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AUG 05 2015

DEPARTMENT OF
WATER RESOURCES

July 31, 2015

Carter Fritschle
Adjudication Section Manger
Idaho Department of Water Resources
P.O. Box 83720
Boise, ID 83720-0098

Re: Coeur d'Alene-Spokane River Basin Adjudication (CSRBA)
Notice of Claim No. 94-4235

Dear Mr. Fritschle:

This is in response to your letter of May 26, 2015. Thank you for extending the due date of this response to July 31, 2015.

Please refer to my prior letters dated June 27, 2014 and June 25, 2015. I will not repeat the information in those letters, but that information and this letter are intended to provide the information requested in your letter of May 26, 2015.

Various attachments, along with explanations are attached hereto.

A. Questionnaire regarding Section 42-223(11), attached:

The persons with direct knowledge regarding the mining and milling operations conducted in the 1920s to the early 1950s are deceased. The present officers of Gold Creek Mines, Inc. are descendants or close relatives of Elmer Almquist. The Gold Creek property was once owned by A. A. M. Arnold. The property consists of 422 acres of patented mining claims and 57 acres of five (5) unpatented mining claims.

I have learned the property (prior to ownership by A.A.M. Arnold) was owned by Moe Mining Company. Moe Mining Company leased the property to Inspiration Lead Company. Copies of reports entitled "Annual Report of the Mining Industry of Idaho" by the Inspector of Mines for various years from 1928 to 1947 are attached. The reports describe the

property and mining operations. The Moe and Troy group designations in the Reports refer to the unpatented claim names. The unpatented claims were later patented and presently bear those names. See the attached 1975 deed.

After Mr. Arnold acquired the property, he obtained additional mineral patents to a number of the unpatented mining claims resulting in the present mix of patented and unpatented mining claims. Surface buildings to support the mine, possibly a mill and hydroelectric plant were built on the property in the 1920s to 1950s to support the mining operation.

Water was used for the mining operation by Moe Mining, Inspiration Lead and Mr. Arnold. No records have been found to show mineral production or sales. However, as of just this date (July 31, 2015) I located a person that may be able to access old records and files regarding past mining activity, believed to date back to around 1930. I will supplement this letter when I am able to meet with the individual. A network of tunnels, raises, stopes and shafts exist on the property, some of which are presently accessible. Elmer Almquist assisted in maintaining the infrastructure.

It is not unusual in the Coeur d'Alene Mining District for property to be put into production long after an initial mineral discovery has been made. The Lucky Friday Mine at Mullan is but one example. Historically, surface or shallow indications of mineral later give rise to minable quantities at depth. The Gold Creek property has been found to have evidence of valuable minerals. Accordingly, the prior owners and Gold Creek Mines, Inc. continues to maintain the property for mining, including entering into leases for further exploration.

B. Supporting documentation requested in your letter of May 26, 2015 in the order listed therein:

1. A history of the price of the mineral(s) produced at the time.

Unknown

2. A copy of a mineral assay or an affidavit by an expert who has reviewed a mineral assay for the property that confirms a valuable mineral exists on the property.

See the attached notarized letter from Dan Hussey dated July 29, 2015.

3. A document that shows the ownership of the mineral rights on the property.

Attached is a copy of the 1975 deed from Arnold to Elmer Almquist. Mineral rights were not excluded in the conveyance. The real property consists of patented mining claims. The mineral rights have not been severed since the mineral patent was issued. All mineral rights were acquired and continue to be held by Gold Creek Mines, Inc. The real property and unpatented claims were conveyed to Gold Creek Mines, Inc. in 1988. From 1975 until 1988, Elmer Almquist (along with his wife, Marjorie Almquist) were the record owners of the real property.

Almquist acquired various unpatented claims over the years, all of which were conveyed to Gold Creek Mines, Inc. A total of five unpatented claims are owned and all the patented and unpatented claims are leased to U.S. Silver. All real property taxes are current and are presently paid by U.S. Silver.

4. If the property where the water use is claimed is an unpatented mining claim, provide evidence that the annual maintenance fee for the mining claim have been paid.

Attached is the latest Bureau of Land Management ("BLM") filing information and proof of payment of fees by U.S. Silver. Over the years, all assessment work (required under the former mining law) was performed.

Current law requires payment of annual BLM maintenance fees and all payments are current. I am not providing history of BLM payments because the history would be irrelevant if the current year has not been paid.

5. Documentation that shows the property has been maintained for future mineral production. This could include maintenance of infrastructure and equipment from prior mining operations.

In my letter of June 27, 2014 I described the mining leases dating to 1975. These leases were for exploration, development along with preservation for future mining. The U.S. Silver lease remains in full force and effect. The U.S. Silver Lease commenced in 2005. Elmer Almquist, prior to his ownership, maintained the property for Mr. Arnold, including the infrastructure.

The attached Annual Reports disclose the prior owner, Moe Mining Company, leased the property to Inspiration Lead Mining Company for exploration, development and maintenance.

C. Recreational/Aesthetic Use.

You and I discussed Gold Creek Mines, Inc. water being used for recreational/aesthetic use. There are two large fountains on the property fed by a pipeline from a small dam constructed on Gold Creek. The fountain area is known as “Elmer’s Fountain”. Over the years, Elmer Almquist improved the pipeline and dam and prior to its use for supplying water to Elmer’s Fountain. Mr. Arnold and his predecessors diverted water for mining and milling. Initially, when Mr. Arnold owned the property he had one small fountain (believed to date back to at least 1954) supplied by the pipeline. After the water passed through the fountain, it flowed into a pond and then under the old U.S. Highway 10 into the South Fork of the Coeur d’Alene River.

Mr. Arnold also had a large home adjacent or near Highway 10. When Interstate 90 was constructed in the 1960s, the home was condemned and removed. The construction of Interstate 90 resulted in a widening of old Highway 10 from two lanes to four lanes and the elevation of the highway was increased. This resulted in the creation of two larger ponds with a larger culvert being placed under Interstate 90. Elmer Almquist replaced the smaller fountain with two larger ones. Both fountains feed into the ponds. During times of high water the ponds discharge into the South Fork of the Coeur d'Alene River. Otherwise, the ponds likely drain by ground seepage. The ponds are stocked with fish from time to time for general fishing, but is encouraged to be used by youths.

Many local people and travelers on Interstate 90 stop and enjoy Elmer's Fountains, the ponds and overall beauty and scenery of the fountain area. An exit from Interstate 90 provides direct access to Elmer's Fountain and access to the site appears to be the only reason for the exit. A "blog" has been created for Elmer's Fountain. The blog can be found at www.sondahl.com/elmersfountain.html, which includes photographs of Elmer's Fountain. Gold Creek Mines, Inc. did not create the blog or supply any information to the authors. Gold Creek Mines, Inc. regularly maintains the fountains, its infrastructure, ponds and surrounds to preserve its recreational/aesthetic use and for future mining use.

Very truly yours,

HULL & BRANSTETTER CHARTERED

By: 
Michael K. Branstetter

MKB/pwk

Enclosures

Cc: Gold Creek Mines, Inc.