOR can establish that CONTRACTOR has not negligently contributed to such loss and loss was not due to failure of any of CONTRACTOR'S drilling equipment, including but not limited to drill pipe, hoisting equipment, pumps and engines. Payment for lost drill pipe and drill tools will be based on actual cost less two (2) percent of actual cost per month for each from the date of acquisition less any insurance collected by CONTRACTOR on such equipment or will be based on the value of the equipment as listed in Part C, Section I, 5 of this Contract. Payment for lost drill pipe, drill tools and lost hole addressed in this paragraph is not applicable if payment is based primarily on footage drilled under unit rates in Part C, Section I, 3.a. of this Contract even if CONTRACTOR is being paid under Section I, 4., Time Rates, at time of drill pipe, drill tool or hole loss.

16. The mobilization fee will be payable when the CONTRACTOR initiates drilling on the first hole or when EXXON MINERALS authorizes movement for drilling equipment to the drill area. If this Contract is terminated according to the provisions in Part A, Section VI of this Contract prior to EXXON MINERALS authorizing movement of drilling equipment, the mobilization fee is not payable. The demobilization fee will be payable if equipment has been mobilized to the Project Area as authorized by EXXON MINERALS and when this Contract is terminated by EXXON MINERALS or by CONTRACTOR according to the provisions in Part A, Section VI of this Contract provided CONTRACTOR is not mobilized by EXXON MINERALS or by another operator.

17. EXXON MINERALS' duly authorized representatives shall have access, at all reasonable times, to all CONTRACTOR'S and subcontractor's personnel, job descriptions, employment and qualification records, books, records, correspondence, instructions, plans, drawings, receipts, vouchers, data stored in computers and memoranda of every description pertaining to work under this Contract for the purpose of auditing and verifying costs of work or for any other reasonable purpose. EXXON MINERALS' representatives shall have the right to reproduce any of the aforesaid documents. CONTRACTOR shall preserve, and shall cause its subcontractors to preserve, all the aforesaid documents for a period of two years after completion and acceptance or termination of this Contract work.

EXXON MINERALS' representatives shall also have sufficient audit access to CONTRACTOR'S costs in the fixed rate areas to satisfy themselves that all services that are supposed to be included in CONTRACTOR'S fixed rates pursuant to this Contract are so included.

IN WITNESS WHEREOF, this Contract is executed as of the day and year stated on page 1 hereof.

EXXON MINERALS: EXXON MINERALS COMPANY,
a Division of Exxon Corporation

Address: PO Box 120
Denver, Colorado 80201
Attn: Drilling

EE

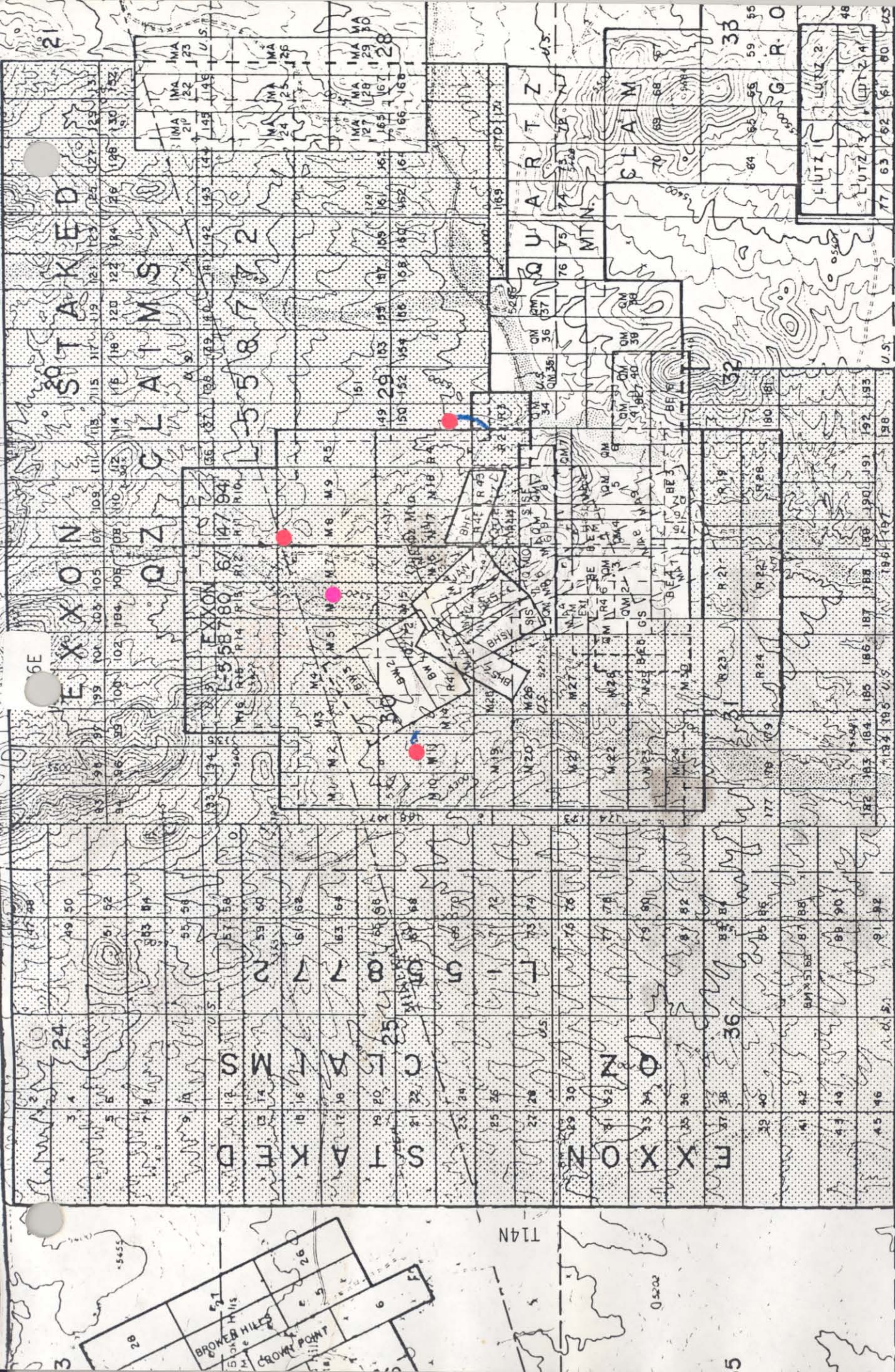
By _____

CONTRACTOR: Terradrill, Inc.

2367 Krameria St.

Denver, Co. 80207

By _____



- QUARTZ MOUNTAIN #6129
- EQM-1 drilled 1981
- Proposed drill holes
- Access road to be constructed

Scale 1" = 2000'

EXXON MINERALS COMPANY, U.S.A.

MEMORANDUM

May 27, 1982

TO: File

FROM: T. D. Irwin *TDI*

SUBJ: Quartz Mountain Geology #6129

TARGET - The target at Quartz Mountain is a porphyry molybdenum deposit of +300 million tons of +.1 Mo.

LAND POSITION - Our land position consists of one hundred ninety eight (198) claims acquired by staking and 51 claims acquired by lease option from Pete Hahn, et al.

GEOLOGY - The Quartz Mountain prospect lies on a recently recognized potential lineament which includes the Nevada Moly (Hall) deposit of Anaconda, the Paradise Peak moly discovery of U. V. Industries (Sharon Steel) and the Quartz Mountain District. This lineament coincides with the eastern boundary of the Walker Lane.

Quartz Mountain is a low hill of Mesozoic rocks which is completely surrounded by a relatively thin layer of Tertiary volcanic tuffs. The rocks exposed on Quartz Mountain consist of Triassic to Jurassic quartzite, shale, limestone and andesitic volcanic rocks. These units have been metamorphosed and intruded by a Cretaceous alaskite stock. The surrounding Tertiary volcanics consist of a 400 to 800 foot layer of pyritic crystal lithic tuff.

A quartz porphyry intrusive (45 m.y.) found only in the subsurface has been intersected in several drill holes.

MINERALIZATION - Lead, zinc, silver, gold and copper have been produced from mines in and adjacent to Quartz Mountain. Total production amounts to a few million dollars.

Previous drilling by Cyprus Mines intersected significant amounts of pyrite and molybdenum. Some of the best intercepts include:

QM-1	10' of .090% Mo
QM-3	42' of .098% Mo, bottom 10' = .08 Mo
QM-5	20' of .110% Mo
QM-8	bottomed in 15% pyrite
QM-7	bottomed in strong pyrite

Note: QM-2 and QM-4 did not drill below the post mineral tuff.

EXPLORATION DRILLING AUTHORITYMinerals Department

BLOCK Quartz Mountain PRINCIPAL MINERAL Mo TYPE TARGET Porphyry
STATE Nevada COUNTY Nye-Mineral TOTAL AUTHORITY 54000.00
APPROXIMATE NO. HOLES 3 FEET 3300

HOLE LOCATION(S) AS PER ATTACHED PLAT:

EQM-2 - NE $\frac{1}{4}$, SW $\frac{1}{4}$, Sec. 29 T14N - R36E
EQM-3 - NW $\frac{1}{4}$, NW $\frac{1}{4}$, Sec. 29 T14N - R36E
EQM-4 - NE $\frac{1}{4}$, SW $\frac{1}{4}$, Sec. 30 T14N - R36E

REASON FOR RECOMMENDATION:

These holes are designed to discover a porphyry molybdenum-copper orebody beneath post ore volcanic tuffs and volcanoclastic sediments.

Hole EQM-2 is located adjacent to strong quartz veining on the southeast side of Quartz Mountain. This quartz veining is interpreted to be the edge of a stockwork molybdenum system.

Hole EQM-3 is located north of EQM-1 and previously drilled Cyprus holes which contained in excess of 10% pyrite. The high pyrite may be the pyrite halo of a porphyry molybdenum shell in this area.

Hole EQM-4 is west of the mineralization hit by Cyprus holes which appear to indicate an increasing moly gradient toward this area.

Approval is granted for exploration drilling and related drill hole costs within the above total money limit.

RECOMMENDED BY: Thomas D. Irwin DATE: 5/27/82
ENDORSED BY: Thomas D. Irwin DATE: _____
ENDORSED BY: _____ DATE: _____

AUTHORIZED BY: _____

DATE: _____

Our 1981 rotary drill hole EQM-1 encountered severe caving problems in the 400' thick tuff layer which strongly diluted the cuttings from deeper in the hole. The hole encountered crystal lithic tuff from 0 to 390' and quartz porphyry from 390 to 1179', the bottom of the hole.

Some of the best 50' composite assays from EQM-1 include:

1000' to 1050'	27 ppm Mo
750' to 800'	105 ppm Cu
1050' to 1100'	476 ppm Zn
650' to 700'	.047 % W

PLANS - Our 1982 program is designed to discover the porphyry moly system that is indicated by the past drilling of Cyprus Mines and Exxon Minerals Company. Hole EQM-2 is located adjacent to strong quartz veining on the southeast side of Quartz Mountain. This quartz veining is interpreted as the edge of a stock-work molybdenum system.

Hole EQM-3 is located north of EQM-1 and previously drilled Cyprus holes which contained in excess of 10% pyrite. The high pyrite may be the edge of a pyrite halo of a porphyry molybdenum shell in this area.

Hole EQM-4 is west of the mineralization hit by Cyprus holes which appear to indicate an increasing moly gradient in this direction.

DRILLING TECHNIQUE - We plan to use reverse circulation rotary-hammer drilling methods for two reasons: (1) It is considerably cheaper ($< \frac{1}{2}$) the cost of core drilling and (2) it should overcome the caving and sample dilution problem we encountered with conventional circulation rotary-hammer last year.

It is possible that excessive amounts of water may preclude the completion of one or more of these holes by this drilling method, but the same water problem would exist for conventional Rotary-Hammer drilling methods.

Minerals Department - Drill Request and Project Specifications

Date: 5-11-82

PROJECT NAME, NO. AND GEOLOGIST: Quartz Mountain #6129; T. D. Irwin

20 Miles North (direction) From Gabbs (town)
County Nye State Nevada Sec., T & R(s) Secs. 29, 30

Starting Date 6-14-82 Approx. Completion Date 6-30-82

Possibility oil/gas sands (flow) penetrated? Nil Artesian flow? Low

Type of Drill Reverse Circulation Rotary No. of Drills 1

Shifts/Day 1 or 2 No. of Holes 3 Est. Total Footage 3600'

Max. Hole Depth 1500' Sample Requirements 10' cuttings - split 1/4 to 1/8

Vert. and/or Angle Vert. Min. Degrees from Hor. ----

Core Size (Bedrock) N Hole Size (T. D.) N casing **

Overburden Lithology Gravel Est. Thickness 0-50'

Bedrock Lithology and Depths 0' to 200' + Volcanic Tuff moderately consolidated.

200 to 1200 competent rhyolite intrusives.

Drill Site(s) Accessibility Improved gravel road of + 5 miles from paved highway.

Will any drill sites be located where a drill fluid or cuttings spill/discharge
could get into stream, river, lake, marsh, etc. Yes No X

Water source Gabbs, Nevada - approximately 20 miles.

Water available within 20 (XXXX) (miles) from drill area

Max. elev. diff. between water source and drill sites N/A

Est. drilling contractor money that must be spent: \$ N/A By

Project on Indian lands or on U. S. Gov't land that is not claims. Yes No X

Do permits (USFS, etc.) issued to Exxon involve contractor compliance? Yes No X

Contractor Preference Associated Drilling

Special Problems - Note on back of this page

NOTE: Access roads, drill sites, pits, core boxes and sample sacks to be furnished
by Exxon unless otherwise noted.

** May decide to case one or more of the holes.

EXXON MINERALS COMPANY

July 1, 1982



Re: Drilling Clearance
Quartz Mountain Project
Project No. M-6129
Mineral and Nye Counties,
Nevada

Mr. A.R. Dahl
Building

The areas shaded in yellow are cleared for exploratory drilling by the Land Section. The areas shaded in green represent Exxon-staked claims and claims under lease to Exxon which are not cleared at this time. The areas shaded in red represent claims and lands neither staked by, nor leased to, Exxon and which are not cleared.

The surface owner and the BLM have been notified that Exxon intends to conduct exploratory drilling in the area.

Access is provided by public roads and trails through the area, and by access roads to be constructed by Exxon in the drilling areas.

Please refer to the Revised State Handbook concerning drilling and plugging obligations in the State of Nevada. Also please note the procedures for reporting an oil or hazardous substance spill.

Gregory Urquhart
Gregory Urquhart

GU/alw

c: R.E. Rohn
O.R. Humble
L.J. Burkett
G. Westra
T.D. Irwin
A.R. McAdams

BASE METALS WEEK DRILLING REPORT

WEEK ENDING September 10, 1982

MINERAL	PROJECT & NO.	COUNTY & STATE	HOLE NO.	ANGLE	PROPOSED DEPTH	DEPTH	PROGRESS FROM	FOOTAGE	NO. DRILL
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Cu Franklin Lake #6355 Elko, NV

EFL-1 90° 2000' 0' 0' 1

Rigging up.

Mo Quartz Mountain #6129 Nye, NV

EQM-2 Vert. 1200' 580' 0' 580' 1

0-10' Overburden (gravel).
10-500' Crystal lithic tuff (post-ore).
500-580' Quartz latite porphyry.

2-3% quartz veins below 540'. Goethite after pyrite from 10-540'. 2-5% pyrite 540-580'.

BASE METALS WEEKLY DRILLING REPORT

WEEK ENDING September 17, 1982

MINERAL	PROJECT & NO.	COUNTY & STATE	HOLE NO.	ANGLE	PROPOSED DEPTH	DEPTH	PROGRESS FROM	FOOTAGE	NO. DRILL
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Cu	Franklin Lake #6355	Elko, NV	EFL-1	90°	2000'	159'	0'	159'	1
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Rotary drilled to 159'. 0-140'; Quaternary alluvium. 140-159'; bedrock(?) hornfels and garnet-specular hematite skarn.

Mo	Quartz Mountain #6129	Nye, NV	EQM-2	Vert.	1200'	840 T.D.	580'	260'	1
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580-600' Quartz latite porphyry.
600-840' Marble with dikes of quartz porphyry.

2-5% pyrite from 580 to 700'.
1-2% pyrite below 700'.

Mo	Quartz Mountain #6129	Nye, NV	EQM-4	Vert.	1220'	500'	0'	500'	1
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0-10' (Gravel overburden).
10-100' Conglomerate and interbedded tuff and lake beds(?) (Post Ore).
100-500' Interbedded crystal lithic tuff and andesite volcanics (Post Ore).
Trace pyrite from 285 to 480'.

WEEKLY DRILLING REPORT

SOUTHERN DIVISION

Week Ending September 24, 1982

MINERAL	PROJECT & NO.	COUNTY & STATE	HOLE NO.	ANGLE	PROPOSED DEPTH	DEPTH	PROGRESS FROM	FOOTAGE	DRILLS
Cu	Franklin Lake #6355	Elko, NV	EFL-1	90°	2000'	345'	159'	186'	1
<p>Began coring at 161'. Calcite veined clay-chlorite-talc hornfels to 190', garnet tactite with minor quartz, calcite, and pyroxene from 190' - 261', interbedded hornfels and marble with garnet-serpentine-epidote-silica alteration from 261' - 324', and garnet-diopside altered marble grading into massive garnet-calcite tactite to 345'. Trace pyrite and specular hematite throughout.</p>									
Mo	Quartz Mountain #6129	Nye, NV	EQM-3	Vert.	1200'	720' T.D.	0'	720'	1
<p>0-290 Crystal lithic tuff (Post Ore). 290-460 Quartz latite porphyry. 460-720 Biotite hornfels. 290-720' 1-4% pyrite. Trace Mo 290-720.</p>									
Mo	Quartz Mountain #6129	Nye, NV	EQM-4	Vert.	1200'	1140' T.D.	500'	640'	1

500-810 Crystal lithic tuff (Post Ore).
810-1070 Quartz latite porphyry.
1070-1140 Biotite hornfels.

Trace to 1.5% pyrite from 500 to 810'.
2 to 4% pyrite 810 to 1140'.
Trace Mo 810-1140'.
Trace chalcopyrite 1070-1140.

AUTHORITY NUMBER _____

PROJECT NUMBER M-6129EXPLORATION DRILLING AUTHORITYMinerals DepartmentBLOCK Quartz Mountain PRINCIPAL MINERAL Cu-Mo TYPE TARGET porphyrySTATE Nevada COUNTY Nye-Mineral TOTAL AUTHORITY 33APPROXIMATE NO. HOLES One (1) FEET 1,000

HOLE LOCATION(S) AS PER ATTACHED PLAT:

Hole EQM-4, SE $\frac{1}{4}$ of NW $\frac{1}{4}$ Section 30, T14N, R36E.

REASON FOR RECOMMENDATION:

Our rotary drilling in 1981 and 1982 discovered a large porphyry sulfide system north of the old Quartz Mountain (Au-Ag-Pb-Zn-Cu) district. Reverse circulation drill hole EQM-4, drilled in 1982 to a depth of 1140' passed through a geochemically high zinc zone and bottomed in a zone of increasing moly and copper values. This hole averaged 3 to 5 volume percent sulfides.

The proposed 1983 drilling will consist of deepening hole EQM-4 from 1140 to approximately 2100 feet in an attempt to discover a major porphyry Cu-Mo deposit.

Approval is granted for exploration drilling and related drill hole costs within the above total money limit.

RECOMMENDED BY: _____

Thomas D. Irwin
Thomas D. IrwinDATE: 3/30/83

ENDORSED BY: _____

DATE: _____

ENDORSED BY: _____

DATE: _____

AUTHORIZED BY: _____

DATE: _____

Minerals Department - Drill Request and Project Specifications

Date: 3-29-83PROJECT NAME, NO. AND GEOLOGIST: Quartz Mountain #6129, T. D. Irwin20 Miles north (direction) From Gabbs (town)County Nye State Nevada Sec., T & R(s) Sec. 30, T14N, R36EStarting Date May 1, 1983 Approx. Completion Date June 1, 1983Possibility oil/gas sands (flow) penetrated? Nil Artesian flow? LowType of Drill diamond-core No. of Drills 1Shifts/Day 2 No. of Holes 1 Est. Total Footage 1000Max. Hole Depth 2500 Sample Requirements Good core recoveryVert. and/or Angle Vert. Min. Degrees from Hor. Vert.Core Size (Bedrock) *NC Hole Size (T. D.) NXOverburden Lithology N/A Est. ThicknessBedrock Lithology and Depths Granite and hornfelsDrill Site(s) Accessibility Excellent gravel road to within 2000' of hole. 2000' of gentle dirt road to drill site.Will any drill sites be located where a drill fluid or cuttings spill/discharge could get into stream, river, lake, marsh, etc. Yes _____ No XWater source Gabbs, Nevada - C-E Basic Industries MillWater available within 20 miles (feet)(miles) from drill areaMax. elev. diff. between water source and drill sites N/AEst. drilling contractor money that must be spent: \$ N/A ByProject on Indian lands or on U. S. Gov't land that is not claims. Yes _____ No XDo permits (USFS, etc.) issued to Exxon involve contractor compliance? Yes _____ No XContractor Preference Longyear or Boyles Brothers

Special Problems - Note on back of this page

NOTE: Access roads, drill sites, pits, core boxes and sample sacks to be furnished by Exxon unless otherwise noted.

* Will re-enter 5-1/8" reverse-circulation hammer drill hole whose current depth is 1140'. The hole is uncased below surface casing.