

1989

Gold Standard v. American Barrick Resources Corporation; Barrick Resources (USA) Inc.; Texaco, Inc.; Getty Oil Company; and Getty Mining Company : Addenda to Brief of Appellant

Utah Supreme Court

Follow this and additional works at: https://digitalcommons.law.byu.edu/byu_sc1

 Part of the [Law Commons](#)

Original Brief Submitted to the Utah Supreme Court; digitized by the Howard W. Hunter Law Library, J. Reuben Clark Law School, Brigham Young University, Provo, Utah; machine-generated OCR, may contain errors.

James S. Lowrie, Christopher L. Burton, George W. Pratt, James W. Peters; Jones, Waldo, Holbrook & McDonough; Attorneys for Appellant Gold Standard, Inc.; Gordon L. Roberts, Francis M. Wikstrom; Parsons, Behle & Latimer; Attorneys for American Barrick Resources Corporation and Barrick Resources (USA) Inc.; .

Stephen G. Crockett, Robert S. Clark, Jill A. Parrish, Brian J. Romriell; Kimball, Parr, Crockett & Waddoups; Attorneys for Respondents, Texaco, Inc., Getty Oil Company, and Getty Mining Company.

Recommended Citation

Brief of Appellant, *Gold Standard v. American Barrick Resources*, No. 890205.00 (Utah Supreme Court, 1989).
https://digitalcommons.law.byu.edu/byu_sc1/2569

This Brief of Appellant is brought to you for free and open access by BYU Law Digital Commons. It has been accepted for inclusion in Utah Supreme Court Briefs by an authorized administrator of BYU Law Digital Commons. Policies regarding these Utah briefs are available at http://digitalcommons.law.byu.edu/utah_court_briefs/policies.html. Please contact the Repository Manager at hunterlawlibrary@byu.edu with questions or feedback.

UTAH
DOCUMENT
KFU
45.9
.59
DOCKET NO: 890205

UTAH SUPREME COURT
BRIEF

IN THE SUPREME COURT OF THE STATE OF UTAH

GOLD STANDARD, INC,	:	
	:	
Plaintiff,	:	ADDENDA TO BRIEF OF
	:	APPELLANT GOLD STANDARD, INC.
vs.	:	
	:	
AMERICAN BARRICK RESOURCES	:	
CORPORATION; BARRICK RESOURCES	:	Case No. 890205
(USA), INC.; TEXACO, INC.;	:	
GETTY OIL COMPANY; and GETTY	:	
MINING COMPANY,	:	Priority No. 10
	:	
Defendants.	:	

INTERLOCUTORY APPEAL FROM AN ORDER ENTERED IN
THE THIRD DISTRICT COURT OF TOOELE COUNTY,
STATE OF UTAH, BY THE HONORABLE FRANK G. NOEL

James S. Lowrie
Christopher L. Burton
George W. Pratt
James W. Peters
JONES, WALDO, HOLBROOK &
McDONOUGH
1500 First Interstate Plaza
170 South Main Street
Salt Lake City, Utah 84101
Attorneys for Appellant Gold
Standard, Inc.

Gordon L. Roberts
Francis M. Wikstrom
PARSONS, BEHLE & LATIMER
185 South State Street
Suite 900
Salt Lake City, Utah 84111
Attorneys for American Barrick
Resources Corporation and
Barrick Resources (USA), Inc.
(not parties to the appeal)

Stephen G. Crockett
Robert S. Clark
Jill N. Parrish
Brian J. Romriell
KIMBALL, PARR, CROCKETT &
WADDOUPS
185 South State Street
Suite 1300
Salt Lake City, Utah 84111
Attorneys for Respondents
Texaco, Inc., Getty Oil
Company, and Getty Mining
Company

IN THE SUPREME COURT OF THE STATE OF UTAH

GOLD STANDARD, INC,	:	
	:	
Plaintiff,	:	ADDENDA TO BRIEF OF
	:	APPELLANT GOLD STANDARD, INC.
vs.	:	
	:	
AMERICAN BARRICK RESOURCES	:	
CORPORATION; BARRICK RESOURCES	:	Case No. 890205
(USA), INC.; TEXACO, INC.;	:	
GETTY OIL COMPANY; and GETTY	:	
MINING COMPANY,	:	Priority No. 10
	:	
Defendants.	:	

INTERLOCUTORY APPEAL FROM AN ORDER ENTERED IN
THE THIRD DISTRICT COURT OF TOOELE COUNTY,
STATE OF UTAH, BY THE HONORABLE FRANK G. NOEL

James S. Lowrie
Christopher L. Burton
George W. Pratt
James W. Peters
JONES, WALDO, HOLBROOK &
McDONOUGH
1500 First Interstate Plaza
170 South Main Street
Salt Lake City, Utah 84101
Attorneys for Appellant Gold
Standard, Inc.

Gordon L. Roberts
Francis M. Wikstrom
PARSONS, BEHLE & LATIMER
185 South State Street
Suite 900
Salt Lake City, Utah 84111
Attorneys for American Barrick
Resources Corporation and
Barrick Resources (USA), Inc.
(not parties to the appeal)

Stephen G. Crockett
Robert S. Clark
Jill N. Parrish
Brian J. Romriell
KIMBALL, PARR, CROCKETT &
WADDOUPS
185 South State Street
Suite 1300
Salt Lake City, Utah 84111
Attorneys for Respondents
Texaco, Inc., Getty Oil
Company, and Getty Mining
Company

TABLE OF CONTENTS FOR ADDENDA TO
BRIEF OF APPELLANT GOLD STANDARD, INC.

ADDENDUM I	Deposition Exhibit 401, containing July 16, 1984 Memorandum from J.M. Mintz to H.E. Wendt, and July 13, 1984 Memorandum from C.J. Kundert to J.M. Mintz, with six-page attachment
ADDENDUM II	Order Granting Getty's Motion for Protective Order, filed May 10, 1989.
ADDENDUM III	Memorandum Decision of Honorable Frank G. Noel, filed November 29, 1988
ADDENDUM IV	Minute Entry of Honorable Frank G. Noel, filed February 10, 1988
ADDENDUM V	Deposition Exhibit 33, June 28, 1984 letter from Scott L. Smith to Willis B. Reals
ADDENDUM VI	Deposition Exhibit 31, September 20, 1983 letter from Robert S. McConnell to Scott L. Smith
ADDENDUM VII	Affidavit of Jeffrey C. Collins
ADDENDUM VIII	Affidavit of John M. Mintz
ADDENDUM IX	Affidavit of Charles J. Kundert
ADDENDUM X	Deposition Exhibit 34, October 25, 1984 letter from H.E. Wendt to Scott L. Smith
ADDENDUM XI	Affidavit of H. Richard Klatt
ADDENDUM XII	Excerpts from Deposition of John M. Mintz
ADDENDUM XIII	August 16, 1984 Memorandum from H.E. Wendt to W.B. Reals, with attachment

Los Angeles, California
July 16, 1984

MINERALS DIVISION
ADMINISTRATION

JUL 17 '84

TO: MR. H. E. WENDT
FROM: J. M. MINTZ
SUBJECT: MERCUR PROJECT

REW	JMM
EMS	CRM
	SM
HF	DAN
PII	JDS
FILE	

You recently asked about the circumstances of the Mercur Feasibility Study while Mercur was under Los Angeles Production. Mr. C. J. Kundert made a review of the Los Angeles files and his findings are in the enclosed memo.

The first major Mercur work was authorized in the 1980 budget when \$1.4 million was approved with \$1.2 million for drilling, permitting, land purchases and environmental data collecting; and \$200,000 for metallurgical studies. Dr. Muessig wrote Scott Smith on 11/9/79 that funds were being requested to initiate an evaluation program. My follow-up memo to Dr. Muessig, dated 12/11/79, included a schedule that provided for a feasibility study that would allow for a go-no go decision in October 1981. This was to satisfy the requirements of the Mercur agreement with Gold Standard.

Mr. C. E. Knapp of the Los Angeles staff was given the responsibility for coordinating this effort during the 3rd quarter of 1979. His preliminary work was based on a plan that would have a mill that would process both oxid- and refractory ore and would payout from the Mercur Hill-Lulu area. Mr. Knapp prepared a cursory financial evaluation based on then available data which indicated the project appeared to have sufficient potential to warrant more detailed study. After several meetings with Gold Standard, my letter of 6/17/80 outlining the program for the feasibility study was sent to Scott Smith. Bechtel was awarded a contract to prepare a preliminary engineering and cost estimate for the mine and mill, which could not be a Final Feasibility Study because of inadequate data on the deposit. Prior to the completion of the Bechtel study, Mr. Knapp was transferred to Petrotonics and Mr. F. Wicks, staff metallurgist, was assigned as his replacement. On 10/1/80, one month before the completion of the Bechtel study, responsibility for the Mercur Project was assigned to the Salt Lake District.

The Los Angeles staff was not involved in the project to any major extent after the project was transferred to Salt Lake City. We did not receive a copy of the Bechtel report or any of the data for changing the mill circuit from that proposed in the Bechtel study. The part that is most puzzling to us is the line item in the enclosed Data Room Index that indicates no feasibility studies for Mercur.

JMM:mm
Attachments

ADDENDUM I

DEPOSITION
EXHIBIT

003188

Los Angeles, California
July 13, 1984

TO: MR. J. M. MINTZ
FROM: C. J. KUNDERT
SUBJECT: REVIEW OF MERCUR PLANS TO PRODUCTION
FROM MID-1979 TO EARLY 1981

Data in our files show that we shut-down the Mercur Gold Program in 1976 on the basis of an in-house financial analysis. We had placed Mercur Gold in our Minerals Reserves category in the January 1, 1975 and 1976 Reports, prior to the fall in the price of gold. The January 1, 1977 Report shows Mercur Gold as a Paramarginal Resource in which category it remained until the report of January 1, 1982 when Reserve status was again attained.

In September 1979 (Item 2 attached), a proposal for further work on the Mercur Gold Project was made. Work leading to an interim feasibility study by late 1980 prior to pilot plant start-up was recommended. "A Final or Bankable Feasibility Study" would be prepared after drilling is completed and Pilot Plant report completed in the third quarter of 1981. Preparation of the document would take an estimated 12 to 16 weeks placing the date of the availability of the Bankable Document in the last quarter of 1981.

This plan was followed during the course of the Mercur Project under direction from Los Angeles. Bechtel was awarded the contract to do the Engineering and Design work needed for the interim study. The work was to be completed by November 1980. Items 6, 10, 11, 12, and 13 document the selection of Bechtel and work to be performed.

The Agreement with Gold Standard called for notification of commission of a feasibility study and supporting documents to be given to Gold Standard. This was done, see Items 7, 8, and 9.

As of October 1, 1980, the Mercur Project became the responsibility of the Salt Lake City Office, see Item 15.

Bechtel's work proceeded as planned and an Order of Magnitude Estimate for Feasibility Study and a Preliminary Engineering and Cost Estimates of the Mercur Gold Mine and Plant were submitted for review in November, right on schedule, see Item 18. We do not have records of the date of Getty's receipt of Bechtel's Reports after final typing. Please note that the data we do have, Items 18, 19 and 21, support the fact that neither report was intended to be a Final Bankable Document.

003187

To: Mr. J. M. Mintz
Subject: Review of Mercur Plans to Production
From Mid-1979 to Early 1981

July 13, 1984

Page -2-

During March of 1981, when I began work on the Mercur Ore Reserves, I discussed the Bechtel studies with Mr. R. L. Hautala. Salt Lake was acutely aware of the requirement in the Gold Standard Agreement to have a feasibility study on the Project. I explained to Hautala that, in my view, the Bechtel work could not be used as a final Feasibility Study.. Bechtel had not reviewed the geology and ore reserves because updated data were not available; thus the document was incomplete.

I cite Utah's Escondida study as an example. Utah did the reserves and mine planning in-house, but had them reviewed and concurred with by an outside party. Mr. J. P. Davies, who had intimate knowledge of Bechtel's studies, on separate occasions also told Hautala that the Bechtel study was incomplete because the geologic and ore reserves data had not been reviewed and accepted by Bechtel; and economic evaluations had not been prepared by Bechtel.

We have no knowledge of what documents were submitted to Gold Standard to satisfy the requirement of the Agreement. We do know that a Final Document could not have been prepared before May 1981, because the Ore Reserve Study including geologic cross-sections was not completed until then. The original timing (Item 2) for completion of a "Final or Bankable Feasibility Study" in the last quarter of 1981 could have been attained. We do not know whether a document was prepared. We are concerned that Item 23 uses the words "Revised Bechtel Feasibility" and, yes, Item 24, the Data Room Index of material sent by our Salt Lake Office for Mercur, shows NO FEASIBILITY STUDIES under listing, page 34, VIII.A.3. This, of course, is the most current document of the 24 Items attached to this memorandum.



CJK:pw
Attachments

003186

MERCUR DATA

Item 1 - June 28, 1979:

Memo R. G. Blair to Messrs. Smith/Blanc/Muessig; Mercur Project Status; Recommended SLC Program Prior to Feasibility Study by L. A. Production Department.

Page 5 points out that, "The only feasibility work known to have been done was a "quickie Mineral Production Department financial analysis based on the 1976 Mercur Hill-Lulu geologic reserve numbers, the 1976 gold price at that time, capital estimates furnished by A. H. Ross and Associates and internally generated mining cost estimates".

This is correct, the price of gold had dropped and the property became uneconomic. Our first and second Mineral Reserves and Resources Reports of January 1, 1975 and January 1, 1976 carried Mercur as Reserves. The January 1, 1977 Report showed Mercur as a Paramarginal Resource, in which category it remained until the Report of January 1, 1982. In this Report Mercur again achieved the Reserve status.

Item 2 - September 12, 1979:

Memo C. Edward Knapp to Mr. J. M. Mintz; Proposed 1980 Expenditure for Mercur Gold Project Development; with attached memo of September 11, 1979; C. Edward Knapp to Mr. C. J. Kundert; Status and Proposal for Further Work on the Mercur Gold Project.

Attached memo states that a cursory financial evaluation showed respectable economics based on 79 percent recovery and a gold price of \$250.00 per ounce. On page two, it is stated that "An interim feasibility report reviewing ore reserves drilled to date, bench metallurgical tests, more detailed pit designs, and right of way permits is suggested for late 1980 prior to pilot plant startup." Please note, underlining added by me.

And from page 5: "A feasibility study for the go, no-go decision to build the plant can be made after drilling is completed and the pilot plant report is received in the third quarter of 1981. Analysis of the data and preparation of this report referred to by Mountain States Research and Development as the Final or Bankable Feasibility Study, is anticipated to take 12 to 16 weeks at a cost of \$100,000 - \$150,000."

Please note that this schedule calls for an interim feasibility study by the end of 1980 with the Final Feasibility Study, or Bankable Document at the end of 1981.

Item 3 - October 18, 1979:

Letter from N. Gibson of A. H. Ross and Associates to Dr. M. L. Jansen; Mercur Gold Technology.

003185

Gibson's letter points out that results of drill core samples indicated that 80 percent of the ore reserve was expected to yield a gold extraction of 87 percent; an 84 percent extraction would be attained on 89 percent of the ore reserve. ---- the project was not financially attractive when previously reviewed in June 1977 by A. H. Ross and Associates.

Item 4 - November 9, 1979:

Letter from Siegfried Muessig to Mr. Scott L. Smith. This letter was written to update Mr. Smith on what had happened at Mercur since the signing of the operating agreement between Getty and Gold Standard, Inc. in December 1973. The sixth paragraph states that "In 1976 a preliminary mine feasibility and financial analysis of the gold resources found at Mercur showed that the deposits could not be economically mined, at the gold prices then prevailing." The letter goes on to inform Mr. Smith that 1980 funding in excess of \$1 million has been requested of Getty's management.

Item 5 - December 11, 1979:

Memo from J. M. Mintz to Dr. Siegfried Muessig; Mercur Development. Memo points out that a preliminary financial analysis based on a total of 13 MM tons of ore containing 990,000 ounces of gold had been prepared. About one-half of the ore was proven and the 1980-81 drilling was designed to prove the balance.

Item 6 - March 13, 1980:

Letter from H. C. Lynch of Bechtel Incorporated to Mr. C. Edward Knapp; subject matter is Proposal for Feasibility Study, Mercur Gold Project, Utah. The letter states that the proposal is to complete the work by October 1 for a go-no go feasibility study.

Item 7 - May 14, 1980:

Memo from C. Edward Knapp to Mr. J. M. Mintz; Mercur Agreement with Gold Standard, Inc. Memo points out that: "The agreement with Gold Standard Incorporated, who holds part interest, states that notification of commissioning a feasibility study and supporting documents must be given to them."

Item 8 - June 19, 1980:

Memo from C. J. Kundert to Mr. J. M. Mintz; Mercur Meetings - GOC and Gold Standard Representatives, June 17, 1980. The memo states that: "Smith was in favor of the feasibility study, and stated that Gold Standard would participate in the cost."

Attached letter to the above memo from J. M. Mintz to Mr. Scott L. Smith; June 17, 1980; states that: "Getty Oil Company proposes to commission a feasibility study to determine the technique and cost to mine the gold contained in the Mercur Project area."

Item 9 - June 20, 1980

Memo from J. M. Mintz to Mr. H. F. Wendt; Mercur Project - Tooele & Utah Counties, Utah.

The evaluation program for the Mercur Project provides for the final feasibility study for the project. Bechtel was selected to do the work.

Please refer to Item 2 - this would not be the final feasibility study; but the interim study, with the final study due in the last quarter of 1981.

Item 10 - June 20, 1980:

Letter from J. M. Mintz to Mr. R. C. Clemons of Bechtel Incorporated. The letter informs Bechtel of their selection to do the Mercur work with the goal for completion of November 1, 1980. This reinforces the fact that this will not be the final study, but the interim study as outlined in Item 2.

Item 11 - June 24, 1980:

Memo from C. Edward Klapp to Mr. J. M. Mintz; Mercur Status Report #6, 2nd paragraph states that: "The evaluation of proposals from engineering firms to conduct the design and cost evaluation for a feasibility study was completed and the work awarded to Bechtel Incorporated." Please note - the award to Bechtel was to conduct the design and cost evaluation for a feasibility study ---- NOT to make a "Final Feasibility Study ----.

Item 12 - June 25, 1980:

Getty Service Contract to Bechtel Incorporated. This is the contract for Item 9; and is for the "interim feasibility study as outlined in Item 2.

Item 13 - June 25, 1980:

Letter from R. C. Clemons to Mr. J. M. Mintz with signed copy of Item 9.

Item 14- June 27, 1980:

Conference Notes on Meeting at Hazen Research; Mercur Gold Study for Getty Oil Company, Bechtel Job 14346. The following two paragraphs outline the goals of the programs:

003183

"The meeting was opened at 8:45 a.m. by C. F. Knapp who made a short introductory statement and then summarized the present status of the job and ongoing programs and gave some target dates. The target date for the study phase is mid-November for the development of costs. If the project should prove viable, start-up is targeted for late 1983. Environmental work is under way and the Environmental Reconnaissance Study has been completed by TRC, who have submitted a report. Baseline studies will be starting soon. Metallurgical research is being performed by Hazen Research under the direction of A. H. Ross & Associates. Getty has engaged Bechtel to do the engineering study, and Mintech is working on mine planning and pit design.

Ed Knapp explained that, while Getty is still drilling to delineate additional ore reserves, the feasibility study will be based on the "plum" of the property, which contains sufficient reserves (Getty prefers the expression "minable mineral resources") for five years at a treatment rate of 3000 tons per day. Portions of the ore, termed "refractory" are more difficult to treat than others. The mill should be designed to handle a feed composed entirely of this worst material over an extended period of time."

Item 15 - September 19, 1980:

Memo from H. F. Wendt to R. P. Blanc, J. M. Mintz, S. Muessig; Mercur Gold Project, Tooele County, Utah.

Effective October 1, 1980, full responsibility of the Mercur Gold Project is assigned to the Salt Lake City District office.

Please note this is one month before the original goal of completion of the engineering work being done by Bechtel.

Item 16 - September 19, 1980:

Memo from C. Edward Knapp to Mr. J. M. Mintz; Mercur Gold Project. It states that: "The costing of capital and operating requirements is underway at Bechtel, and is anticipated to be completed in November." And that "The economic study is anticipated to be completed by the end of 1980".

Please note that this follows the original plan, see Item 2, of an interim feasibility study completed by the end of 1980; with the final study planned for late 1981.

Item 17 - October 30, 1980:

Letter from C. J. Kundert to Mr. A. H. Melsheimer of DeGolyer and MacNaughton. Letter points out, Number 10, that we (Getty) have not completed a new study by hand, but have relied on our computer program for data. This signifies that Getty does NOT have up-to-date geologic and ore reserves sections and plans for the Mercur ore bodies.

Item 18 - November 25, 1980:

Memo from F. J. Nowak to Mr. R. L. Hautala; Mercur Gold Project - Bechtel Studies. Memo comments on Bechtel's Order of Magnitude Estimate for Feasibility Study, dated November 5, 1980; and Bechtel's Preliminary Engineering and Cost Estimates of the Mercur Gold Mine and Plant dated November 1980.

These documents were those to be used in the interim study discussed in Item 2; eventually leading to a Final Feasibility Bankable Document in the last quarter of 1981.

Item 19 - December 1, 1980:

Letter from R. C. Clemons of Bechtel to Getty Oil Company, attention Mr. William F. Fuller. The letter discusses additional work that was requested of Bechtel during the course of conducting the Engineering Study for the Mercur Gold Project.

Item 20 - December 4, 1980:

Memo from R. L. Hautala to J. H. Whitman; Possible Use of Four Petrotonics Personnel on Temporary Assignment to the Mercur Gold Project. Memo outlines the need to log some 400 rotary holes drilled at Mercur. The job was estimated to take 6 months to complete.

These data must be available before a set of geologic ore reserve sections can be prepared.

Item 21 - January 22, 1981:

Memo from J. P. Davies to Mr. R. P. Blanc; Mercur Project Development Schedule. Memo discusses the need for project scheduling specialists and mentions the Mercur preliminary engineering study of Bechtel.

Item 22 - February 22, 1981:

Conference Notes No. 12; for Bechtel Job No. 14346-001. The meeting was to discuss services that Getty wishes Bechtel to provide in connection with the Mercur Gold Project and others. Bechtel proposed that this work be the subject of a new Continuing Services Agreement distinct from the Technical Services Agreement under which the Mercur Gold Engineering Study was performed.

Item 23 - June 25, 1981:

Mercur Project Review; note on the second page of data, under (2); the words "Revised Bechtel Feasibility" are used.

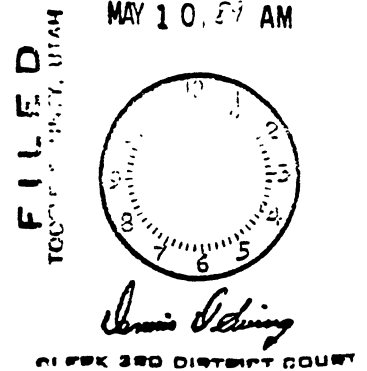
Item 24 - Current:

Getty Mining Company/Texaco Mineral Properties, Data Room Index, page 34: Under VIII.A.3. - No Feasibility Studies.

CJK:pw
7/13/84

Stephen G. Crockett, Esq. (A0766)
Robert S. Clark, Esq. (A4015)
Jill N. Parrish, Esq. (A4641)
Brian J. Romriell, Esq. (A4757)
KIMBALL, PARR, CROCKETT & WADDOUPS
Attorneys for Defendant
185 South State Street, Suite 1300
P. O. Box 11019
Salt Lake City, Utah 84147
Telephone: (801) 532-7840

Attorneys for Defendants Texaco Inc.,
Getty Oil Company and Getty Mining Company



IN THE THIRD JUDICIAL DISTRICT COURT
TOOELE COUNTY, STATE OF UTAH

GOLD STANDARD, INC.,)	
)	
Plaintiff,)	ORDER GRANTING GETTY'S
)	MOTION FOR PROTECTIVE ORDER
vs.)	
)	
AMERICAN BARRICK RESOURCES)	
CORPORATION; BARRICK MERCUR)	
GOLD MINES, INC.; TEXACO,)	
INC.; GETTY OIL COMPANY;)	Civil No. CV-86-374
GETTY MINING COMPANY; GETTY)	
GOLD MINE COMPANY; and)	
JOHN DOES 1 through 10,)	Honorable Frank G. Noel
)	
Defendants.)	

On November 13, 1988, a hearing was held on the Motion for Protective Order filed by defendants Getty Oil Company and Getty Mining Company (collectively "Getty"). At the hearing, plaintiff was represented by its counsel, James S. Lowrie and James W. Peters, the Barrick defendants were represented by their

counsel, Francis M. Wikstrom and J. Michael Bailey, and the Getty defendants were represented by their counsel, Stephen G. Crockett and Brian J. Romriell. The Court has considered the oral arguments made by counsel at the hearing and has reviewed the memoranda, affidavits, deposition excerpts, documents, and other papers submitted by counsel.

Based upon the foregoing, the Court grants Getty's Motion for a Protective Order, as follows:

IT IS HEREBY ORDERED that:

1. Getty's Motion for Protective Order dated September 23, 1988 is granted;

2. The Memorandum from C. J. Kundert to J. M. Mintz dated July 13, 1984 (with the accompanying six-page attachment summarizing other documents) (hereafter referred to as the "Kundert Memorandum") and the Memorandum from J. M. Mintz to H. E. Wendt dated July 16, 1984 (hereafter referred to as the "Mintz Memorandum") are both work product prepared by Getty in anticipation of litigation;

3. Plaintiff is ordered to return to Mr. Klatt his personal copies of the Kundert Memorandum and the Mintz Memorandum.

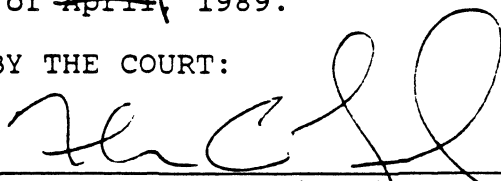
4. Plaintiff is further ordered to submit to the Court all other copies of the Kundert Memorandum and the Mintz Memorandum which are in plaintiff's possession whether they be "clean" copies or whether they be copies upon which plaintiff's counsel or other representatives have made notations. The Court will hold the "clean" copies of the Mintz Memorandum and the Kundert Memorandum

in its file for purposes of appeal, and will review in-camera those copies upon which notations have been made to determine whether they should be returned to the plaintiff. If the Court determines that said copies are not to be returned to the plaintiff, they will be held in the Court's file with all other copies pending appeal.

5. Plaintiff is prohibited from further use of the Kundert Memorandum and the Mintz Memorandum in discovery.

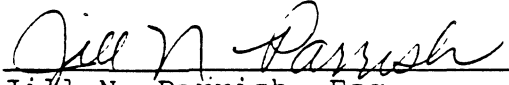
DATED this 3 day of ~~April~~ ^{May} 1989.

BY THE COURT:

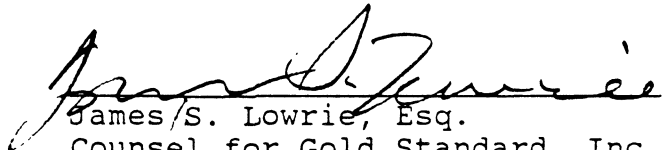


Frank G. Noel, District Judge

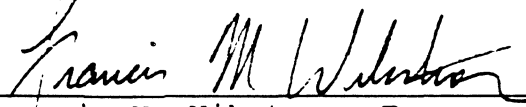
APPROVED AS TO FORM: .



Jill N. Parrish, Esq.
Counsel for Getty Oil Company
and Getty Mining Company



James S. Lowrie, Esq.
Counsel for Gold Standard, Inc.



Francis W. Wikstrom, Esq.
Counsel for American Barrick
Resources Corporation and
Barrick Mercur Gold Mines

CERTIFICATE OF SERVICE

I hereby certify that on the ____ day of _____,
1989, a true and correct copy of the foregoing ORDER GRANTING
GETTY'S MOTION FOR A PROTECTIVE ORDER was mailed first class,
postage prepaid to the following:

James S. Lowrie
Christopher L. Burton
George W. Pratt
JONES, WALDO, HOLBROOK & MCDONOUGH
1500 First Interstate Building
170 South Main Street
Salt Lake City, Utah 84101

Robert M. McDonald
MCDONALD & BULLEN
47 West 200 South Suite 450
Salt Lake City, Utah 84147

Gordon L. Roberts
Francis M. Wikstrom
John B. Wilson
PARSONS, BEHLE & LATIMER
185 South State Street
Salt Lake City, Utah 84111

FILED
T00512
1988 NOV 29 PM 3:36

IN THE DISTRICT COURT OF THE THIRD JUDICIAL DISTRICT
IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

GOLD STANDARD, INC.,	:	
Plaintiff,	:	MEMORANDUM DECISION
vs.	:	
AMERICAN BARRICK RESOURCES	:	Civil No. CV-86-374
CORPORATION; BARRICK MERCUR	:	
GOLD MINES, INC.; TEXACO, INC.,	:	
(a severed party); GETTY OIL	:	
COMPANY; GETTY MINING COMPANY;	:	
GETTY GOLD MINE COMPANY; and	:	
JOHN DOES I-X,	:	
Defendant.	:	

Now before the Court is defendants, Getty Oil Company and Getty Mining Company (Getty) Motion for a Protective Order pertaining to two documents: a Memorandum from C. J. Kundert to J. M. Mintz dated July 13, 1984 and a Memorandum from J. M. Mintz to H. E. Wendt dated July 16, 1984. After oral argument on November 15, 1988 the Court took the matter under advisement and now rules as follows:

First, the Court is of the opinion that the documents in question are work product prepared in anticipation of litigation.

Second, the Court is of the opinion that defendant Getty has not waived its right to assert the work product doctrine with regard to these documents. In this age of complex commercial litigation where cases such as this involve the production of huge numbers of documents, there must be a

(2)

mechanism and an opportunity for parties, who have taken reasonable precautions to prevent inadvertent disclosure of protected documents to retract such documents that may have been inadvertently produced. This position is all the more compelling under the facts of this case where the documents in question were obtained from Getty's files by a former Getty employee, and thereby ultimately made available to opposing counsel. The Court has previously ruled in this case that plaintiffs' counsel may unilaterally make contacts with former Getty employees. In order for that position to be sound, the Court must be able to enforce the protections of the attorney-client privilege and the work product doctrine where documents falling within those protections are obtained by opposing counsel during those unilateral contacts.

The Court is further of the opinion that defendants have not acted in a dilatory manner either in coming to a knowledge of the importance of the documents in question or subsequently seeking their return.

Lastly, plaintiffs have argued that the work product doctrine is an immunity from discovery and not a "privilege" concept. Presumably the plaintiffs would want the Court to draw the inference that since these documents were not obtained through formal discovery that the doctrine does not apply to give the Court authority to order their return. The Court simply cannot agree with plaintiffs' counsel as that would be conceding that the Court is helpless to enforce the work product doctrine as to any documents that were obtained by whatever means, outside of formal discovery.

The Court grants defendant Getty's Motion for a Protective Order, and will order that plaintiffs' counsel return to Getty the documents in

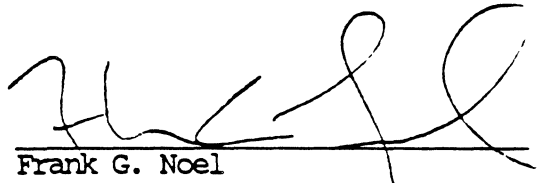
002021

(3)

question and that they be used no further in discovery.

Getty is to prepare an order consistent with the Court's ruling in this matter and submit it in accordance with the local rules of practice.

Dated this 23 day of November, 1988.



Frank G. Noel
District Court Judge

MAILING CERTIFICATE

I certify that a true and correct, postage prepaid, copy of the foregoing Memorandum Decision was mailed to:

Gordon L. Roberts
Scott M. Matheson
Francis M. Wikstrom
John B. Wilson
of and for
PARSONS, BEHLE & LATIMER
185 South State Street, Suite 700
P.O. Box 11898
Salt Lake City, Utah 84147-0898

James S. Lowrie, Esq.
George W. Pratt, Esq.
JONES, WALDO, HOLBROOK & MCDONOUGH
1500 First Interstate Plaza
Salt Lake City, Utah 84101

Stephen G. Crockett, Esq.
Robert S. Clark, Esq.
KIMBALL, PARR, CROCKETT & WADDUPS
185 South State Street, Suite 1300
Salt Lake City, Utah 84111

Robert M. McDonald Esq.
MCDONALD & BULLEN
American Plaza II
47 West 200 South, Suite 450
Salt Lake City, Utah 84106

FILED
1986 FEB 10 PM 2:28

IN THE DISTRICT COURT OF THE THIRD JUDICIAL DISTRICT
IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

	:	
GOLD STANDARD INC.,	:	
Plaintiff,	:	MINUTE ENTRY
vs.	:	CIVIL NO. CV-86-374
AMERICAN BARRICK RESOURCES;	:	
CORPORATION; BARRICK MERCUR	:	
GOLD MINES, INC.; TEXICO INC.;	:	
GETTY OIL COMPANY; GETTY	:	
MINING COMPANY; GETTY GOLD	:	
mine company; and JOHN DOES	:	
1 through 10,	:	
Defendants.	:	


Defendants Getty Mining Company and Getty Oil Company ("Getty") have submitted to the Court a revised Order Granting Getty's Motion for Protective Order. Plaintiffs have objected to the form of that order. The Court has reviewed the papers submitted in connection with this matter and rules as follows:

Getty's Revised Order will be approved by the Court as proposed with the exception that the Court is of the opinion that the order should require plaintiffs to return to Mr. Klatt his own personal copies of the documents in question. Plaintiffs are then

to submit to the Court all other copies in their possession whether they be "clean" copies or whether they be copies upon which plaintiffs' counsel or other representatives have made notations. The Court will hold in the file the "clean" copies for purposes of appeal, and will review in-camara those copies upon which notations have been made to determine whether they should be returned to the plaintiffs. If the Court determines that they are not to be returned to plaintiffs then they will be held in the Court's file with all other copies pending appeal.

Counsel for Getty is to prepare an order consistent with this ruling and submit it for Courts signature.

Dated this 7 day of February, 1989.



Frank G. Noel
District Court Judge

MAILING CERTIFICATE

I hereby certify that I mailed a true and correct copy of
the foregoing Minute Entry, postage prepaid, to the following,
this _____ day of February, 1989:

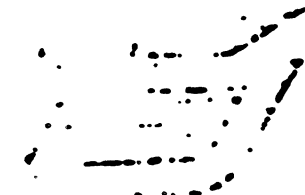
Stephen G. Crockett, Esq.
Robert S. Clark, Esq.
Jill A. Niederhauser, Esq.
Brian J. Romriell, Esq.
KIMBALL, PARR, CROCKETT & WADDOUPS
185 South State Street, Suite 1300
P.O. Box 11019
Salt Lake City, Utah 84147

Mark W. Reinhardt, Esq.
4601 DTC Boulevard
P.O. Box 2100
Denver, Colorado 80237

James S. Lowrie, Esq.
JONES, WALDO, HOLBROOK & MCDONOUGH
1500 First Interstate Plaza
170 South Main Street
Salt Lake City, Utah 84101

Gordon L. Roberts, Esq.
Francis M. Wilkstrom, Esq.
PARSONS, BEHLE & LATIMER
185 South State Street, Suite 700
Salt Lake City, Utah 84111

Robert M. McDonald, Esq.
47 West 200 South, \$450
Salt Lake City, Utah 84101


OLD STANDARD INC. 712 KEARNS BUILDING SALT LAKE CITY UTAH 84102

June 28, 1984

Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

ATTN: Mr. Willis B. Reals
Senior Vice President

Dear Mr. Reals:

It has come to our attention that Texaco has commissioned the First Boston Corporation to negotiate a sale of Getty Mining Company, Inc. As you probably know, Gold Standard, Inc. is a partner in the Mercur gold mine project here in Utah which is a part of Getty Mining Company. We entered into an Operating Agreement with Getty Oil Company on December 11, 1973 and our respective rights and interests are still governed by that Agreement as it has been supplemented through the years.

We want to take this opportunity to express to you that we are extremely interested in arranging the purchase of the Mercur operation if Texaco, at a later date, decides to offer it as a separate entity. If the decision is reached to sell off separate properties we would appreciate it if you would consider Gold Standard as the prime candidate. We are very familiar with the operation and its people, having been associated with it these past eleven years and being the original leaseholder. In addition, we know the financial ramifications since we have been seeking financing on the project for the past three years, working with both commercial and investment bankers. We are confident that we can be very aggressive and deliver to Texaco the highest return possible in the event of a sale of the Mercur mine.

As you may or may not know, we have been engaged in discussions with Getty over the last three years as to whether or not we have been treated in accordance with the terms and intent of the Operating Agreement. This matter is now in contention between us and Getty Mining and, shortly before the



Texaco, Inc.
June 28, 1984
Page 2

acquisition of Getty Oil Company by Texaco, I sent a letter to Getty Mining Company setting forth, in detail, our position once again and requested that they notify Texaco of Gold Standard's views and its position with respect to its legal rights under the 1973 Operating Agreement. We assumed that Getty Mining Company had notified Texaco as requested, but we have subsequently learned that they did not do so. We also understand that Texaco has initiated actions to sell Getty Mining Company, which, of course, includes the Mercur Gold Mine. Therefore, we now feel compelled to communicate with you directly about our status vis-à-vis Getty Mining Company's Mercur Operation.

I am enclosing herewith a copy of my January 12, 1984 letter to Getty Mining Company in which I requested that they inform potential purchasers of Gold Standard's positions and views as set forth in that letter. I am also enclosing a copy of the September 20, 1983 letter from Gold Standard's legal counsel, Robert S. McConnell, which was referred to in my January 12, 1984 letter and which summarizes the facts about the unfair treatment Gold Standard received from Getty and his analyses as to Gold Standard's rights from the general legal point of view. Although those letters are rather lengthy, I believe they will give you a general idea of where we stand on these issues.

In summary, we feel that Getty's treatment of Gold Standard during the last few years has been manifestly improper and unfair under the circumstances, and completely contrary to our understanding of the intent of the 1973 Operating Agreement and the spirit of mutual cooperation under which that Agreement was entered into. Our position in that regard is based in part upon the failure of Getty Mining Company to provide us with the information and cooperation necessary to enable us to obtain commitments from investment bankers and others in our efforts to finance our 25 percent participating interest in the Mercur mine. Our position is also based, however, on the more specific legal grounds as outlined in Mr. McConnell's letter, in which he points out that, under our Agreement, the term "Phase I" means "that period of time commencing at the date of this Agreement and ending at such time as a feasibility study has confirmed the feasibility of placing in production a specifically delineated, reasonably sized, contiguous portion of Said Lands pursuant to Section IV of this Agreement." That Agreement also provides in Section III.A. that "during Phase I, Gold Standard shall not be required to expend any funds whatever on Said Lands . . ."

Texaco, Inc.
June 28, 1984
Page 3

Gold Standard is still of the view that, as a legal matter, the "feasibility study" which is contemplated by the above-quoted portions of our Agreement with Getty means, and was intended by the parties to mean, a final outside third party, independent feasibility study, one which would be acceptable by the SEC and by the various investment and commercial bankers as sufficient to support estimates of ore reserves, etc. and upon which statements with respect to technical and economical practicability of the project could be supported. As we see it, Getty Mining Company has failed to provide Gold Standard with such a "feasibility study" as specified by the Operating Agreement, and, legally speaking, the parties are still in "Phase I" under that Agreement. Our views in this regard are well supported by widely accepted published material, banking and other lending institutions, the majors in the mining industry, and a large body of independent mining and financial authorities.

My reason for the foregoing is to advise you of the major problems which exist between Getty Mining and Gold Standard, because we believe these do affect both the worth and salability of the Mercur property. Further, we suspect that you might have a legal disclosure responsibility here, and therefore should know the facts as we see them.

There is one additional provision of the 1973 Operating Agreement between Gold Standard and Getty to which I would like to refer and which I feel ought to be taken into consideration by you at this time. That is, Section IX.A. of Exhibit "A" (General Conditions), which provides that: "No party to the Agreement shall voluntarily or involuntarily transfer its interest in Said Lands, the Project Property or the Agreement, or any part thereof, to any other entity, unless the party proposing a transfer shall have received a bona fide offer from a person, firm or corporation ready, willing and able to purchase such interest, and the interest proposed for transfer shall have been offered in writing on the same terms and conditions as offered by the third-party offeror, or a cash equivalent, to the other Participating Parties, in accordance with their respective interests therein." As a result of our position with respect to the lack of a feasibility study from Getty, etc., we are obviously of the view that we are rightfully considered as a "Participating Party" even now, and that, at the very least, we are entitled to a formal, final, independent feasibility study which will allow us adequate time to finance our participating interest. With that in mind, we feel we would also be entitled to notice of any proposed sale

Texaco, Inc.
June 28, 1984
Page 4

or transfer of the Mercur Mine and a first right of refusal in accordance with the above-quoted language from Section IX.A. We feel that this is obviously something of which Texaco should be aware and should be kept in mind in connection with any contemplated sale of the Mercur Mine, either directly or indirectly through a sale of Getty Mining Company.

We feel confident that after you have had an opportunity to review and consider the matters set forth in this letter and in the various enclosures, you will be able to understand and appreciate our positions and the reasons why we felt they should be brought to your attention at this time. I would have preferred that Getty Mining Company would have notified you directly of our views and positions but I hope you will understand why we have felt compelled to do so directly at this time. We also want to assure you that we are seriously interested in purchasing the Mercur Mine and we are anxious to start a dialogue to explore these possibilities.

I will look forward to hearing from you at your earliest convenience with respect to the matters set forth in this letter.

Very truly yours,


Scott L. Smith
President

cc: Robert Blanc
Charles W. Shannon
J. Arthur Knudsen
Stanley Michaelson
Robert S. McConnell

0618M
RSM

A PROFESSIONAL CORPORATION IS

[illegible]

37 000000
 000000 0 000000
 000000 000000 000000
 000000 000000

10- "E3 040 065 364" 4- 06-04-24 3 2
12- "E3 040 065 364" 4- 06 0 0

[illegible]

SAC, LAKE CITY OFFICE
 BCC MEMPHIS 44-3886
 SAC, LAKE CITY 44-3886
 TELETYPE TO: SAC, MEMPHIS

MASSACHUSETTS, D.C. OFFICE
S. E. 700
D. D. 800 - 500000, N.Y.
MASSACHUSETTS, D.C. 20000
*E.L.C.-C4E 202 200-2020

RECORDS OFFICE
 610 W. 2nd St. / 1st Floor / Room 201
 St. Louis, Mo. 63102
 TEL: 314 / 425-1234 FAX: 314 / 425-1235

ST. GEORGE OFFICE
ONE SC. "A" 5"00E"
ST. GEORGE, "A" 04770
"E" 04770 SC 04770 04770

VERNAL OFFICE
 88 CAS- Main Street
 Vernal, VT- 04455
 Telephone 802-769-004

• 2020 •

September 20, 1983

Dear Scott:

One of the first tasks I performed for Gold Standard was to review the December 11, 1983 Operating Agreement between Gold Standard and Getty and to discuss it with you generally. At that time, I remarked to you that in my view it was an

Attachment to
EXHIBIT 21

Mr. Scott L. Smith
September 20, 1983
Page 2

extremely confusing document to understand and that it contained several apparent inconsistencies. Those initial impressions of that agreement have been substantiated by the many disagreements and arguments which have ensued during the last few years over the meaning and intent of various parts of that Operating Agreement. While it would obviously be necessary to focus on the specific language in any given case, it is fair to say that as a general matter if and when any parts of that Operating Agreement were to become in dispute, the ultimate resolution would depend in large part upon the intent of the parties when the document was drafted and upon the spirit and the circumstances in which the document was drafted as well as the way in which the document was carried out by the parties.

You will also recall that on January 21, 1981, after having spent considerable time and effort in the preparation, I filed on behalf of Gold Standard a Form 10 Registration Statement with the Securities and Exchange Commission ("SEC") for the purpose of registering its securities under the Securities Exchange Act of 1934. After considerable discussion with the SEC during the ensuing months, Gold Standard's major difficulty in obtaining the effectiveness of that Form 10 Registration Statement, as well as being the source of considerable subsequent difficulties for the company, was the fact that the SEC would not accept the Bechtel Report and the internal Getty memoranda as a "feasibility study." The "Engineering Study and Cost Estimate of the Mercur Gold Mine and Plant" by Bechtel Civil & Minerals, Inc. dated June, 1981, is herein referred to as the "Bechtel Report." I am attaching to this letter a copy of the October 5, 1981 letter from Mr. V.J. Lavernoich, Branch Chief of the SEC in which he states that the Bechtel Report and the internal memoranda and letter dated July 6, 1981 from Getty to Mr. Scott L. Smith, President Gold Standard, Inc. "is not a comprehensive feasibility study and therefore does not support an ore reserve estimate." The SEC went on to state that "further, the memoranda and the Getty letter without adequate engineering data to support the statements as to reserves, cannot support their commerciality."

I recall vividly that you had complained to Getty on numerous occasions during that time period that the Bechtel Report and the internal Getty memoranda were not sufficient to constitute a formal final feasibility study which could support ore reserve estimates, that you had been so informed by your Technical Committee consisting of extremely experienced mining people, and that you continued to request from Getty additional

Mr. Scott L. Smith
September 20, 1983
Page 3

engineering data to support the statements as to ore reserves and their commerciality. I also recall that Getty, while continuing to express verbally a spirit of cooperation, steadfastly refused to provide you with any additional information and continued to insist that the Bechtel Report and their internal memoranda constituted a feasibility study as contemplated by the December 11, 1973 Operating Agreement. That stubborn and obviously uninformed position by Getty not only caused considerable difficulty with the SEC resulting in your Form 10 and subsequent Form 10K reports being equivocal as to whether or not commercial reserves existed on the property, but also has been the primary source of your inability to obtain any commitments from investment bankers and others to finance your 25% participating interest in the project, about which I will discuss more below.

I sincerely feel that Gold Standard has been seriously disadvantaged by Getty's failure to acknowledge that the Bechtel Report and the internal Getty memoranda do not provide Gold Standard with a "bankable" or, more properly, a final feasibility study which is normal and typical in the mining industry. In the course of your attempts during the last few years to obtain financing for a 25% participating interest in the project, you have been continuously asked by potential investment and commercial bankers to provide them with information which would normally be included in such a final feasibility study and which such financial people require in order to determine ore reserve estimates and upon which statements with respect to the technical and economical practicability of the project could be supported. That information has not been forthcoming from Getty despite your repeated requests. From my point of view, it seems that it would not have been difficult for Getty to provide you with such information but it chose not to do so. Getty therefore, appears to have knowingly pursued a course of action which has been a continuing obstacle to your being able to fund a 25% participating interest in the project. Their conduct has been manifestly unfair under the circumstances and completely contrary to my understanding of the intent of the parties in entering into the Operating Agreement and the spirit of mutual cooperation in which that was done.

Their action may also amount to an interference with your business relationships and a repudiation of the basic Operating Agreement.

Mr. Scott L. Smith
September 20, 1983
Page 4

I have not conducted an in-depth legal analysis of the relative positions of Gold Standard and Getty under the Operating Agreement and you have not asked me to do so. However, I have examined certain portions of that Agreement as they relate to the requirement of Getty to provide Gold Standard with a feasibility study. Under that Agreement the term "Phase I" shall mean "that period of time commencing at the date of this Agreement and ending at such time as a feasibility study has confirmed the feasibility of placing in production a specifically delineated reasonably sized contiguous portion of Said Lands pursuant to Section IV of this Agreement." The Agreement also provides in Section III.A that "during Phase I, Gold Standard shall not be required to expend any funds whatever on Said Lands. . .". It is my view that the "feasibility study" which is contemplated by the Agreement means, and was intended by the parties to mean, a final feasibility study, one which would be acceptable by the SEC and by the various investment and commercial bankers as sufficient to support estimates of ore reserves and upon which statements with respect to technical and economical practicability of the project could be supported. I am confident that this position could be substantiated and thoroughly documented by numerous industry experts and through the normal course of business and practice in the mining industry. The full and detailed requirements of a properly developed final project feasibility study are well known and accepted in the industry and the various letters from Gold Standard to Getty in April and November of 1981, as well as the numerous verbal requests referred to above, adequately describe the overall requirements of those portions of the feasibility study which are required by Gold Standard and which have not been forthcoming from Getty.

Even without considering the failure of Getty to provide Gold Standard with a final and usual feasibility study, my file is replete with references to the totally inadequate flow of information and data to Gold Standard which has been requested from Getty during the last few years. Gold Standard specifically requested information in letters of April 3, 1981 and November 27, 1981 and in frequent further telephone and personal requests both before and after those dates. Instead of receiving the requested information in a usable form, Gold Standard has received only bits and pieces of information, most of it oral, and most of which has been more or less continuously revised in such critical feasibility areas as ore reserves, ore grades, mining schedules, metallurgical recovery and other related cost estimates, all of which is the type of information which must be pinned down in a supportable manner

Mr. Scott L. Smith
September 20, 1983
Page 5

in a true final feasibility study in order to be of any use to Gold Standard or its bankers in evaluating the project. In this regard, and based upon my review of the Operating Agreement and the facts described above, I am very much of the view that an excellent case could be made that under the circumstances the Bechtel Report, together with the internal Getty memoranda and the related correspondence to date, does not amount to a "feasibility study" as contemplated by the Operating Agreement and that, legally speaking, the parties are still in "Phase I" under the Agreement.

I am also of the view that the correspondence to date between Gold Standard and Getty does not show acceptance by Gold Standard of the combination of the Bechtel Report and the internal Getty memoranda as a "feasibility study" and the fact that Gold Standard paid for its share of the "feasibility study" at the request of Getty would not change my view in that regard in light of the pressure and duress under which Gold Standard was placed by Getty in connection with Getty's insistence that Gold Standard make such payment.

I am attaching hereto a chronological summary of many of the important events which have transpired between Gold Standard and Getty over the last few years. This will give you a handy reference to the various relationships in time during which most of the important events have occurred relating to Gold Standard's efforts to fund its 25% interest in the Mercur Gold Project. I will not discuss each event separately but will comment on some of the more notable events and their significance at this time.

I have already mentioned the events relating to the feasibility study, or the lack thereof. On July 21, 1981 Gold Standard received a letter from Getty approving the "initial mine work plan". That letter was signed by both Getty and Gold Standard. As a condition to that approval, however, Getty retained the option to approve or disapprove the completion of the project at any time prior to March 31, 1982. Getty also "agreed" in that letter not to convert Gold Standard to a 15% net profits interest under the Agreement before January 1, 1982. On December 17, 1981 Bob Blanc of Getty sent a letter to Gold Standard purporting to respond to Gold Standard's previous requests for more feasibility study-type information and in the process Getty extended from January 1, 1982 to February 1, 1982 its agreement not to convert Gold Standard to a 15% net profits interest. At that time, however, Blanc and Getty insisted that Gold Standard confirm in writing to Getty by January 1, 1982

Mr. Scott L. Smith
September 20, 1983
Page 3

whether Gold Standard intended to be a 25% participating party. Blanc stated that the "local district's present authorizations to proceed" with the project were contingent on Gold Standard being a 25% participating party. In effect, Getty was telling Gold Standard at this time that Getty may not go ahead with the project unless Gold Standard elected to be a 25% party. However, Getty was also saying, in the form of the positions it had taken with respect to the feasibility study information and otherwise, that it would not give Gold Standard sufficient information to determine whether it should be a 25% participating party or be able to fund that 25% interest if it should decide to do so. Getty was also telling Gold Standard at that time that Gold Standard must make its election even before Getty itself decided to proceed with the project. In my view, the position being taken by Getty at that time was manifestly unfair to Gold Standard and was a blatant use of the power which Getty had over Gold Standard as well as a substantial departure from the spirit and intent with which both parties entered into the Operating Agreement originally.

Since that time Getty has maintained essentially the same position vis-à-vis Gold Standard and its attempts to fund the 25% participating interest. On March 2, 1982 you and I on behalf of Gold Standard met with Bob Blanc, Joe Serg and Bob Hautala at Getty's offices to discuss these matters. Among other things, it was determined at that meeting that Getty would continue to full production to be scheduled for July of 1983. Getty's decision was based upon Getty's funding 100% of the project and Gold Standard being in a 15% net profits position effective July 6, 1981. At that meeting, Getty refused to grant Gold Standard any further time to fund its 25% participating interest in spite of having it pointed out to them the basic unfairness in the previous positions which they had taken. Getty agreed, however, that they might recommend to Getty's top management a "reasonable proposal" which Gold Standard might bring to them for funding a 25% interest assuming that it was "mutually agreeable" to both parties. In a subsequent letter from Getty, Getty placed a deadline of December 31, 1982 on its willingness to possibly consider any such proposals from Gold Standard.

Since that time you have been diligently pursuing various alternatives for financing Gold Standard's 25% participating interest. It is obvious, however, that you have been greatly hampered in such efforts by three basic facts: (1) Gold Standard has never received a final formal comprehensive feasibility study which it has needed in order to

002610

Mr. Scott L. Smith
September 20, 1983
Page 7

obtain the necessary financing; (2) Getty's prior insistence that Gold Standard elect between a 25% interest and a 15% net profits interest even before Getty itself made a decision to go ahead with the project and at a time when Gold Standard still had not obtained sufficient information from Getty to accomplish such financing; and (3) Getty's continual and substantial lack of cooperation since that time in connection with Gold Standard's efforts to finance its 25% participating interest. Although there are several, two examples of Getty's continuing lack of cooperation as referred to in (3), above, are as follows:

1. In the fall of 1982 a strong interest was being expressed in assisting Gold Standard in funding its 25% interest from a group of investors from Kuwait. You informed Getty of this interest immediately and a telex was received by Getty on October 7, 1982 seeking some expression of support and cooperation from Getty. Several weeks passed without any response from Getty and you attempted numerous times to determine why Getty had not responded in any manner whatsoever except to delay the matter on an indefinite basis. Approximately one month later Getty responded by questioning certain aspects of their proposal relating to the tax advantages which might possibly be available to Getty in this connection. Thereafter, Gold Standard incurred considerable expense to have the entire situation reviewed by Ron Cutshall of our office, an extremely capable tax attorney. The results of that tax review were transmitted to Getty on or about November 9, 1982 in the form of an opinion that the disproportionate tax allocation in the Kuwait proposal was possible. Once again, there was a lengthy and, in my view, unreasonable delay from Getty until finally on December 13, 1982 Getty acknowledged that the tax proposal would in fact work and that they would receive the proposal and review it while still giving no assurance to Gold Standard that they would recommend it to top management and, of course, as to whether Getty's top management would approve it. By that time Getty's previously established time limit of December 31, 1982 had about expired leaving Gold Standard with very little alternative but the Kuwait proposal. Even so, Getty refused to make any further commitments which, of course, along with the previous delays from Getty and Getty's apparently uncooperative attitude, resulted in the Kuwaits and the broker that was representing them concluding that Getty was not sufficiently interested to justify their further interest in the project and they withdrew any further interest. Although it is difficult to know for certain, it is not difficult to view the

Mr. Scott L. Smith
September 20, 1983
Page 3

uncooperative nature of Getty and the long delays caused by them as a deliberate attempt to push Gold Standard up against the December 31, 1982 deadline with no further hope of funding the 25% interest.

2. A second example of the frustrations encountered by Gold Standard due to Getty's basic uncooperative attitude involved the interest which surfaced on behalf of Smith Barney, Harris Upham & Co., the nationally recognized investment banking firm, in the spring of 1983. Once again, Getty's local people were giving you verbal assurances that they would be cooperative and expressed a continuing willingness to look at proposals from Gold Standard for funding the 25% interest for an indefinite period. In fact, Getty even signed a letter with Smith Barney and Gold Standard on March 8, 1983 setting forth the basic perimeters of Smith Barney's proposal to assist Gold Standard in funding the 25% interest. Since that time, however, Smith Barney has been totally frustrated in obtaining any specific feasibility study-type information from Getty and by Getty's continuing refusal to make any commitment beyond the previously expressed possibility that it might present a "reasonable proposal" to Getty's top management if Getty's local people felt so inclined to do so.

There have been several other investment banking firms and commercial banks which have expressed serious interest in funding a 25% participating interest for Gold Standard. However, such interest has one by one faded upon learning that no hard facts were available from Getty and that Getty would make no additional commitments. While Getty could obviously see that Gold Standard was attracting serious interest from nationally recognized investment and commercial banking sources, Getty steadfastly refused to give Gold Standard what it needed, that is a commitment that if Gold Standard could obtain the funding Getty would allow Gold Standard back in for a participating interest of some sort.

During the past year or so since the March 2, 1982 decision by Getty to proceed with the project with Gold Standard as a 15% net profits interest, Getty has presented Gold Standard with periodic accountings of "advances receivable and net profits computation on a quarterly basis." The most recent of such statements was received on August 1, 1983 which shows that Gold Standard owes as "advances receivable" plus interest for project expenditures made by Getty on behalf of Gold Standard representing 25% of costs from July 6, 1981 through February 28, 1982 in the amount of \$3,679,968.26.

Mr. Scott L. Smith
September 20, 1983
Page 3

Without going into undue detail, suffice it to say that this is an additional example of the unfair exploitation of Gold Standard's situation which has characterized the relationship between the two parties for some time. During the March 2, 1982 meetings it was agreed by all concerned that after Getty's decision to proceed with full production at the Mercur Gold Project, Gold Standard would revert to a 15% net profits interest effective July 6, 1981 and that all the capital expenditures by Getty after July 6, 1981 would be recouped as if Gold Standard's 15% net profits interest had commenced on July 6, 1981. It was specifically agreed that post July 6, 1981 expenditures would not be owing and payable by Gold Standard in a lump sum upon reversion to such 15% net profits interest. This was referred to specifically at that meeting as "double dipping" which was agreed by all present would not take place and was not contemplated by the Operating Agreement. Nevertheless, Getty continues to present statements to Gold Standard demanding that such post July 6, 1981 expenditures be paid up front which is exactly the "double dipping" which was agreed would not take place.

In summary, it is my feeling that Gold Standard has been and continues to be treated unfairly by Getty. Gold Standard has been and continues to be in the position that it is unable to make its own independent assessment of the economic practicability of the project without the final feasibility study called for by the Operating Agreement which it has not as yet received from Getty, as explained above. In addition, that basic unfairness has been compounded time and again by Getty's refusal to give meaningful cooperation to those parties expressing an interest in assisting Gold Standard in its funding efforts and in refusing to make any commitments which were obviously needed by Gold Standard in order to have any success in such financing efforts.

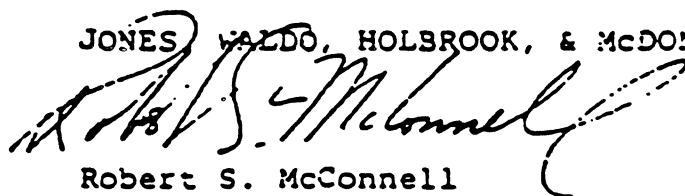
In looking back over this situation I commend you for the abundance of patience which you have shown in the face of the unfairness and lack of cooperation which have been forthcoming from Getty. However, based upon my review it is my feeling that you have good cause to complain about the treatment you have received from Getty and in my view you have the basis of a possible legal action against Getty for the damages Gold Standard has obviously suffered and will continue

Mr. Scott L. Smith
September 20, 1983
Page 10

to suffer as a result of the basic unfairness towards Gold
Standard which I have described above.

Very truly yours,

JONES WALDO, HOLBROOK, & McDONOUGH

A handwritten signature in cursive script, appearing to read "R. S. McConnell", written over the typed name.

Robert S. McConnell

0152M
RSM

Stephen G. Crockett, Esq. (A0766)
Robert S. Clark, Esq. (A4015)
Jill A. Niederhauser, Esq. (A4641)
Brian J. Romriell, Esq. (A4757)
KIMBALL, PARR, CROCKETT & WADDOUPS
185 South State Street, Suite 1300
P.O. Box 11019
Salt Lake City, Utah 84147
(801) 532-7840

FILED
TOOELE COUNTY, UTAH
SEP 20 PM 3:03

Mark W. Reinhardt, Esq.
4601 DTC Boulevard
P.O. Box 2100
Denver, Colorado 80237

Attorneys for Defendants Getty
Oil Company and Getty Mining
Company

IN THE THIRD JUDICIAL DISTRICT COURT FOR TOOELE COUNTY
STATE OF UTAH

GOLD STANDARD, INC.,)

Plaintiff,)

vs.)

AMERICAN BARRICK RESOURCES)
CORPORATION; BARRICK MERCUR)
GOLD MINES, INC.; GETTY OIL)
COMPANY; GETTY MINING COMPANY;)
GETTY GOLD MINE COMPANY; and)
and JOHN DOES I through 10,)

Defendants.)

AFFIDAVIT OF
JEFFREY C. COLLINS

Civil No. CV-86-374

Judge Frank Noel

002702

AFFIDAVIT OF JEFFREY C. COLLINS

Jeffrey C. Collins, being first duly sworn, hereby deposes and says:

1. I am a resident of Colorado Springs, Colorado. I was an attorney with Getty Oil Company ("Getty") for approximately two years. I left Getty in November, 1984.

2. From 1982 to 1984, I was an in-house attorney for Getty in Salt Lake City, Utah. I reported directly to Mr. Joseph Berg, III, division counsel, and indirectly to Mr. Robert Blanc, District Manager of Getty in Salt Lake City, Utah.

3. Prior to the spring of 1984, I had minimal legal involvement with the Mecur Gold Mine. Prior to the summer of 1984, however, the other attorneys in Getty's Salt Lake Office left, leaving me as the only attorney in the Salt Lake Office. As a result, I was responsible for the legal work involving the Mecur Mine from the summer of 1984 until November, 1984, when I left Getty.

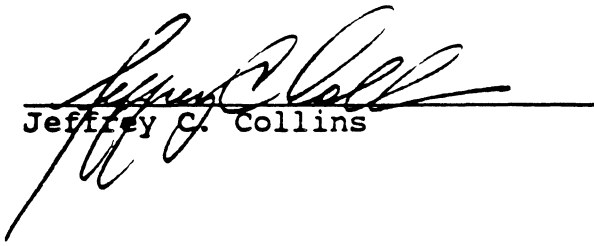
4. In early July, 1984, Robert Blanc gave me a copy of Scott Smith's June 28, 1984 letter, a copy of which is attached hereto as Exhibit A, and Robert S. McConnell's September 20, 1983 letter, a copy of which is attached hereto as Exhibit B. Mr. Blanc asked that I assist in the preparation of a response to Scott Smith's letter. I coordinated this effort with Amy Etherington, an attorney for Texaco in New York.

5. At the time Mr. Blanc made his request, I understood that Gold Standard was threatening litigation on several issues, including whether or not Getty had performed a "feasibility study" as required by the Operating Agreement.

6. I further understood that the reason Getty's management requested my assistance in drafting a response and coordinating my work with Texaco's legal department was because of concern regarding threatened litigation by Gold Standard and the need to consider the legal implications of such response. Getty's response to Scott Smith's June 28 letter, dated October 25, 1984, and signed by Ed Wendt, was intended to serve as a legal document responding to Gold Standard's allegations (copy attached as Exhibit C).

7. I have reviewed the Amended Complaint in Gold Standard, Inc. v. American Barrick Resources, et. al., Civil No. CV-86-374. The issues over which we anticipated litigation in July, 1984, including the dispute over whether or not Getty provided Gold Standard a "feasibility study" as defined in the Operating Agreement, appear to be included as allegations in Gold Standard's Complaint against Getty.


DATED the 21st day of September, 1988.



Jeffrey C. Collins

COUNTY OF EL PASO)
) ss.
STATE OF COLORADO)

Subscribed and sworn to before me this 21st day of September, 1988.



Notary Public

Residing at: _____

My Commission Expires:

~~My Commission Expires May 29, 1988.~~
~~3770 Grady Drive~~
~~Colorado Springs, CO 80907~~

CERTIFICATE OF SERVICE

I hereby certify that on the 23d day of September, 1988
a true and correct copy of the foregoing AFFIDAVIT OF JEFFREY C.
COLLINS was mailed first class, postage prepaid to the following:

James S. Lowrie, Esq.
JONES, WALDO, HOLBROOK & McDONOUGH
1500 First Interstate Plaza
170 South Main Street
Salt Lake City, Utah 84101

Gordon L. Roberts, Esq.
Francis M. Wikstrom, Esq.
PARSONS, BEHLE & LATIMER
185 South State Street, Suite 700
Salt Lake City, Utah 84111

Robert M. McDonald, Esq.
47 West 200 South, #450
Salt Lake City, Utah 84101

A handwritten signature in cursive script, reading "Robyn Klunger", is written over a horizontal line.

EXHIBIT A

OLD STANDARD INC. 712 KEARNS BUILDING SALT LAKE CITY UTAH 84143

June 28, 1984

Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

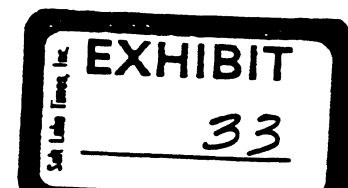
ATTN: Mr. Willis B. Reals
Senior Vice President

Dear Mr. Reals:

It has come to our attention that Texaco has commissioned the First Boston Corporation to negotiate a sale of Getty Mining Company, Inc. As you probably know, Gold Standard, Inc. is a partner in the Mercur gold mine project here in Utah which is a part of Getty Mining Company. We entered into an Operating Agreement with Getty Oil Company on December 11, 1973 and our respective rights and interests are still governed by that Agreement as it has been supplemented through the years.

We want to take this opportunity to express to you that we are extremely interested in arranging the purchase of the Mercur operation if Texaco, at a later date, decides to offer it as a separate entity. If the decision is reached to sell off separate properties we would appreciate it if you would consider Gold Standard as the prime candidate. We are very familiar with the operation and its people, having been associated with it these past eleven years and being the original leaseholder. In addition, we know the financial ramifications since we have been seeking financing on the project for the past three years, working with both commercial and investment bankers. We are confident that we can be very aggressive and deliver to Texaco the highest return possible in the event of a sale of the Mercur mine.

As you may or may not know, we have been engaged in discussions with Getty over the last three years as to whether or not we have been treated in accordance with the terms and intent of the Operating Agreement. This matter is now in contention between us and Getty Mining and, shortly before the



Texaco, Inc.
June 28, 1984
Page 2

acquisition of Getty Oil Company by Texaco, I sent a letter to Getty Mining Company setting forth, in detail, our position once again and requested that they notify Texaco of Gold Standard's views and its position with respect to its legal rights under the 1973 Operating Agreement. We assumed that Getty Mining Company had notified Texaco as requested, but we have subsequently learned that they did not do so. We also understand that Texaco has initiated actions to sell Getty Mining Company, which, of course, includes the Mercur Gold Mine. Therefore, we now feel compelled to communicate with you directly about our status vis-à-vis Getty Mining Company's Mercur Operation.

I am enclosing herewith a copy of my January 12, 1984 letter to Getty Mining Company in which I requested that they inform potential purchasers of Gold Standard's positions and views as set forth in that letter. I am also enclosing a copy of the September 20, 1983 letter from Gold Standard's legal counsel, Robert S. McConnell, which was referred to in my January 12, 1984 letter and which summarizes the facts about the unfair treatment Gold Standard received from Getty and his analyses as to Gold Standard's rights from the general legal point of view. Although those letters are rather lengthy, I believe they will give you a general idea of where we stand on these issues.

In summary, we feel that Getty's treatment of Gold Standard during the last few years has been manifestly improper and unfair under the circumstances, and completely contrary to our understanding of the intent of the 1973 Operating Agreement and the spirit of mutual cooperation under which that Agreement was entered into. Our position in that regard is based in part upon the failure of Getty Mining Company to provide us with the information and cooperation necessary to enable us to obtain commitments from investment bankers and others in our efforts to finance our 25 percent participating interest in the Mercur mine. Our position is also based, however, on the more specific legal grounds as outlined in Mr. McConnell's letter, in which he points out that, under our Agreement, the term "Phase I" means "that period of time commencing at the date of this Agreement and ending at such time as a feasibility study has confirmed the feasibility of placing in production a specifically delineated, reasonably sized, contiguous portion of Said Lands pursuant to Section IV of this Agreement." That Agreement also provides in Section III.A. that "during Phase I, Gold Standard shall not be required to expend any funds whatever on Said Lands . . ."

00269

Texaco, Inc.
June 28, 1984
Page 3

Gold Standard is still of the view that, as a legal matter, the "feasibility study" which is contemplated by the above-quoted portions of our Agreement with Getty means, and was intended by the parties to mean, a final outside third party, independent feasibility study, one which would be acceptable by the SEC and by the various investment and commercial bankers as sufficient to support estimates of ore reserves, etc. and upon which statements with respect to technical and economical practicability of the project could be supported. As we see it, Getty Mining Company has failed to provide Gold Standard with such a "feasibility study" as specified by the Operating Agreement, and, legally speaking, the parties are still in "Phase I" under that Agreement. Our views in this regard are well supported by widely accepted published material, banking and other lending institutions, the majors in the mining industry, and a large body of independent mining and financial authorities.

My reason for the foregoing is to advise you of the major problems which exist between Getty Mining and Gold Standard, because we believe these do affect both the worth and salability of the Mercur property. Further, we suspect that you might have a legal disclosure responsibility here, and therefore should know the facts as we see them.

There is one additional provision of the 1973 Operating Agreement between Gold Standard and Getty to which I would like to refer and which I feel ought to be taken into consideration by you at this time. That is, Section IX.A. of Exhibit "A" (General Conditions), which provides that: "No party to the Agreement shall voluntarily or involuntarily transfer its interest in Said Lands, the Project Property or the Agreement, or any part thereof, to any other entity, unless the party proposing a transfer shall have received a bona fide offer from a person, firm or corporation ready, willing and able to purchase such interest, and the interest proposed for transfer shall have been offered in writing on the same terms and conditions as offered by the third-party offeror, or a cash equivalent, to the other Participating Parties, in accordance with their respective interests therein." As a result of our position with respect to the lack of a feasibility study from Getty, etc., we are obviously of the view that we are rightfully considered as a "Participating Party" even now, and that, at the very least, we are entitled to a formal, final, independent feasibility study which will allow us adequate time to finance our participating interest. With that in mind, we feel we would also be entitled to notice of any proposed sale

Texaco, Inc.
June 28, 1984
Page 4

or transfer of the Mercur Mine and a first right of refusal in accordance with the above-quoted language from Section IX.A. We feel that this is obviously something of which Texaco should be aware and should be kept in mind in connection with any contemplated sale of the Mercur Mine, either directly or indirectly through a sale of Getty Mining Company.

We feel confident that after you have had an opportunity to review and consider the matters set forth in this letter and in the various enclosures, you will be able to understand and appreciate our positions and the reasons why we felt they should be brought to your attention at this time. I would have preferred that Getty Mining Company would have notified you directly of our views and positions but I hope you will understand why we have felt compelled to do so directly at this time. We also want to assure you that we are seriously interested in purchasing the Mercur Mine and we are anxious to start a dialogue to explore these possibilities.

I will look forward to hearing from you at your earliest convenience with respect to the matters set forth in this letter.

Very truly yours,


Scott L. Smith
President

cc: Robert Blanc
Charles W. Shannon
J. Arthur Knudsen
Stanley Michaelson
Robert S. McConnell

0618M
RSM

-00000000

4 PROFESSIONAL COOPERATION

[illegible]

22 JUL 68
 1055 PM S 104CS
 1055 PM 104CS
 1055 PM 104CS

= "E3 040 0E3 3E4" 4 040-0E3-24 3 3
 = "E3 040 0E3 3E4" 4 0E3 4 4

[illegible]

SAL. LAKE CITY OFFICE
 BCO #AL-ED 6-1240
 SAL. LAKE CITY, UT 84.
 TELE-CITY BCI 521 2200

WASHINGTON, D.C. OFFICE
S - 72700
D.D. 8-57000, N.W.
WASHINGTON, D.C. 20006
TELEPHONE 202 296-2050

BOSTON OFFICE
 BIO - C-42, PARADISE ROAD
 SUITE 22
 BOSTON, MASSACHUSETTS 02130
 TELEPHONE 703. 437-8243

ST. GEORGE OFFICE
ONE SCULIN WAY STREET
ST. GEORGE, LA 84720
TELEPHONE NO 820-027

VERNAL OFFICE
88 EAST MAIN STREET
VERNAL, UTAH 84079
TELEPHONE 801 789-004

ה'תרצ"ב

September 20, 1983

Dear Scott:

One of the first tasks I performed for Gold Standard was to review the December 11, 1983 Operating Agreement between Gold Standard and Getty and to discuss it with you generally. At that time, I remarked to you that in my view it was an

EXHIBIT B

00048699

002694

Mr. Scott L. Smith
September 20, 1983
Page 2

extremely confusing document to understand and that it contained several apparent inconsistencies. Those initial impressions of that agreement have been substantiated by the many disagreements and arguments which have ensued during the last few years over the meaning and intent of various parts of that Operating Agreement. While it would obviously be necessary to focus on the specific language in any given case, it is fair to say that as a general matter if and when any parts of that Operating Agreement were to become in dispute, the ultimate resolution would depend in large part upon the intent of the parties when the document was drafted and upon the spirit and the circumstances in which the document was drafted as well as the way in which the document was carried out by the parties.

You will also recall that on January 21, 1981, after having spent considerable time and effort in the preparation, I filed on behalf of Gold Standard a Form 10 Registration Statement with the Securities and Exchange Commission ("SEC") for the purpose of registering its securities under the Securities Exchange Act of 1934. After considerable discussion with the SEC during the ensuing months, Gold Standard's major difficulty in obtaining the effectiveness of that Form 10 Registration Statement, as well as being the source of considerable subsequent difficulties for the company, was the fact that the SEC would not accept the Bechtel Report and the internal Getty memoranda as a "feasibility study." The "Engineering Study and Cost Estimate of the Mercur Gold Mine and Plant" by Bechtel Civil & Minerals, Inc. dated June, 1981, is herein referred to as the "Bechtel Report." I am attaching to this letter a copy of the October 5, 1981 letter from Mr. W.J. Lavernoch, Branch Chief of the SEC in which he states that the Bechtel Report and the internal memoranda and letter dated July 6, 1981 from Getty to Mr. Scott L. Smith, President Gold Standard, Inc. "is not a comprehensive feasibility study and therefore does not support an ore reserve estimate." The SEC went on to state that "further, the memoranda and the Getty letter without adequate engineering data to support the statements as to reserves, cannot support their commerciality."

I recall vividly that you had complained to Getty on numerous occasions during that time period that the Bechtel Report and the internal Getty memoranda were not sufficient to constitute a formal final feasibility study which could support ore reserve estimates, that you had been so informed by your Technical Committee consisting of extremely experienced mining people, and that you continued to request from Getty additional

Mr. Scott L. Smith
September 20, 1983
Page 3

engineering data to support the statements as to ore reserves and their commerciality. I also recall that Getty, while continuing to express verbally a spirit of cooperation, steadfastly refused to provide you with any additional information and continued to insist that the Bechtel Report and their internal memoranda constituted a feasibility study as contemplated by the December 11, 1973 Operating Agreement. That stubborn and obviously uninformed position by Getty not only caused considerable difficulty with the SEC resulting in your Form 10 and subsequent Form 10K reports being equivocal as to whether or not commercial reserves existed on the property, but also has been the primary source of your inability to obtain any commitments from investment bankers and others to finance your 25% participating interest in the project, about which I will discuss more below.

I sincerely feel that Gold Standard has been seriously disadvantaged by Getty's failure to acknowledge that the Bechtel Report and the internal Getty memoranda do not provide Gold Standard with a "bankable" or, more properly, a final feasibility study which is normal and typical in the mining industry. In the course of your attempts during the last few years to obtain financing for a 25% participating interest in the project, you have been continuously asked by potential investment and commercial bankers to provide them with information which would normally be included in such a final feasibility study and which such financial people require in order to determine ore reserve estimates and upon which statements with respect to the technical and economical practicability of the project could be supported. That information has not been forthcoming from Getty despite your repeated requests. From my point of view, it seems that it would not have been difficult for Getty to provide you with such information but it chose not to do so. Getty therefore, appears to have knowingly pursued a course of action which has been a continuing obstacle to your being able to fund a 25% participating interest in the project. Their conduct has been manifestly unfair under the circumstances and completely contrary to my understanding of the intent of the parties in entering into the Operating Agreement and the spirit of mutual cooperation in which that was done.

Their action may also amount to an interference with your business relationships and a repudiation of the basic Operating Agreement.

Mr. Scott L. Smith
September 20, 1983
Page 4

I have not conducted an in-depth legal analysis of the relative positions of Gold Standard and Getty under the Operating Agreement and you have not asked me to do so. However, I have examined certain portions of that Agreement as they relate to the requirement of Getty to provide Gold Standard with a feasibility study. Under that Agreement the term "Phase I" shall mean "that period of time commencing at the date of this Agreement and ending at such time as a feasibility study has confirmed the feasibility of placing in production a specifically delineated reasonably sized contiguous portion of Said Lands pursuant to Section IV of this Agreement." The Agreement also provides in Section III.A that "during Phase I, Gold Standard shall not be required to expend any funds whatever on Said Lands. . .". It is my view that the "feasibility study" which is contemplated by the Agreement means, and was intended by the parties to mean, a final feasibility study, one which would be acceptable by the SEC and by the various investment and commercial bankers as sufficient to support estimates of ore reserves and upon which statements with respect to technical and economical practicability of the project could be supported. I am confident that this position could be substantiated and thoroughly documented by numerous industry experts and through the normal course of business and practice in the mining industry. The full and detailed requirements of a properly developed final project feasibility study are well known and accepted in the industry and the various letters from Gold Standard to Getty in April and November of 1981, as well as the numerous verbal requests referred to above, adequately describe the overall requirements of those portions of the feasibility study which are required by Gold Standard and which have not been forthcoming from Getty.

Even without considering the failure of Getty to provide Gold Standard with a final and usual feasibility study, my file is replete with references to the totally inadequate flow of information and data to Gold Standard which has been requested from Getty during the last few years. Gold Standard specifically requested information in letters of April 3, 1981 and November 27, 1981 and in frequent further telephone and personal requests both before and after those dates. Instead of receiving the requested information in a usable form, Gold Standard has received only bits and pieces of information, most of it oral, and most of which has been more or less continuously revised in such critical feasibility areas as ore reserves, ore grades, mining schedules, metallurgical recovery and other related cost estimates, all of which is the type of information which must be pinned down in a supportable manner

00048702

Mr. Scott L. Smith
September 20, 1983
Page 5

in a true final feasibility study in order to be of any use to Gold Standard or its bankers in evaluating the project. In this regard, and based upon my review of the Operating Agreement and the facts described above, I am very much of the view that an excellent case could be made that under the circumstances the Bechtel Report, together with the internal Getty memoranda and the related correspondence to date, does not amount to a "feasibility study" as contemplated by the Operating Agreement and that, legally speaking, the parties are still in "Phase I" under the Agreement.

I am also of the view that the correspondence to date between Gold Standard and Getty does not show acceptance by Gold Standard of the combination of the Bechtel Report and the internal Getty memoranda as a "feasibility study" and the fact that Gold Standard paid for its share of the "feasibility study" at the request of Getty would not change my view in that regard in light of the pressure and duress under which Gold Standard was placed by Getty in connection with Getty's insistence that Gold Standard make such payment.

I am attaching hereto a chronological summary of many of the important events which have transpired between Gold Standard and Getty over the last few years. This will give you a handy reference to the various relationships in time during which most of the important events have occurred relating to Gold Standard's efforts to fund its 25% interest in the Mercur Gold Project. I will not discuss each event separately but will comment on some of the more notable events and their significance at this time.

I have already mentioned the events relating to the feasibility study, or the lack thereof. On July 21, 1981 Gold Standard received a letter from Getty approving the "initial mine work plan". That letter was signed by both Getty and Gold Standard. As a condition to that approval, however, Getty retained the option to approve or disapprove the completion of the project at any time prior to March 31, 1982. Getty also "agreed" in that letter not to convert Gold Standard to a 15% net profits interest under the Agreement before January 1, 1982. On December 17, 1981 Bob Blanc of Getty sent a letter to Gold Standard purporting to respond to Gold Standard's previous requests for more feasibility study-type information and in the process Getty extended from January 1, 1982 to February 1, 1982 its agreement not to convert Gold Standard to a 15% net profits interest. At that time, however, Blanc and Getty insisted that Gold Standard confirm in writing to Getty by January 1, 1982

whether Gold Standard intended to be a 25% participating party. Blanc stated that the "local district's present authorizations to proceed" with the project were contingent on Gold Standard being a 25% participating party. In effect, Getty was telling Gold Standard at this time that Getty may not go ahead with the project unless Gold Standard elected to be a 25% party. However, Getty was also saying, in the form of the positions it had taken with respect to the feasibility study information and otherwise, that it would not give Gold Standard sufficient information to determine whether it should be a 25% participating party or be able to fund that 25% interest if it should decide to do so. Getty was also telling Gold Standard at that time that Gold Standard must make its election even before Getty itself decided to proceed with the project. In my view, the position being taken by Getty at that time was manifestly unfair to Gold Standard and was a blatant use of the power which Getty had over Gold Standard as well as a substantial departure from the spirit and intent with which both parties entered into the Operating Agreement originally.

Since that time Getty has maintained essentially the same position vis-à-vis Gold Standard and its attempts to fund the 25% participating interest. On March 2, 1982 you and I on behalf of Gold Standard met with Bob Blanc, Joe Berg and Bob Hautala at Getty's offices to discuss these matters. Among other things, it was determined at that meeting that Getty would continue to full production to be scheduled for July of 1983. Getty's decision was based upon Getty's funding 100% of the project and Gold Standard being in a 15% net profits position effective July 6, 1981. At that meeting, Getty refused to grant Gold Standard any further time to fund its 25% participating interest in spite of having it pointed out to them the basic unfairness in the previous positions which they had taken. Getty agreed, however, that they might recommend to Getty's top management a "reasonable proposal" which Gold Standard might bring to them for funding a 25% interest assuming that it was "mutually agreeable" to both parties. In a subsequent letter from Getty, Getty placed a deadline of December 31, 1982 on its willingness to possibly consider any such proposals from Gold Standard.

Since that time you have been diligently pursuing various alternatives for financing Gold Standard's 25% participating interest. It is obvious, however, that you have been greatly hampered in such efforts by three basic facts:

- (1) Gold Standard has never received a final formal comprehensive feasibility study which it has needed in order to

Mr. Scott L. Smith
September 20, 1983
Page 7

obtain the necessary financing; (2) Getty's prior insistence that Gold Standard elect between a 25% interest and a 15% net profits interest even before Getty itself made a decision to go ahead with the project and at a time when Gold Standard still had not obtained sufficient information from Getty to accomplish such financing; and (3) Getty's continual and substantial lack of cooperation since that time in connection with Gold Standard's efforts to finance its 25% participating interest. Although there are several, two examples of Getty's continuing lack of cooperation as referred to in (3), above, are as follows:

1. In the fall of 1982 a strong interest was being expressed in assisting Gold Standard in funding its 25% interest from a group of investors from Kuwait. You informed Getty of this interest immediately and a telex was received by Getty on October 7, 1982 seeking some expression of support and cooperation from Getty. Several weeks passed without any response from Getty and you attempted numerous times to determine why Getty had not responded in any manner whatsoever except to delay the matter on an indefinite basis. Approximately one month later Getty responded by questioning certain aspects of their proposal relating to the tax advantages which might possibly be available to Getty in this connection. Thereafter, Gold Standard incurred considerable expense to have the entire situation reviewed by Ron Cutshall of our office, an extremely capable tax attorney. The results of that tax review were transmitted to Getty on or about November 9, 1982 in the form of an opinion that the disproportionate tax allocation in the Kuwait proposal was possible. Once again, there was a lengthy and, in my view, unreasonable delay from Getty until finally on December 13, 1982 Getty acknowledged that the tax proposal would in fact work and that they would receive the proposal and review it while still giving no assurance to Gold Standard that they would recommend it to top management and, of course, as to whether Getty's top management would approve it. By that time Getty's previously established time limit of December 31, 1982 had about expired leaving Gold Standard with very little alternative but the Kuwait proposal. Even so, Getty refused to make any further commitments which, of course, along with the previous delays from Getty and Getty's apparently uncooperative attitude, resulted in the Kuwaits and the broker that was representing them concluding that Getty was not sufficiently interested to justify their further interest in the project and they withdrew any further interest. Although it is difficult to know for certain, it is not difficult to view the

Mr. Scott L. Smith
September 20, 1983
Page 3

uncooperative nature of Getty and the long delays caused by them as a deliberate attempt to push Gold Standard up against the December 31, 1982 deadline with no further hope of funding the 25% interest.

2. A second example of the frustrations encountered by Gold Standard due to Getty's basic uncooperative attitude involved the interest which surfaced on behalf of Smith Barney, Harris Upham & Co., the nationally recognized investment banking firm, in the spring of 1983. Once again, Getty's local people were giving you verbal assurances that they would be cooperative and expressed a continuing willingness to look at proposals from Gold Standard for funding the 25% interest for an indefinite period. In fact, Getty even signed a letter with Smith Barney and Gold Standard on March 8, 1983 setting forth the basic perimeters of Smith Barney's proposal to assist Gold Standard in funding the 25% interest. Since that time, however, Smith Barney has been totally frustrated in obtaining any specific feasibility study-type information from Getty and by Getty's continuing refusal to make any commitment beyond the previously expressed possibility that it might present a "reasonable proposal" to Getty's top management if Getty's local people felt so inclined to do so.

There have been several other investment banking firms and commercial banks which have expressed serious interest in funding a 25% participating interest for Gold Standard. However, such interest has one by one faded upon learning that no hard facts were available from Getty and that Getty would make no additional commitments. While Getty could obviously see that Gold Standard was attracting serious interest from nationally recognized investment and commercial banking sources, Getty steadfastly refused to give Gold Standard what it needed, that is a commitment that if Gold Standard could obtain the funding Getty would allow Gold Standard back in for a participating interest of some sort.

During the past year or so since the March 2, 1982 decision by Getty to proceed with the project with Gold Standard as a 15% net profits interest, Getty has presented Gold Standard with periodic accountings of "advances receivable and net profits computation on a quarterly basis." The most recent of such statements was received on August 1, 1983 which shows that Gold Standard owes as "advances receivable" plus interest for project expenditures made by Getty on behalf of Gold Standard representing 25% of costs from July 6, 1981 through February 28, 1982 in the amount of \$3,679,968.26.

Mr. Scott L. Smith
September 20, 1983
Page 9

Without going into undue detail, suffice it to say that this is an additional example of the unfair exploitation of Gold Standard's situation which has characterized the relationship between the two parties for some time. During the March 2, 1982 meetings it was agreed by all concerned that after Getty's decision to proceed with full production at the Mercur Gold Project, Gold Standard would revert to a 15% net profits interest effective July 6, 1981 and that all the capital expenditures by Getty after July 6, 1981 would be recouped as if Gold Standard's 15% net profits interest had commenced on July 6, 1981. It was specifically agreed that post July 6, 1981 expenditures would not be owing and payable by Gold Standard in a lump sum upon reversion to such 15% net profits interest. This was referred to specifically at that meeting as "double dipping" which was agreed by all present would not take place and was not contemplated by the Operating Agreement. Nevertheless, Getty continues to present statements to Gold Standard demanding that such post July 6, 1981 expenditures be paid up front which is exactly the "double dipping" which was agreed would not take place.

In summary, it is my feeling that Gold Standard has been and continues to be treated unfairly by Getty. Gold Standard has been and continues to be in the position that it is unable to make its own independent assessment of the economic practicability of the project without the final feasibility study called for by the Operating Agreement which it has not as yet received from Getty, as explained above. In addition, that basic unfairness has been compounded time and again by Getty's refusal to give meaningful cooperation to those parties expressing an interest in assisting Gold Standard in its funding efforts and in refusing to make any commitments which were obviously needed by Gold Standard in order to have any success in such financing efforts.

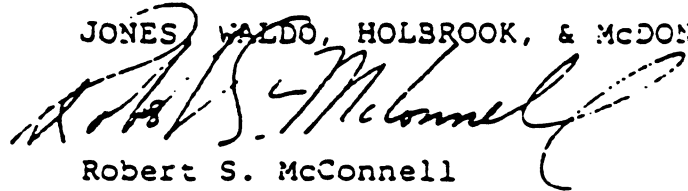
In looking back over this situation I commend you for the abundance of patience which you have shown in the face of the unfairness and lack of cooperation which have been forthcoming from Getty. However, based upon my review it is my feeling that you have good cause to complain about the treatment you have received from Getty and in my view you have the basis of a possible legal action against Getty for the damages Gold Standard has obviously suffered and will continue

Mr. Scott L. Smith
September 20, 1983
Page 10

to suffer as a result of the basic unfairness towards Gold
Standard which I have described above.

Very truly yours,

JONES, WALDO, HOLBROOK, & McDONOUGH

A handwritten signature in dark ink, appearing to read "R. S. McConnell", written over the typed name.

Robert S. McConnell

0152M
RSM

EXHIBIT C

Getty Mining Company | 3810 Wilshire Boulevard, Los Angeles, California 90010 • Telephone (213) 739-2425

H. E. Wendt, President and General Manager

October 25, 1984

Mr. Scott L. Smith, President
Gold Standard, Inc.
712 Kearns Building
Salt Lake City, Utah 84101

Re: MERCUR GOLD MINE

Dear Mr. Smith:

Your letter of June 28, 1984, addressed to Mr. Willis B. Reals, Senior Vice President of Texaco Inc., has been received and thoroughly reviewed by Mr. Reals and others at Texaco Inc. Understanding that a response thereto is appropriate, a copy of said letter, together with the January 12, 1984, letter attached thereto, has been forwarded to me. The views and concerns expressed in your letter have been thoroughly considered by Texaco and Getty. In addition, a voluminous correspondence file, together with the 1973 Operating Agreement, have similarly been carefully reviewed.

From all of the information available, it appears that Getty Mining Company has conducted its affairs, particularly with respect to the interests of Gold Standard, Inc., in accordance with the letter and spirit of the 1973 Operating Agreement. Gold Standard approved commission of the feasibility study at the joint venture meeting on June 17, 1980, received a copy of said study on December 31, 1980, and eventually paid its 25% share of the \$282,340.00 total cost of the study. When Gold Standard was not able to contribute its 25% share of Phase II expenses during 1982, Getty exercised its option under Section II-E of the General Conditions, Exhibit A to the Operating Agreement, and converted Gold Standard's 25% Participating Interest to a 15% Net Profits Interest. In letters dated March 15, 1982, and May 6, 1982, you acknowledged this conversion and its effective date, July 6, 1981.

Your claim, stated in your June 28, 1984, letter, that Gold Standard has a 25% Participating Interest under the 1973 Operating Agreement, is simply contrary to a long series of facts and admissions. The basis for your claim, i.e., an alleged deficiency in the feasibility study and the assertion that Phase I has never ended, seems a lame excuse when one realizes that for the past four years Getty Mining Company has proceeded with Phase II development and mining in accordance with the feasibility study, and with the foreknowledge and consent of Gold Standard. From the evidence reviewed, it appears that Getty Mining Company has cooperated to an

000004

Mr. Scott L. Smith, President -2-

October 25, 1984

unusual degree with Gold Standard in its continuing unsuccessful effort to raise the funds needed to meet its obligations as a participating party. It was only after many months of continued inability by Gold Standard to raise funds, that Getty was forced to exercise its option to permanently convert the 25% Participating Interest into a 15% Net Profits Interest.

As the correspondence file makes abundantly clear, Gold Standard's 15% Net Profits Interest was never convertible or redeemable back to a 25% Participating Interest, unless the parties were to so mutually agree. Any opportunity for such a mutual agreement has long since expired.

Your interest in finding a buyer for the Mercur Mine, and the need to comply with all provisions in the 1973 Operating Agreement, are duly noted. At this time, Texaco and Getty have made their own arrangements and your assistance will not be needed. Should you feel the need to communicate further regarding this matter, please address all communications to the undersigned.

Sincerely,

GETTY MINING COMPANY


H. E. WENDT

HEW:ems

cc: Mr. Willis B. Reals
Mr. Robert P. Blanc

00101379

Stephen G. Crockett, Esq. (A0766)
Robert S. Clark, Esq. (A4015)
Jill A. Niederhauser, Esq. (A4641)
Brian J. Romriell, Esq. (A4757)
KIMBALL, PARR, CROCKETT & WADDOUPS
185 South State Street, Suite 1300
P.O. Box 11019
Salt Lake City, Utah 84147
(801) 532-7840

FILED
TOOELE C

1988 SEP 26 PM 3:03

3-11

Mark W. Reinhardt, Esq.
4601 DTC Boulevard
P.O. Box 2100
Denver, Colorado 80237

Attorneys for Defendants Getty
Oil Company and Getty Mining
Company

IN THE THIRD JUDICIAL DISTRICT COURT FOR TOOELE COUNTY

STATE OF UTAH

GOLD STANDARD, INC.,)

Plaintiff,)

vs.)

AMERICAN BARRICK RESOURCES)
CORPORATION; BARRICK MERCUR)
GOLD MINES, INC.; GETTY OIL)
COMPANY; GETTY MINING COMPANY;)
GETTY GOLD MINE COMPANY; and)
and JOHN DOES I through 10,)

Defendants.)

AFFIDAVIT OF
JOHN M. MINTZ

Civil No. CV-86-374

Judge Frank Noel

AFFIDAVIT OF JOHN M. MINTZ

John M. Mintz, being first duly sworn, hereby deposes and says:

1. I am a resident of Glendale, California. I was an employee of Getty Oil Company and/or Getty Mining Company ("Getty"), or the predecessor of Getty, for approximately 37 years. I retired from Getty on approximately September 1, 1984.

2. From 1977 to 1984 I was the Production Manager of Getty's Minerals Division. I was based in Los Angeles, California during this period. I was also Vice President of Getty Mining Company from the time it was organized until I retired. I reported to Ed Wendt, who was the President of Getty Mining Company. Chuck Kundert, among others, worked under my supervision during this period of time.

3. Until approximately the fall of 1980, Getty's involvement in the Mercur project was under my supervision in the Los Angeles office. At that time responsibility for Mercur was shifted to Getty's Salt Lake City office.

4. In approximately the first week of July, 1984, Ed Wendt asked me to conduct an investigation about preparation of a feasibility study for the Mercur project during the time that Mercur was under my supervision in Los Angeles. Mr. Wendt told me that Gold Standard was unhappy with the way the project had ended up from their standpoint, and was threatening litigation.

I understood that the investigation performed under my supervision would be used in helping Getty determine what strategy should be pursued in responding to Gold Standard and in any litigation that might ensue.

5. Although I do not recall specifically having a discussion with Getty's lawyers about the task I was asked to perform by Mr. Wendt, I understood that he was coordinating with Getty's lawyers on that subject.

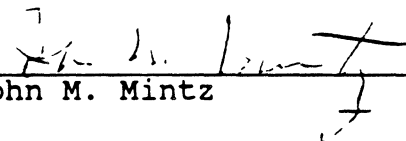
6. In response to the request of Mr. Wendt, I asked Chuck Kundert to review the Mercur-related records that were then located in Los Angeles, and to prepare a memorandum about his review of those documents. I specifically asked him to look at the question of whether a feasibility study was supposed to be completed, or may have actually been completed, prior to the time responsibility for the project was shifted to Salt Lake City.

7. Exhibit 401, a copy of which is attached hereto, consists of my response to Mr. Wendt's request, with the memorandum of Mr. Kundert that resulted from my assignment to him attached thereto.

8. I do not believe that a feasibility study was completed prior to the time responsibility was shifted from Los Angeles to Salt Lake City. However, based upon my subsequent review of documents that I understand were given to Gold Standard in July, 1981, I believe that a feasibility study was in fact

completed while the project was under the responsibility of Getty's Salt Lake City office and given to Gold Standard, and that such study meets the requirements of the Operating Agreement between the parties.

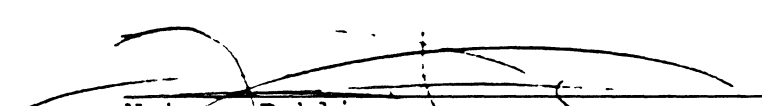
DATED: September 13, 1988.



John M. Mintz

COUNTY OF LOS ANGELES)
 : ss
STATE OF CALIFORNIA)

Subscribed and sworn to before me this 13th day of September, 1988.



Notary Public
Residing at: San B, 1792
Glendale Ca

My Commission Expires:

Jan 13, 1992



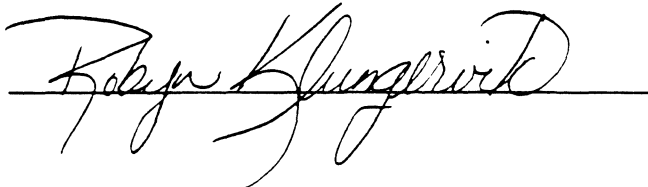
CERTIFICATE OF SERVICE

I hereby certify that on the 23^d day of September, 1988
a true and correct copy of the foregoing AFFIDAVIT OF JOHN M. MINTZ
was mailed first class, postage prepaid to the following:

James S. Lowrie, Esq.
JONES, WALDO, HOLBROOK & McDONOUGH
1500 First Interstate Plaza
170 South Main Street
Salt Lake City, Utah 84101

Gordon L. Roberts, Esq.
Francis M. Wikstrom, Esq.
PARSONS, BEHLE & LATIMER
185 South State Street, Suite 700
Salt Lake City, Utah 84111

Robert M. McDonald, Esq.
47 West 200 South, #450
Salt Lake City, Utah 84101

A handwritten signature in cursive script, appearing to read "Robert M. McDonald", is written over a horizontal line.

AFFIDAVIT OF CHARLES J. KUNDERT

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

Charles J. Kundert, being duly sworn, deposes and says:

1. I am a resident of the State of California, residing at 12 Silver Saddle Lane, Rolling Hills Estates, California.

2. During the period from January, 1979 through August, 1984, I was employed by either Getty Oil Company or Getty Mining Company, a wholly owned subsidiary, as Minerals Engineering Manager, in the Production Department, at Getty's headquarters in Los Angeles, California.

3. I have personal knowledge of the matters testified to herein.

4. During February, 1984, Getty Oil Company and all its subsidiaries, including Getty Mining Company, were acquired by Texaco, Inc. Shortly thereafter, Texaco decided to sell all mining properties owned by Getty.

5. To facilitate the process of selling the Getty mining properties, Texaco established a "Data Room" to become a repository for all significant documents relating to all Getty mining properties worldwide.

6. In or about June, 1984, under the direction of its investment bankers, First Boston, all the local Getty offices for each of its mining properties, including the local Getty office for the Mercur gold mine property, located in Utah, were instructed to send all documents relating to the respective

mining properties to Getty's headquarters in Los Angeles, to become part of the Data Room.

7. When this information was assembled, the Data Room was then used by Texaco to show prospective purchasers of the various Getty mining properties the assembled data and other documentation relating to the properties.

8. In July, 1984, some of the visiting mining companies that had expressed interest in the properties raised the question why no feasibility study appeared in the Data Room for the Mercur gold mine property, in Utah.

9. When this question was raised, I reviewed the files concerning Mercur that had been maintained at Getty Mining Company's Los Angeles office. I also reviewed the Data Room Index of materials sent by Getty's Salt Lake office for the Mercur property.

10. The results of my review of those documents are summarized in a Memorandum dated July 13, 1984, which I addressed to Mr. J. M. Mintz. Mr. Mintz was my immediate superior at that time, and was the Manager of Mineral Production for Getty Mining. A true and correct copy of my July 13, 1984 Memorandum to Mr. Mintz is attached hereto as Exhibit A.

11. My Memorandum is, I believe, self-explanatory. As I indicate in the Memorandum, my review revealed that neither the Order of Magnitude Estimate for Feasibility Study, nor the Preliminary Engineering and Cost Estimates of the Mercur Gold Mine

and Plant, both prepared by Bechtel Engineering, was intended to be a Final Bankable Document. I understand that Bechtel would not label these documents a "feasibility study" because, in Bechtel's view, a feasibility study must be a bankable document, that is, one that can be used to raise money in the marketplace. Further, as I also indicate in my Memorandum, the Data Room Index of material which had been sent by Getty's Salt Lake office for Mercur, stated "NO FEASIBILITY STUDIES."

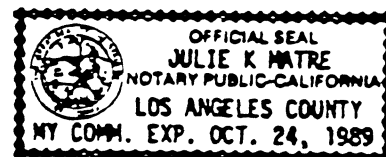
12. After receiving my Memorandum to Mr. Mintz, Mr. Mintz prepared a Memorandum to Mr. H. E. Wendt, who at the time was the President of Getty Mining Company, and Vice President of Getty Oil Company in which Mr. Mintz reports to Mr. Wendt regarding the matters set forth in my previous Memorandum. A true and correct copy of Mr. Mintz's July 16, 1984 Memorandum is attached hereto as Exhibit B.

Executed this 1 day of June, 1987 at
Rolling Hills Estates, California.

Charles J. Kundert
Charles J. Kundert

SUBSCRIBED AND SWORN TO
BEFORE ME THIS 1st DAY
OF June, 1987.

Julie K. Matre
Notary Public
For the State of California



Los Angeles, California
July 13, 1984

TO: MR. J. M. MINTZ
FROM: C. J. KUNDERT
SUBJECT: REVIEW OF MERCUR PLANS TO PRODUCTION
FROM MID-1979 TO EARLY 1981

Data in our files show that we shut-down the Mercur Gold Program in 1976 on the basis of an in-house financial analysis. We had placed Mercur Gold in our Minerals Reserves category in the January 1, 1975 and 1976 Reports, prior to the fall in the price of gold. The January 1, 1977 Report shows Mercur Gold as a Paramarginal Resource in which category it remained until the report of January 1, 1982 when Reserve status was again attained.

In September 1979 (Item 2 attached), a proposal for further work on the Mercur Gold Project was made. Work leading to an interim feasibility study by late 1980 prior to pilot plant start-up was recommended. "A Final or Bankable Feasibility Study" would be prepared after drilling is completed and Pilot Plant report completed in the third quarter of 1981. Preparation of the document would take an estimated 12 to 16 weeks placing the date of the availability of the Bankable Document in the last quarter of 1981. ||

This plan was followed during the course of the Mercur Project under direction from Los Angeles. Bechtel was awarded the contract to do the Engineering and Design work needed for the interim study. The work was to be completed by November 1980. Items 6, 10, 11, 12, and 13 document the selection of Bechtel and work to be performed.

The Agreement with Gold Standard called for notification of commission of a feasibility study and supporting documents to be given to Gold Standard. This was done, see Items 7, 8, and 9. ||

As of October 1, 1980, the Mercur Project became the responsibility of the Salt Lake City Office, see Item 15.

Bechtel's work proceeded as planned and an Order of Magnitude Estimate for Feasibility Study and a Preliminary Engineering and Cost Estimates of the Mercur Gold Mine and Plant were submitted for review in November, right on schedule, see Item 18. We do not have records of the date of Getty's receipt of Bechtel's Reports after final typing. Please note that the data we do have, Items 18, 19 and 21, support the fact that neither report was intended to be a Final Bankable Document. ||

EXHIBIT 'A'

002627

To: Mr. J. M. Mintz
Subject: Review of Mercur Plans to Production
From Mid-1979 to Early 1981

July 13, 1984

Page -2-

During March of 1981, when I began work on the Mercur Ore Reserves, I discussed the Bechtel studies with Mr. R. L. Hautala. Salt Lake was acutely aware of the requirement in the Gold Standard Agreement to have a feasibility study on the Project. I explained to Hautala that, in my view, the Bechtel work could not be used as a final Feasibility Study.. Bechtel had not reviewed the geology and ore reserves because updated data were not available; thus the document was incomplete. ||

I cite Utah's Escondida study as an example. Utah did the reserves and mine planning in-house, but had them reviewed and concurred with by an outside party. Mr. J. P. Davies, who had intimate knowledge of Bechtel's studies, on separate occasions also told Hautala that the Bechtel study was incomplete because the geologic and ore reserves data had not been reviewed and accepted by Bechtel; and economic evaluations had not been prepared by Bechtel.

We have no knowledge of what documents were submitted to Gold Standard to satisfy the requirement of the Agreement. We do know that a Final Document could not have been prepared before May 1981, because the Ore Reserve Study including geologic cross-sections was not completed until then. The original timing (Item 2) for completion of a "Final or Bankable Feasibility Study" in the last quarter of 1981 could have been attained. We do not know whether a document was prepared. We are concerned that Item 23 uses the words "Revised Bechtel Feasibility" and, yet, Item 24, the Data Room Index of material sent by our Salt Lake Office for Mercur, shows NO FEASIBILITY STUDIES under listing, page 34, VIII.A.3. This, of course, is the most current document of the 24 Items attached to this memorandum. ||

C. J. Curdet

CJK:pw
Attachments

Los Angeles, California
July 16, 1984

TO: MR. H. E. WENDT
FROM: J. M. MINTZ
SUBJECT: MERCUR PROJECT

You recently asked about the circumstances of the Mercur Feasibility Study while Mercur was under Los Angeles Production. Mr. C. J. Kundert made a review of the Los Angeles files and his findings are in the enclosed memo.

The first major Mercur work was authorized in the 1980 budget when \$1.4 million was approved with \$1.2 million for drilling, permitting, land purchases and environmental data collecting; and \$200,000 for metallurgical studies. Dr. Muessig wrote Scott Smith on 11/9/79 that funds were being requested to initiate an evaluation program. My follow-up memo to Dr. Muessig, dated 12/11/79, included a schedule that provided for a feasibility study that would allow for a go-no go decision in October 1981. This was to satisfy the requirements of the Mercur agreement with Gold Standard.

Mr. C. E. Knapp of the Los Angeles staff was given the responsibility for coordinating this effort during the 3rd quarter of 1979. His preliminary work was based on a plan that would have a mill that would process both oxide and refractory ore and would payout from the Mercur Hill-Lulu area. Mr. Knapp prepared a cursory financial evaluation based on then available data which indicated the project appeared to have sufficient potential to warrant more detailed study. After several meetings with Gold Standard, my letter of 6/17/80 outlining the program for the feasibility study was sent to Scott Smith. Bechtel was awarded a contract to prepare a preliminary engineering and cost estimate for the mine and mill, which could not be a Final Feasibility Study because of inadequate data on the deposit. Prior to the completion of the Bechtel study, Mr. Knapp was transferred to Petrochemicals and Mr. F. Wicks, staff metallurgist, was assigned as his replacement. On 10/1/80, one month before the completion of the Bechtel study, responsibility for the Mercur Project was assigned to the Salt Lake District.

The Los Angeles staff was not involved in the project to any major extent after the project was transferred to Salt Lake City. We did not receive a copy of the Bechtel report or any of the data for changing the mill circuit from that proposed in the Bechtel study. The part that is most puzzling to us is the line item in the enclosed Data Room Index that indicates no feasibility studies for Mercur. //

JMM:mm
Attachments

EXHIBIT 'B'

H. E. Wendt, President and General Manager

October 25, 1984

Mr. Scott L. Smith, President
Gold Standard, Inc.
712 Kearns Building
Salt Lake City, Utah 84101

Re: MERCUR GOLD MINE

Dear Mr. Smith:

Your letter of June 28, 1984, addressed to Mr. Willis B. Reals, Senior Vice President of Texaco Inc., has been received and thoroughly reviewed by Mr. Reals and others at Texaco Inc. Understanding that a response thereto is appropriate, a copy of said letter, together with the January 12, 1984, letter attached thereto, has been forwarded to me. The views and concerns expressed in your letter have been thoroughly considered by Texaco and Getty. In addition, a voluminous correspondence file, together with the 1973 Operating Agreement, have similarly been carefully reviewed.

From all of the information available, it appears that Getty Mining Company has conducted its affairs, particularly with respect to the interests of Gold Standard, Inc., in accordance with the letter and spirit of the 1973 Operating Agreement. Gold Standard approved commission of the feasibility study at the joint venture meeting on June 17, 1980, received a copy of said study on December 31, 1980, and eventually paid its 25% share of the \$282,340.00 total cost of the study. When Gold Standard was not able to contribute its 25% share of Phase II expenses during 1982, Getty exercised its option under Section II-E of the General Conditions, Exhibit A to the Operating Agreement, and converted Gold Standard's 25% Participating Interest to a 15% Net Profits Interest. In letters dated March 15, 1982, and May 6, 1982, you acknowledged this conversion and its effective date, July 6, 1981.

Your claim, stated in your June 28, 1984, letter, that Gold Standard has a 25% Participating Interest under the 1973 Operating Agreement, is simply contrary to a long series of facts and admissions. The basis for your claim, i.e., an alleged deficiency in the feasibility study and the assertion that Phase I has never ended, seems a lame excuse when one realizes that for the past four years Getty Mining Company has proceeded with Phase II development and mining in accordance with the feasibility study, and with the foreknowledge and consent of Gold Standard. From the evidence reviewed, it appears that Getty Mining Company has cooperated to an



Mr. Scott L. Smith, President -2-

October 25, 1984

unusual degree with Gold Standard in its continuing unsuccessful effort to raise the funds needed to meet its obligations as a participating party. It was only after many months of continued inability by Gold Standard to raise funds, that Getty was forced to exercise its option to permanently convert the 25% Participating Interest into a 15% Net Profits Interest.

As the correspondence file makes abundantly clear, Gold Standard's 15% Net Profits Interest was never convertible or redeemable back to a 25% Participating Interest, unless the parties were to so mutually agree. Any opportunity for such a mutual agreement has long since expired.

Your interest in finding a buyer for the Mercur Mine, and the need to comply with all provisions in the 1973 Operating Agreement, are duly noted. At this time, Texaco and Getty have made their own arrangements and your assistance will not be needed. Should you feel the need to communicate further regarding this matter, please address all communications to the undersigned.

Sincerely,

GETTY MINING COMPANY


H. E. WENDT

HEW:ems

cc: Mr. Willis B. Reals
Mr. Robert P. Blanc

0043793

JONES, WALDO, HOLBROOK & McDONOUGH

A PROFESSIONAL CORPORATION

ATTORNEYS AND COUNSELORS

LD B. HOLBROOK
IN L. RAMPTON
BERT WRIGHT
ION W. WILSON
LD J. OCKEY
LUNT
CORNABY†
S S. LOWRIE
IY L. CUTSHALL
STOPHER L. BURTON
Y C. HOLMAN
AM B. BOHLING
ES HOLMAN
RT S. McCONNELL
I W. PALMER
IAS E. K. CERRUTI
S R. MARIGER
RD B. JOHNS
J B. LEE*
Y D. WOOD*
URTIS, JR.
TA C. SPENDLOVE
HY B. ANDERSON
NNE WEST
BETH M. HASLAM
ND BEACHAM
ALL N. SKANCHY
C. GRAHAM
E E. BABCOCK
R. MONEY
GE W. PRATT
S W. STEWART

MERILYN M. STRAILMAN*§
LESLIE A. LEWIS
PAUL M. HARMAN
SUE VOGEL
EVAN A. SCHMUTZ
TIMOTHY C. HOUPPT
BRENT A. BOHMAN
DALE R. CHAMBERLAIN
WILLIAM C. GIBBS
RONALD D. MAINES*
DIXON F. LARKIN
EDWARD R. MUNSON
DAVID L. JONES
ROBERT A. GOODMAN
JAMES W. BURCH
KEVEN M. ROWE
MICHAEL PATRICK O'BRIEN
DAVID N. SONNENREICH
WM. KELLY NASH
SHARON E. SONNENREICH
JAMES W. PETERS
SUSAN S. BOSTWICK
CURTIS R. WARD
JEROME ROMERO
MICHAEL R. SHAW
MITZI R. COLLINS
GREGORY CROPPER
DAVID R. PURNELL‡
BARRY G. LAWRENCE
GLENN M. GOFFIN
MICHAEL J. KELLEY

SHEEKS & RAWLINS 1875
RAWLINS & CRITCHLOW 1891
RAWLINS, THURMAN, WEDGEWOOD & MURD 1897
RAWLINS, RAY & RAWLINS 1907
INGEBRETSEN, RAY & RAWLINS 1929
INGEBRETSEN, RAY, RAWLINS & CHRISTENSEN 1941
INGEBRETSEN, RAY, RAWLINS & JONES 1948
RAY, RAWLINS, JONES & HENDERSON 1949

SALT LAKE CITY OFFICE
1500 FIRST INTERSTATE PLAZA
170 SOUTH MAIN STREET
SALT LAKE CITY, UTAH 84101
TELEPHONE (801) 521-3200
TELECOPIER (801) 328-0537
TELEX 324698

WASHINGTON, D.C. OFFICE
SUITE 350
1001 22ND STREET, N.W.
WASHINGTON, D.C. 20037
TELEPHONE (202) 296-5950
TELECOPIER (202) 293-2509

ST. GEORGE OFFICE
THE TABERNACLE TOWER BLDG.
249 EAST TABERNACLE
ST. GEORGE, UTAH 84770
TELEPHONE (801) 628-1627
TELECOPIER (801) 628-5225

November 10, 1988

IN REPLY REFER TO:

Salt Lake City

OF COUNSEL
ROGER J. McDONOUGH
FRANK ANTHONY ALLEN
ALDEN B. TUELLER

ATTORNEY AND RESIDENT IN WASHINGTON, D.C.
REGISTERED PATENT ATTORNEY
ATTORNEY IN TEXAS AND IDAHO ONLY
ATTORNEY IN VIRGINIA

Dennis D. Ewing
Clerk of the Third Judicial District Court
Tooele County, State of Utah
Tooele, Utah 84074

Re: Gold Standard v. American Barrick Resources
Civil No. CV-86-374

Enclosed is a copy the Affidavit of H. Richard Klatt, which is Exhibit 2 to Plaintiff's Memorandum in Opposition to Defendants' Motion for Protective Order.

Thank you for your attention in this regard.

Very truly yours,

JONES, WALDO, HOLBROOK & McDONOUGH

By

James W. Peters

JWP/lkb
Enclosure

cc: Stephen G. Crockett, Esq.
Gordon L. Roberts, Esq.
Robert M. McDonald, Esq.

James S. Lowrie
Christopher L. Burton
George W. Pratt
JONES, WALDO, HOLBROOK & McDONOUGH
Attorneys for Plaintiff
1500 First Interstate Plaza
170 South Main Street
Salt Lake City, Utah 84101
Telephone: (801) 521-3200

IN THE THIRD JUDICIAL DISTRICT COURT

TOOELE COUNTY, STATE OF UTAH

GOLD STANDARD, INC.,	:	
	:	
Plaintiff,	:	AFFIDAVIT OF
	:	H. RICHARD KLATT
v.	:	
	:	
AMERICAN BARRICK RESOURCES	:	
CORPORATION; BARRICK MERCUR	:	
GOLD MINES, INC.; TEXACO, INC.;	:	
GETTY OIL COMPANY; GETTY MINING	:	
COMPANY; GETTY GOLD MINE	:	Civil No. CV-86-374
COMPANY; and JOHN DOES 1 - 10,	:	Honorable Frank G. Noel
	:	
Defendants.	:	

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

H. Richard Klatt, being duly sworn, deposes and
says:

1. I am a resident of the State of Utah, residing
at 1297 North Grove Drive, Alpine, Utah.

2. From May 1971 to September 1981, I was employed as a project geologist for Getty Mining Company's exploration office, in Salt Lake City. From June 1973 through 1976 and again in 1980, I was responsible for performing geological work on the Mercur Project. In September 1981 I was transferred to Getty's Los Angeles office and had no further responsibility for the Mercur project, but rather performed liaison work between Los Angeles and Getty's Canadian exploration offices.


3. In the summer of 1984, I saw the memorandum authored by Charles Kundert, dated July 13, 1984 and an accompanying memorandum authored by J.M. Mintz, dated July 16, 1984, in a reading file circulated weekly through the exploration offices. These memoranda had no routing boxes and were not marked or otherwise indicated to be confidential.

4. Interested in these memoranda, because of my earlier work with Mercur, I copied the memoranda for my Mercur files. The reading files were for the purpose of providing information to Getty personnel who would then review the file for matters for whatever purpose.

5. At that time, no one solicited or requested from me an opinion or response to Kundert's or Mintz's memoranda. Kundert's memorandum concluded that Getty had not provided Gold Standard with a feasibility study for Mercur.

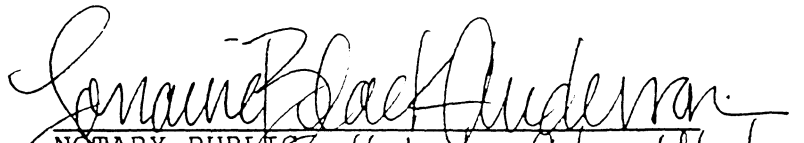
6. At Gold Standard's general request for information,
I provided its President, Scott Smith, with copies of these
memoranda in early 1987.

DATED this 9 day of November, 1988.


H. Richard Klatt

STATE OF UTAH)
 :
COUNTY OF SALT LAKE)

On the 9th day of November, 1988 personally appeared
before me H. Richard Klatt, the signer of the foregoing instrument,
who duly acknowledged to me that he executed the same.


NOTARY PUBLIC
Residing at: Salt Lake City, Utah

My Commission Expires:

2-6-89

CERTIFIED COPY

IN THE THIRD JUDICIAL DISTRICT COURT FOR TOOELE COUNTY

STATE OF UTAH

* * *

GOLD STANDARD, INC.

:

Plaintiff,

:

Civil No. CV-86-374

:

vs.

Deposition of:

:

AMERICAN BARRICK RESOURCES
CORPORATION, BARRICK MERCUR
GOLD MINES, INC.; TEXACO,
INC., GETTY OIL COMPANY,
GETTY MINING COMPANY, GETTY
GOLD MINE COMPANY and JOHN
DOES 1 THROUGH 10,

:

JOHN M. MINTZ

:

Volume II

:

Defendant.

:

* * *

Deposition of JOHN M. MINTZ, taken at the instance and request of the Plaintiff, at 10 Universal City Plaza, Universal City, California, 91608, on the 27th day of July, 1989, at the hour of 9:00 a.m., before LANETTE SHINDURLING, a Certified Shorthand Reporter, Utah License No. 122, and Notary Public in and for the State of Utah.

* * *



Associated Professional Reporters

10 West Broadway / Suite 200 / Salt Lake City Utah 84101

1 Edward Knapp, have you seen this document before?

2 A I do not specifically remember seeing it, but I'm
3 sure that I did.

4 Q Just so that we're clear on something that we all
5 know at this point anyway, it was Bechtel that was ultimately
6 the one hired based on the invitation to bid which is Exhibit
7 871?

8 MR. CLARK: Object to the characterization. The
9 arrangement with Bechtel came, of course, at a later point in
10 time and may not have been exclusively based upon Exhibit 817,
11 so I object to the characterization in that regard.

12 Q (BY MR. PRATT) I'll withdraw that last question and
13 I will ask this question. Was there any contractor ever hired
14 in connection with the Mercur project, to your knowledge, to
15 do an engineering study and determination of capital and
16 operating costs for a feasibility study other than Bechtel?

17 MR. CLARK: Excuse me, it's vague and ambiguous.

18 THE WITNESS: I would say that Bechtel was
19 contracted to make a feasibility study.

20 MR. PRATT: Yes, I'll move to strike that as
21 nonresponsive.

22 MR. CLARK: I, of course, think it was entirely
23 responsive.

24 Q (BY MR. PRATT) Is that feasibility study, Exhibit
25 8, is that what you're referring to, Mr. Mintz, the document

1 A I have no recollection of this document.

2 MR. PRATT: Well, it's almost lunchtime, let's go
3 off the record.

4 (Noon recess.)

5 * * *

6 1:30 p.m.

July 27, 1989

7 EXAMINATION CONTINUED

8 BY MR. PRATT:

9 Q Ready to proceed, Mr. Mintz?

10 A Yes, I am.

11 Q I would like to show you documents we looked at
12 yesterday to ask just one quick question. Exhibits 15 and 16,
13 there are some notes on Exhibit 16 because that's my copy and
14 I don't mind if you look at them. Those are the questions I
15 asked you about the document yesterday. I believe your
16 testimony yesterday was that you you did not recall having
17 ever seen Exhibits 15 and 16 before other than having seen
18 them obviously at the deposition yesterday. Is that still
19 your testimony?

20 A My testimony is that I do not recollect seeing them.
21 That's a maybe I did, maybe I didn't.

22 Q You don't recall?

23 A I don't recall.

24 Q Now, I'm showing you Exhibit 8 which is the the
25 November, 1980 Bechtel report and its cover letter again with

1 my notes which you can look at if you like, but they don't
2 have anything to do with my question. You testified yesterday
3 that it was your belief after that Exhibit 8 was prepared that
4 it was the feasibility study called for by the operating
5 agreement between Getty and Gold Standard?

6 A Yes, I did.

7 Q Is that still your testimony?

8 A Yes, it is.

9 Q Have you ever taken a position contrary to that in
10 writing?

11 A Not that I know of.

12 Q We talked this morning about the request that Mr.
13 Wendt made to you to see whether a feasibility study had been
14 done for the Mercur project.

15 A No, I didn't. I said that he asked me was there one
16 in our files.

17 Q Did you find one?

18 A No, we did not.

19 Q Have you already told me everything you can remember
20 about what Mr. Wendt told you when he made the request for you
21 to look into that question?

22 A Yes, I have.

23 Q You testified this morning that your recollection
24 was refreshed by some document that was shown to you?

25 A Yes, I did.

TEXACO

Date 8/16/84to MR. W. B. REALSfrom H. E. WENDT

Attached came in today
after an earlier conversa-
tion with Bob Blanc regarding
R. A. Boulay contacts on
behalf of Gold Standard.



H. E. WENDT

HEW:ems

Attachment

00046814

Los Angeles, California
July 16, 1984

MINERALS DIVISION ADMINISTRATION	
JUL 17 '84	
NEW	JMM
EMS	CRM
	SM
HF	DAN
PJL	JOS
FILE	

TO: MR. H. E. WENDT
FROM: J. M. MINTZ
SUBJECT: MERCUR PROJECT

You recently asked about the circumstances of the Mercur Feasibility Study while Mercur was under Los Angeles Production. Mr. C. J. Kundert made a review of the Los Angeles files and his findings are in the enclosed memo.

The first major Mercur work was authorized in the 1980 budget when \$1.4 million was approved with \$1.2 million for drilling, permitting, land purchases and environmental data collecting; and \$200,000 for metallurgical studies. Dr. Muessig wrote Scott Smith on 11/9/79 that funds were being requested to initiate an evaluation program. My follow-up memo to Dr. Muessig, dated 12/11/79, included a schedule that provided for a feasibility study that would allow for a go-no go decision in October 1981. This was to satisfy the requirements of the Mercur agreement with Gold Standard.

Mr. C. E. Knapp of the Los Angeles staff was given the responsibility for coordinating this effort during the 3rd quarter of 1979. His preliminary work was based on a plan that would have a mill that would process both oxide and refractory ore and would payout from the Mercur Hill-Lulu area. Mr. Knapp prepared a cursory financial evaluation based on then available data which indicated the project appeared to have sufficient potential to warrant more detailed study. After several meetings with Gold Standard, my letter of 6/17/80 outlining the program for the feasibility study was sent to Scott Smith. Bechtel was awarded a contract to prepare a preliminary engineering and cost estimate for the mine and mill, which could not be a Final Feasibility Study because of inadequate data on the deposit. Prior to the completion of the Bechtel study, Mr. Knapp was transferred to Petrotomics and Mr. F. Wicks, staff metallurgist, was assigned as his replacement. On 10/1/80, one month before the completion of the Bechtel study, responsibility for the Mercur Project was assigned to the Salt Lake District.

The Los Angeles staff was not involved in the project to any major extent after the project was transferred to Salt Lake City. We did not receive a copy of the Bechtel report or any of the data for changing the mill circuit from that proposed in the Bechtel study. The part that is most puzzling to us is the line item in the enclosed Data Room Index that indicates no feasibility studies for Mercur.

JMM:mm
Attachments

00046815

Los Angeles, California
July 13, 1984

TO: MR. J. M. MINTZ
FROM: C. J. KUNDERT
SUBJECT: REVIEW OF MERCUR PLANS TO PRODUCTION
FROM MID-1979 TO EARLY 1981

Data in our files show that we shut-down the Mercur Gold Program in 1976 on the basis of an in-house financial analysis. We had placed Mercur Gold in our Minerals Reserves category in the January 1, 1975 and 1976 Reports, prior to the fall in the price of gold. The January 1, 1977 Report shows Mercur Gold as a Paramarginal Resource in which category it remained until the report of January 1, 1982 when Reserve status was again attained.

In September 1979 (Item 2 attached), a proposal for further work on the Mercur Gold Project was made. Work leading to an interim feasibility study by late 1980 prior to pilot plant start-up was recommended. "A Final or Bankable Feasibility Study" would be prepared after drilling is completed and Pilot Plant report completed in the third quarter of 1981. Preparation of the document would take an estimated 12 to 16 weeks placing the date of the availability of the Bankable Document in the last quarter of 1981.

This plan was followed during the course of the Mercur Project under direction from Los Angeles. Bechtel was awarded the contract to do the Engineering and Design work needed for the interim study. The work was to be completed by November 1980. Items 6, 10, 11, 12, and 13 document the selection of Bechtel and work to be performed.

The Agreement with Gold Standard called for notification of commission of a feasibility study and supporting documents to be given to Gold Standard. This was done, see Items 7, 8, and 9.

As of October 1, 1980, the Mercur Project became the responsibility of the Salt Lake City Office, see Item 15.

Bechtel's work proceeded as planned and an Order of Magnitude Estimate for Feasibility Study and a Preliminary Engineering and Cost Estimates of the Mercur Gold Mine and Plant were submitted for review in November, right on schedule, see Item 18. We do not have records of the date of Getty's receipt of Bechtel's Reports after final typing. Please note that the data we do have, Items 18, 19 and 21, support the fact that neither report was intended to be a Final Bankable Document.

To: Mr. J. M. Mintz
Subject: Review of Mercur Plans to Production
From Mid-1979 to Early 1981

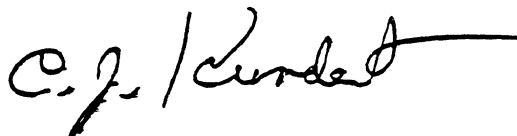
July 13, 1984

Page -2-

During March of 1981, when I began work on the Mercur Ore Reserves, I discussed the Bechtel studies with Mr. R. L. Hautala. Salt Lake was acutely aware of the requirement in the Gold Standard Agreement to have a feasibility study on the Project. I explained to Hautala that, in my view, the Bechtel work could not be used as a final Feasibility Study.. Bechtel had not reviewed the geology and ore reserves because updated data were not available; thus the document was incomplete.

I cite Utah's Escondida study as an example. Utah did the reserves and mine planning in-house, but had them reviewed and concurred with by an outside party. Mr. J. P. Davies, who had intimate knowledge of Bechtel's studies, on separate occasions also told Hautala that the Bechtel study was incomplete because the geologic and ore reserves data had not been reviewed and accepted by Bechtel; and economic evaluations had not been prepared by Bechtel.

We have no knowledge of what documents were submitted to Gold Standard to satisfy the requirement of the Agreement. We do know that a Final Document could not have been prepared before May 1981, because the Ore Reserve Study including geologic cross-sections was not completed until then. The original timing (Item 2) for completion of a "Final or Bankable Feasibility Study" in the last quarter of 1981 could have been attained. We do not know whether a document was prepared. We are concerned that Item 23 uses the words "Revised Bechtel Feasibility" and, yet, Item 24, the Data Room Index of material sent by our Salt Lake Office for Mercur, shows NO FEASIBILITY STUDIES under listing, page 34, VIII.A.3. This, of course, is the most current document of the 24 Items attached to this memorandum.



CJK:pw
Attachments

MERCUR DATA

Item 1 - June 28, 1979:

Memo R. G. Blair to Messrs. Smith/Blanc/Muessig; Mercur Project Status; Recommended SLC Program Prior to Feasibility Study by L. A. Production Department.

Page 5 points out that, "The only feasibility work known to have been done was a "quickie Mineral Production Department financial analysis based on the 1976 Mercur Hill-Lulu geologic reserve numbers, the 1976 gold price at that time, capital estimates furnished by A. H. Ross and Associates and internally generated mining cost estimates".

This is correct, the price of gold had dropped and the property became uneconomic. Our first and second Mineral Reserves and Resources Reports of January 1, 1975 and January 1, 1976 carried Mercur as Reserves. The January 1, 1977 Report showed Mercur as a Paramarginal Resource, in which category it remained until the Report of January 1, 1982. In this Report Mercur again achieved the Reserve status.

Item 2 - September 12, 1979:

Memo C. Edward Knapp to Mr. J. M. Mintz; Proposed 1980 Expenditure for Mercur Gold Project Development; with attached memo of September 11, 1979; C. Edward Knapp to Mr. C. J. Kundert; Status and Proposal for Further Work on the Mercur Gold Project.

Attached memo states that a cursory financial evaluation showed respectable economics based on 79 percent recovery and a gold price of \$250.00 per ounce. On page two, it is stated that "An interim feasibility report reviewing ore reserves drilled to date, bench metallurgical tests, more detailed pit designs, and right of way permits is suggested for late 1980 prior to pilot plant startup." Please note, underlining added by me.

And from page 5: "A feasibility study for the go, no-go decision to build the plant can be made after drilling is completed and the pilot plant report is received in the third quarter of 1981. Analysis of the data and preparation of this report referred to by Mountain States Research and Development as the Final or Bankable Feasibility Study, is anticipated to take 12 to 16 weeks at a cost of \$100,000 - \$150,000."

Please note that this schedule calls for an interim feasibility study by the end of 1980 with the Final Feasibility Study, or Bankable Document at the end of 1981.

Item 3 - October 18, 1979:

Letter from N. Gibson of A. H. Ross and Associates to Dr. M. L. Jansen; Mercur Gold Technology.

Gibson's letter points out that results of drill core samples indicated that 80 percent of the ore reserve was expected to yield a gold extraction of 87 percent; an 84 percent extraction would be attained on 89 percent of the ore reserve. --- the project was not financially attractive when previously reviewed in June 1977 by A. H. Ross and Associates.

Item 4 - November 9, 1979:

Letter from Siegfried Muessig to Mr. Scott L. Smith. This letter was written to update Mr. Smith on what had happened at Mercur since the signing of the operating agreement between Getty and Gold Standard, Inc. in December 1973. The sixth paragraph states that "In 1976 a preliminary mine feasibility and financial analysis of the gold resources found at Mercur showed that the deposits could not be economically mined, at the gold prices then prevailing." The letter goes on to inform Mr. Smith that 1980 funding in excess of \$1 million has been requested of Getty's management.

Item 5 - December 11, 1979:

Memo from J. M. Mintz to Dr. Siegfried Muessig; Mercur Development. Memo points out that a preliminary financial analysis based on a total of 13 MM tons of ore containing 990,000 ounces of gold had been prepared. About one-half of the ore was proven and the 1980-81 drilling was designed to prove the balance.

Item 6 - March 13, 1980:

Letter from H. C. Lynch of Bechtel Incorporated to Mr. C. Edward Knapp; subject matter is Proposal for Feasibility Study, Mercur Gold Project, Utah. The letter states that the proposal is to complete the work by October 1 for a go-no go feasibility study.

Item 7 - May 14, 1980:

Memo from C. Edward Knapp to Mr. J. M. Mintz; Mercur Agreement with Gold Standard, Inc. Memo points out that: "The agreement with Gold Standard Incorporated, who holds part interest, states that notification of commissioning a feasibility study and supporting documents must be given to them."

Item 8 - June 19, 1980:

Memo from C. J. Kundert to Mr. J. M. Mintz; Mercur Meetings - GOC and Gold Standard Representatives, June 17, 1980. The memo states that: "Smith was in favor of the feasibility study, and stated that Gold Standard would participate in the cost."

Attached letter to the above memo from J. M. Mintz to Mr. Scott L. Smith; June 17, 1980; states that: "Getty Oil Company proposes to commission a feasibility study to determine the technique and cost to mine the gold contained in the Mercur Project area."

Item 9 - June 20, 1980

Memo from J. M. Mintz to Mr. H. E. Wendt; Mercur Project - Tooele & Utah Counties, Utah.

The evaluation program for the Mercur Project provides for the final feasibility study for the project. Bechtel was selected to do the work.

Please refer to Item 2 - this would not be the final feasibility study; but the interim study, with the final study due in the last quarter of 1981.

Item 10 - June 20, 1980:

Letter from J. M. Mintz to Mr. R. C. Clemons of Bechtel Incorporated. The letter informs Bechtel of their selection to do the Mercur work with the goal for completion of November 1, 1980. This reinforces the fact that this will not be the final study, but the interim study as outlined in Item 2.

Item 11 - June 24, 1980:

Memo from C. Edward Knapp to Mr. J. M. Mintz; Mercur Status Report #6, 2nd paragraph states that: "The evaluation of proposals from engineering firms to conduct the design and cost evaluation for a feasibility study was completed and the work awarded to Bechtel Incorporated." Please note - the award to Bechtel was to conduct the design and cost evaluation for a feasibility study ---- NOT to make a "Final Feasibility Study ----.

Item 12 - June 25, 1980:

Getty Service Contract to Bechtel Incorporated. This is the contract for Item 9; and is for the "interim feasibility" study as outlined in Item 2.

Item 13 - June 25, 1980:

Letter from R. C. Clemons to Mr. J. M. Mintz with signed copy of Item 9.

Item 14 - June 27, 1980:

Conference Notes on Meeting at Hazen Research; Mercur Gold Study for Getty Oil Company, Bechtel Job 14346. The following two paragraphs outline the goals of the programs:

"The meeting was opened at 8:45 a.m. by C. F. Knapp who made a short introductory statement and then summarized the present status of the job and ongoing programs and gave some target dates. The target date for the study phase is mid-November for the development of costs. If the project should prove viable, start-up is targeted for late 1983. Environmental work is under way and the Environmental Reconnaissance Study has been completed by TRC, who have submitted a report. Baseline studies will be starting soon. Metallurgical research is being performed by Hazen Research under the direction of A. H. Ross & Associates. Getty has engaged Bechtel to do the engineering study, and Mintech is working on mine planning and pit design.

Ed Knapp explained that, while Getty is still drilling to delineate additional ore reserves, the feasibility study will be based on the "plum" of the property, which contains sufficient reserves (Getty prefers the expression "minable mineral resources") for five years at a treatment rate of 3000 tons per day. Portions of the ore, termed "refractory" are more difficult to treat than others. The mill should be designed to handle a feed composed entirely of this worst material over an extended period of time."

Item 15 - September 19, 1980:

Memo from H. E. Wendt to R. P. Blanc, J. M. Mintz, S. Muessig; Mercur Gold Project, Tooele County, Utah.

Effective October 1, 1980, full responsibility of the Mercur Gold Project is assigned to the Salt Lake City District office.

Please note this is one month before the original goal of completion of the engineering work being done by Bechtel.

Item 16 - September 19, 1980:

Memo from C. Edward Knapp to Mr. J. M. Mintz; Mercur Gold Project. It states that: "The costing of capital and operating requirements is underway at Bechtel, and is anticipated to be completed in November." And that "The economic study is anticipated to be completed by the end of 1980".

Please note that this follows the original plan, see Item 2, of an interim feasibility study completed by the end of 1980; with the final study planned for late 1981.

Item 17 - October 30, 1980:

Letter from C. J. Kundert to Mr. A. H. Melsheimer of DeGolyer and MacNaughton. Letter points out, Number 10, that we (Getty) have not completed a new study by hand, but have relied on our computer program for data. This signifies that Getty does NOT have up-to-date geologic and ore reserves sections and plans for the Mercur ore bodies.

Item 18 - November 25, 1980:

Memo from F. J. Nowak to Mr. R. L. Hautala; Mercur Gold Project - Bechtel Studies. Memo comments on Bechtel's Order of Magnitude Estimate for Feasibility Study, dated November 5, 1980; and Bechtel's Preliminary Engineering and Cost Estimates of the Mercur Gold Mine and Plant dated November 1980.

These documents were those to be used in the interim study discussed in Item 2; eventually leading to a Final Feasibility Bankable Document in the last quarter of 1981.

Item 19 - December 1, 1980:

Letter from R. C. Clemons of Bechtel to Getty Oil Company, attention Mr. William F. Fuller. The letter discusses additional work that was requested of Bechtel during the course of conducting the Engineering Study for the Mercur Gold Project.

Item 20 - December 4, 1980:

Memo from R. L. Hautala to J. H. Whitman; Possible Use of Four Petrochemicals Personnel on Temporary Assignment to the Mercur Gold Project. Memo outlines the need to log some 400 rotary holes drilled at Mercur. The job was estimated to take 6 months to complete.

These data must be available before a set of geologic ore reserve sections can be prepared.

Item 21 - January 22, 1981:

Memo from J. P. Davies to Mr. R. P. Blanc; Mercur Project Development Schedule. Memo discusses the need for project scheduling specialists and mentions the Mercur preliminary engineering study of Bechtel.

Item 22 - February 22, 1981:

Conference Notes No. 12; for Bechtel Job No. 14346-001. The meeting was to discuss services that Getty wishes Bechtel to provide in connection with the Mercur Gold Project and others. Bechtel proposed that this work be the subject of a new Continuing Services Agreement distinct from the Technical Services Agreement under which the Mercur Gold Engineering Study was performed.

Item 23 - June 25, 1981:

Mercur Project Review; note on the second page of data, under (2); the words "Revised Bechtel Feasibility" are used.

Item 24 - Current:

Getty Mining Company/Texaco Mineral Properties, Data Room Index, page 34: Under VIII.A.3. - No Feasibility Studies.

CJK:pw
7/13/84

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 28th day of August, 1989,
I caused four (4) copies of the foregoing ADDENDA TO BRIEF OF
APPELLANT GOLD STANDARD, INC. to be mailed, postage prepaid, to:

Stephen G. Crockett
Robert S. Clark
Jill N. Parrish
Brian J. Romriell
KIMBALL, PARR, CROCKETT & WADDOUPS
185 South State Street, Suite 1300
Salt Lake City, Utah 84111

Gordon L. Roberts
Francis M. Wikstrom
PARSONS, BEHLE & LATIMER
185 South State Street, Suite 900
Salt Lake City, Utah 84111

A handwritten signature in black ink, appearing to read 'G. L. Roberts', is written over a horizontal line.

gwp 232/vb