DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 3095

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Exploration Assistance

Any action taken to change the type of request for assistance must be promptly reported to the Reports and Records Branch. Use DMA Form 2 for submitting these reports.

Copies to USGS, ~~REGION AND USBM~~

Routing Slip

To:	Code 600, Rm. 4637	Date	6/30/53
To:	Oper Com	Date	7-15-53
To:	Code 600	Date	7-16-53
To:	Hopkins	Date	7/29/53
To:	Oper Comm	Date	10-12-53
To:	600	Date	10-13-53
To:	Oper Com	Date	10-26-53
To:	Oper Com	Date	1-29-54
To:		Date	
To:		Date	
To:		Date	
To:		Date	
To:		Date	
To:		Date	
To:		Date	

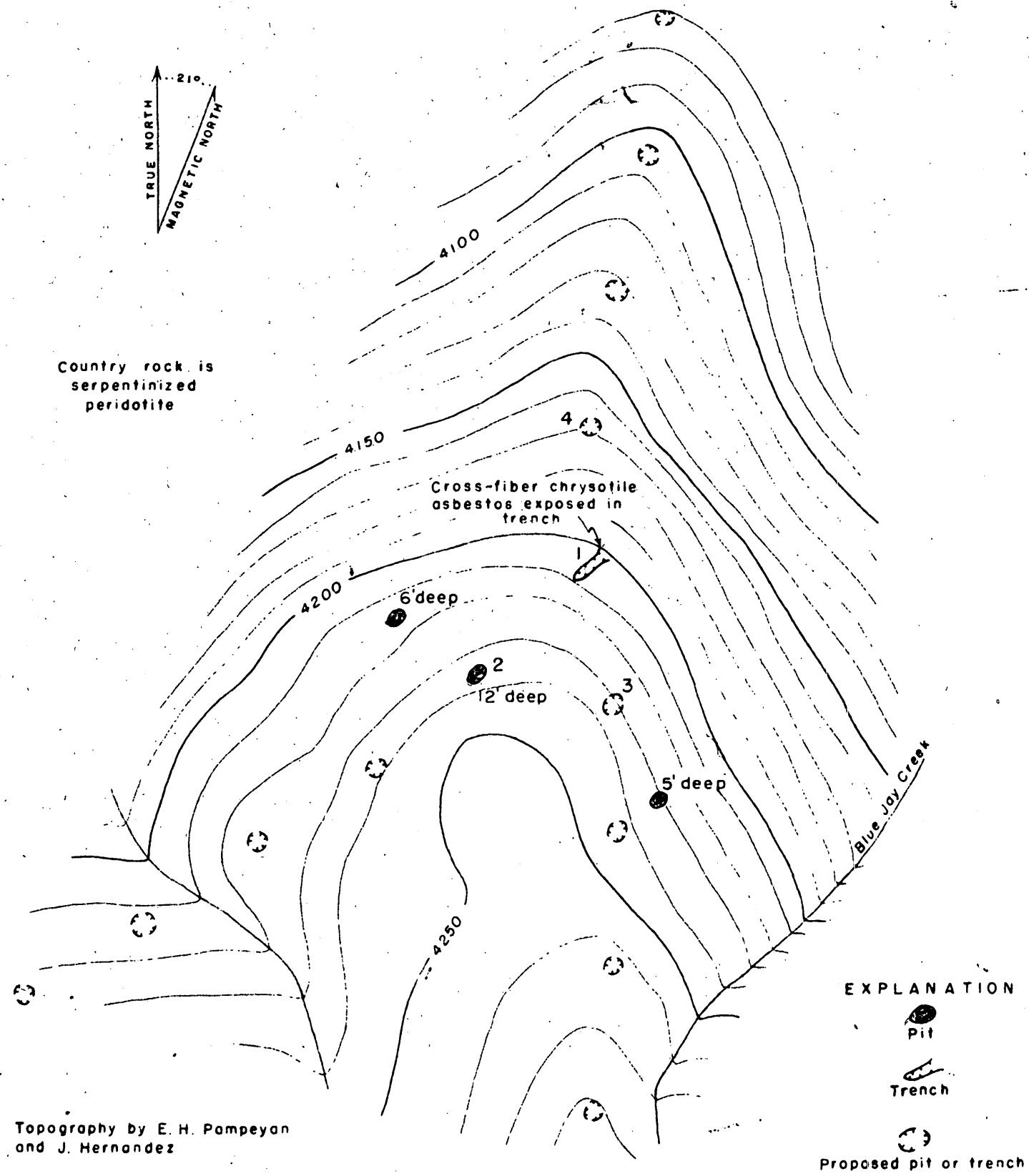
DO NOT DETACH

CONTROLLED DOCUMENT

	% Fiber	3F = $514	32 = $321	50% 3 - 50% 4 hemp
3096 =	5%	$26.00	16.00	17.00
3095 =	2.5%	$13.00	8.00	8.00
3196 =	0.7	$ 3.64	1.60	2.00

	% Fiber	Value
12#		$12.00
3096 =	5%	
3095 =	2.4%	
3196 =	0.7%	

3F = $514
32 = $321



KEYSTONE ASBESTOS CORPORATION, SCOTT RIVER PROPERTY
SISKIYOU COUNTY, CALIFORNIA

100 0 100 200 FEET

Datum is approximately sea level

Figure 2

C ma

Docket copy

EXPLORATION PROJECT CONTRACT
KEYSTONE ASBESTOS CORPORATION
DOCKET NO. DMEA-3095

AMENDMENT NO. 1

It is agreed this 29th day of January, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Keystone Asbestos Corporation, that Exploration Project Contract Idm-2624, Docket No. DMEA-3095, dated October 12, 1953, is amended as follows:

1. In Article 3 of the contract delete the words "within 30 days from the date of this contract" and substitute the words "on or before July 1, 1954"; and delete the words "Nine (9) months" and substitute the words "Thirteen (13) months."

2. It is of the essence of the contract that work be commenced as specified in paragraph 1 of this Amendment, and if work is not commenced as specified, the contract, without any further notice, is automatically rescinded, terminated, and cancelled as of October 12, 1953, without any obligation whatever between the parties, the same as if said contract had never been entered into.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the agreed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. H. Mitchell
Administrator, Defense Minerals
Exploration Administration

KEYSTONE ASBESTOS CORPORATION

By George B. Cochran, Pres. Robin Hoffland New York Chamberlain

MF-200 (A)
(February 1952)

Docket No. DMEA-3[illegible]

Commodity Chrysotile Asbestos

Docket Copy

IDM-E 624

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this 12th day of October, 195 3, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Keystone Asbestos Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware 1005 Investment Building Washington 5, D. C.

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II attached hereto and made a part hereof:

Article 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

Article 2. *Operator's property rights.*—With respect to the mineral rights in that certain land situated in the State of California, County of Trinity, described as ~~follows~~ set forth in Annex I

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is the owner in possession and entitled to possession, and the Owner's Consent to Lien is subject only to the following claims, liens, or encumbrances, each of which the subordination agreement is attached~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

Article 3. *Exploration project.*—The Operator, within 30 days from the date of this contract shall commence work on a project of exploration for[5] Chrysotile Asbestos

in or upon the described land; and shall bring the project to completion within a period of Nine (9) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

Article 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $ 2,709.00 which is 90 percent of $ 3,010.00 the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

Article 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows: See Annex II, substituted for that part of 6(a) preceding the colon:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: The percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided,* that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* .....

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

~~KLEYTON ASBESTOS CORPORATION~~
(Operator)

By George C. Cowman, Pres.

By C. Mitteudorf
Administrator, Defense Minerals Exploration Administration

Oscar Ewing
Hugh Chalmers

I, , certify that I am the secretary of the corporation named as Operator herein; that , who signed this contract on behalf of the Operator, was then of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

EXPLORATION PROJECT CONTRACT
KEYSTONE ASBESTOS CORPORATION
DOCKET NO. DMRA-3095

ANNEX I

The property referred to in Article 2 of the contract form is known as the Tamarack Lake Property and was leased to the Keystone Asbestos Corporation by J. F. McKee, Edith M. McKee, Jack A. Dalton, Elizabeth Dalton, E. S. Baker, and Rose Baker in an instrument dated August 24, 1952, and is described therein as follows:

Trinity Asbestos #1

Located in the SE¼ of Sec. 32, Twp. 38 N., R. 5 W., M.D.B. & M. The SE corner of this claim joins the SE section corner of Sec. 32 and follows the section line north 1500 feet. Thence 300 feet west to the north center end stake, thence 300 feet west to the NW corner, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner and the section corners of 32, 33, 4, and 5.

Trinity Asbestos #2

Located in the E½ of Sec. 32, Twp. 38 N., R. 5 W., M.D.B. & M. The SE corner of this claim joins the NE corner of Trinity Asbestos #1, which is located 1500 feet north of the SE section corner of Sec. 32, thence running 1500 feet north to the NE corner, thence 300 feet west to the north center end stake, thence 300 feet west to the NW corner, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner which is located on the section line between Sections 32 and 33.

Trinity Asbestos #3

Located in the E½ of Sec. 32, Twp. 38 N., R. 5 W., M.D.B. & M. The SE corner of this claim joins the SW corner of Trinity Asbestos Claim #2 and the NW corner of Trinity Asbestos Claim #1 which is located 600 feet west of the section line between Sections 32 and 33. Thence running 1500 feet north to the NE corner, thence 300 feet west to the north center end stake, thence 300 feet west to the NW corner, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner.

Trinity Asbestos #4

Located in the E½ of Sec. 32, Twp. 38 N., R. 5 W., M.D.B. & M. The SE corner of this claim joins the SW corner of Trinity Asbestos Claim No. 1 which is located on the section line between Sections 32 and 5, 600 feet due west of the section corner between Sections 32, 33, 4, and 5, thence running south 1500 feet to the NE corner, thence 300 feet west to the north center end stake, thence 300 feet west to the NW corner, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner which is approximately 300 feet east of Tamarack Lake shore on the section line and 600 feet west of the section corner. Date 15th Sept., 1950.

Trinity Asbestos #5

Located in the E½ of Sec. 5, Twp. 37 N., R. 5 W., M.D.B. & M. The NE corner of this claim is located on the section line between Sections 32 and 5 and 600 feet west of the section corners between Sections 32, 33, 4, and 5. Thence running 300 feet west to the north center end stake, thence 300 feet west to the NW corner which is located in Tamarack Lake approximately 150 feet off the lake shore, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner, thence 1500 feet north to the NE corner.

Trinity Asbestos #6

Located in the E½ of Sec. 5, Twp. 37 N., R. 5 W., M.D.B. & M. The NE corner of this claim is located 1500 feet south and 600 feet west of the section corner between Sections 32, 33, 4, and 5, and joins the SE corner of Trinity Asbestos #5. Thence running 30 feet west to the north center end stake, thence 300 feet west to the NW corner, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner, thence 1500 feet north to the NE corner. Dated Sept. 1950.

Trinity Asbestos #7

Located in the E½ of Sec. 5, Twp. 37 N., R. 5 W., M.D.B. & M. The NE corner of this claim is located on the section line between Sections 4 and 5 and is 1500 feet south of the section corner between Sections 4, 5, 32, and 33. Thence running 300 feet west to the north center end stake, thence 300 feet west to the NW corner, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet to the SE corner, thence 1500 feet to the NE corner.

Trinity Asbestos #8

Located in the E½ of Sec. 5, Twp. 37 N., R. 5 W., M.D.B. & M. The NE corner of this claim is located and joins the section corner between Sections 4, 5, 32, and 33. Thence running 300 feet west to the north center end stake, thence 300 feet west to the NW corner which is located on the section line 600 feet west of the NW section corner of Sec. 5, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner, thence 1500 feet north to the NE corner, and the section corner.

Dated at Trinity Center 15 Sept. 1950.

RECEIVED
OCT 1 0 1953

EXPLORATION PROJECT CONTRACT
KEYSTONE ASBESTOS CORPORATION
DOCKET NO. DMEA-3095

ANNEX II

The following provisions are in lieu of all of paragraph (a) of Article 6 which precedes the colon:

If the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after a sufficient, complete, final report and final account referred to in the contract has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development. The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2, as follows: (1) Regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
KEYSTONE ASBESTOS CORPORATION
DOCKET NO DMEA-3095

EXHIBIT "A"

Description of the Work

Exploration for chrysotile asbestos shall be accomplished in the area shown on the attached map entitled "Proposed Exploration, Trinity No. 2, Baker, McKee, Dalton Lease, Keystone Asbestos Corp.," as described below:

1. Construct approximately one (1) mile of access road suitable for movement of men, materials, and supplies.

2. Explore by drilling not in excess of 400 feet of (AX) diamond-drill holes.

3. Where necessary, ream, set and pull casing, and/or cement not in excess of 100 feet of drill holes.

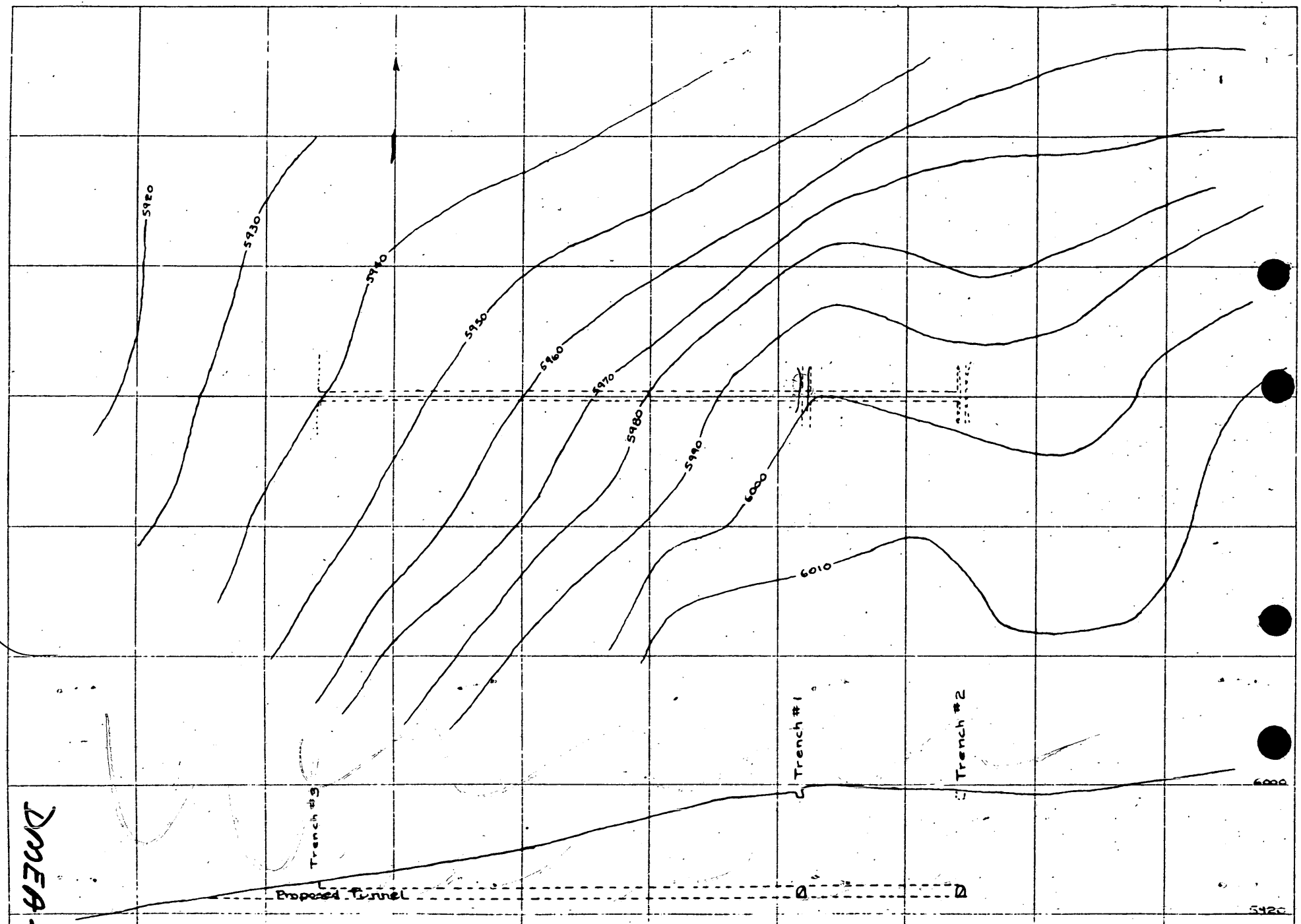
The attitude, direction, and location of the drill holes shall be subject to prior approval of the Government.

Agreed Unit Costs

1. Construct access road 1/	$460.00	
2. Drill 400 feet of D.D. holes @ $5.75/ft. 2/	2,300.00	
3. Ream, set and pull casing, and/or cement 100 feet at $2.50/ft.	250.00	
Total Agreed Unit Costs		$3,010.00
Government Participation at 90%		$2,709.00

1/ The completed road constitutes the unit.

2/ Covers all costs, including supervision, sampling, and surveying.



PROPOSED EXPLORATION

TRINITY NO. 2, BAKER, MCKEE, DALTON LEASE

KEYSTONE ASBESTOS CORP.

1" = 80'

5603-3095

"ALBANENE" NO. 198M K&E CO., N.Y.
REG. U.S. PAT. OFF.

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

Lands Division
Received
OCT 19 1953

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of CALIFORNIA, County of SISKIYOU & SHASTA, described as follows:1/

TRINITY ASBESTOS CLAIM NUMBERS 1,2,3,4,5,6,7 & 8 in sections 32 & 5, T38N & T37N, R5W in TRINITY COUNTY BOOK 52, pages 448,449,450,451,452,453,454, 455, Dated 13, Dec. 1950
SHASTA ASBESTOS CLAIMS NUMBERS 1,2,3,4,5,6,7,8,9 & 10 in SHASTA COUNTY, Book 253, pages 275, 276,277,278,279,280,281,282,283,284. Dated 20, Sept. 1950.
HIGHLAND ASBESTOS CLAIMS NUMBERS 1, & 2, in SHASTA COUNTY Book 253, pages 285 & 286, dated 9, Sept. 1950.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ KEYSTONE ASBESTOS CORPORATION
INVESTMENT BUILDING
WASHINGTON, D. C.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

Dated this 3rd day of October, 1953.

J. F. McKee [Seal]
Edith M. McKee [Seal]
_____ [Seal]

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.
2/ Insert the name of the Operator as it will appear in the exploration project contract.
3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

RELEVANT CONTRACT PROVISIONS

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of CALIFORNIA, County of SISKIYOU & SHASTA, described as follows:1/

TRINITY ASSESSOR CLAIMS NUMBERS 1,2,3,4,5,6,7 & 8, in section 32, T38N, R5W, and section 6, T37N, R5W, in Trinity County Date 18, Dec. 1950 in Book 83 pages 448,449,450,451,452,453,454,455.

SHASTA ASSESSOR CLAIMS AND NUMBERS 1,2,3,4,5,6,7,8,9 & 10, in section 4, T37N, R5W, in Shasta County. Dated 20 Sept. 1950 Book 233 pages 275,276,277,278,279,280,281,282,283,284

HIGHLAND ASSESSOR CLAIMS NUMBER 1 & 2 Section 30, T37N, R5W

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ HEXSTONE ASSESSOR CORPORATION
INVESTMENT BUILDING
WASHINGTON, D. C.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions

Dated this 3rd day of October, 1953.

Jack E. Dalton [Seal]
Elizabeth Dalton [Seal]
R. S. Baker [Seal]
E. S. Baker [Seal]

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

RELEVANT CONTRACT PROVISIONS

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half (1½) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) per cent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

Docket Copy
Surname:
Anderson
Houk
Chamberlin
Selfridge
Johnson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

600

JAN 28 1955

Mr. George C. Vournas
President, Keystone Asbestos Corporation
1005 Investment Building
Washington, D. C.

Re: Docket No. DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California
Contract No. Idm-8624

Dear Mr. Vournas:

We are pleased to advise you that your performance of exploration work under the subject contract has been acceptable to the Government, and the account relating thereto has been closed. The final audit of the Contract Administration and Audit Division shows:

Total claimed for units of work performed	$2,843.25
Total Government contribution at 90 percent	$2,558.93

Your attention is called to the provision of the contract which requires you to keep and preserve your records and accounts of this transaction for a period of three years for possible future reference.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the exploration contract. In the absence of such certification, the Government retains no claim or lien against the property or royalty on any production made after the date of this letter.

The Government thanks you for your interest and participation in the exploration program of the Defense Minerals Exploration Administration.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

Copy to: Mr. J. F. McKee and Mrs. Edith McKee (Attached to Field Team copies
Mr. E.S.Baker and Mrs. Rose Baker for forwarding)
Mr. Jack A.Dalton and Mrs. Elizabeth Dalton " " " "

Copy to: Admr. R. File
Docket
Mr. Chambers
Mr. Killsgaard, 5222
Dr. Bowles, 3516
Mr. Houk
Field Team, Region II

R.C.B.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

Project Summary Report

By: Walter C. Anderson WCA January 24, 1955

1. Docket No. DMEA-3095 - Asbestos
Contract No. Idm-E624
Tamarack Lake Property - Trinity Asbestos Claims Nos. 1-8, inclusive
Trinity County, California

Operator: Keystone Asbestos Corporation
1005 Investment Bldg., Washington 5, D. C.

Application: Form MF-103 (April 1952), received June 29, 1953.
Work proposed - 150 feet of trenching and 500 feet of drift.
Amount requested: $33,010.30

Operator's Property Rights:
Lease dated August 24, 1952.
Owner's Consent to Lien dated October 3, 1953.

2. Contract - Form MF-200(A) (Feb.1952), dated October 12, 1953.
Work authorized:

Construct access road	$460.00
Drill 400 feet of (AX) D.D. holes @ $5.75/ft.	2,300.00
Ream, set and pull casing, and/or cement - 100 feet @ $2.50	250.00
Total agreed unit costs	$3,010.00
Government participation @ 90%	$2,709.00

Amendment - No. 1, changed commencement date from 30 days to July 1, 1954, and extended completion date from 9 months to 13 months.

Work completed:

Constructed 2 miles access road	$460.00
371 ft. of AX D.D. holes @ $5.75/ft.	2,133.25
Ream, set, and pull casing and/or cement - 100 feet @ $2.50/ft.	250.00
Total accepted cost	$2,843.25
Government participation	$2,558.93

Work began on June 11, 1954, and completed August 8, 1954.
No production during operation.
Field Team Final Report received November 8, 1954.
Operator's Final Report received November 8, 1954.

3. Audit - certificate issued September 29, 1954

Accepted Cost	$2,843.25
Government participation	2,558.93

4. Certification of Discovery - none issued.

5. Comments:

How conducted - operation performed in a workmanlike manner.
Operation - The competency of the Operator was satisfactory.
Engineering - Reporting by Operator was good. Operator furnished satisfactory account of the project.
Geological premise:
The drilling did not substantiate the premise that the postulated mineral zone continued in depth.
Geological criteria upon which work was based:
1. Favorable asbestos bearing fractures and joints in serpentine.
2. Locally - asbestos fibers 3 inches in length.
Criteria developed during project -
Asbestos - short fiber and only trace occurrence.
Future possibilities - production of asbestos is not economically possible. There are no reserves.

Recommendations - The Nonmetallic Minerals Division concurs in Field Team's recommendation that no further work is warranted and that a certification of discovery should not be issued. The Bureau of Mines and Geological Survey are in agreement.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

November 24, 1954

DEPARTMENT OF THE INTERIOR
Bureau of Mines Minerals Administration
RECEIVED
NOV 29 1954

Memorandum

To: Mr. Lawrence Houk, Chief, Non-Metallic Minerals Division
D. M. E. A.

From: Commodity Specialist, Construction and Chemical
Materials Branch

Subject: Keystone Asbestos Corporation
DMEA 3095

As the report of the field team indicates that the exploratory work revealed no commercial deposits of asbestos, I concur in the recommendation of the field team that no further exploration be done and that no certification of discovery be issued.

Oliver Bowles

Oliver Bowles

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

Defense Minerals Administration
RECEIVED
NOV 16 1954

November 15, 1954

Memorandum

REVIEW OF FIELD TEAM FINAL REPORT ON DMEA-3095, Idm-E624 (Asbestos)

To: L. G. Houk, Defense Minerals Exploration Administration

From: R. D. Trace, U. S. Geological Survey

Applicant: Keystone Asbestos Corp.

Name of property: Trinity asbestos claims 1-8

Location of property: Trinity County, California

Date of Field Team Report: October 26, 1954

Authorship of Field Team Report: E. H. Pampeyan, U.S.G.S., and F. J. Wiebelt, U.S.B.M.

Field Team's recommendation: No certification and no further exploration.

ACTION RECOMMENDED: Follow Field Team recommendation.

R. D. Trace

R. D. Trace

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 - 1954

420 Custom House
555 Battery Street
San Francisco 11, Calif.

November 3, 1954

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Operator's Monthly Report - Form MF-104A and Narrative

In connection with Contract No. Idm-E624, Docket DMEA-3095, Keystone Asbestos Corporation, enclosed herewith are copies of MF-104A and Operator's narrative report for the months of July and August 1954, since these are the final vouchers to be rendered for the project.

As soon as the final liquidation and settlement are made of this account, the additional copies of Form MF-104A and narrative, as well as the audited copies of MF-104, will be sent to your office.

H. C. Miller for
S. Ricker
Executive Officer
DMEA Field Team, Region III

Report release

Attachments

Copy to: Roscoe M. Smith, USGS
Frances Horton

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

Defense Minerals Administration
RECEIVED
NOV 8 - 1954

420 Custom House
555 Battery Street
San Francisco 11, Calif.

November 2, 1954

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA
Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California
Contract No. Idm-E624

Attached are four copies of a final report on the subject project entitled "DMEA-3095, Trinity Asbestos Claims, Nos. 1 to 8, inclusive, Trinity County, California, Keystone Asbestos Corporation," by Earl H. Pampeyan, Geologist, U. S. Geological Survey, and Frank J. Wiebelt, Mining Engineer, U. S. Bureau of Mines, dated October 26, 1954.

The work completed on this project was the construction of 2 miles of access road and five diamond drill holes aggregating 371 feet in length. The diamond drilling on the Trinity Asbestos claims did not disclose a downward continuation of the west-striking mineralized zone. There are no ore reserves and no further work or certification of discovery should be made on this property.

The contract did not provide for the purchase of any equipment and no equipment was purchased for the project.

Mr. Roscoe Smith and I concur with the conclusion of the examining engineer and geologist that no certification of discovery should be made on this property.

H. C. Miller for
S. Ricker
Executive Officer
DMEA Field Team, Region III

Reviewed by
DMEA OPERATING COMMITTEE
11-12-54
(date)

Attachment

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno
George Mavor
F. Horton

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 8 - 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

FINAL REPORT

Idm-E624

DMEA-3095, Trinity Asbestos Claims
Nos. 1 to 8, inclusive
Trinity County, California

Keystone Asbestos Corporation

Earl H. Pampeyan, Geologist
U. S. Geological Survey

Frank J. Wiebelt, Mining Engineer
U. S. Bureau of Mines

October 26, 1954

Reviewed by
DMEA OPERATING COMMITTEE
11-12-54
(date)

FINAL REPORT

Docket No.: DMEA-3095 (Asbestos)

Name and address of operator: Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D.C.

Name and location of property: Trinity Asbestos Claims, Nos. 1 to 8, inclusive, Trinity County, Calif.

Shasta Asbestos Claims, Nos. 1 to 10, inclusive, Shasta County, Calif.

Highland Asbestos Claims, Nos. 1 to 2, inclusive, Shasta County, Calif.

Contract No.: Idm-E624

SUMMARY

The project work was confined to the Trinity group of claims. The claims are accessible from Whalen Station, which is 12 miles westerly via a good gravel road from Castella, California on U.S. Highway 99, by following a logging road southerly for 6.5 miles and thence 2 miles of access mine road constructed under the contract. The claims are a short distance east of Tamarack Lake.

The Trinity Asbestos claims are in an area underlain by ultrabasic rocks. Chrysotile asbestos, as slip-fibers, occurs in fractures and joints in the serpentine. Locally the fibers are 3 inches long, but commonly average 1 inch in length. The most favorable asbestos-bearing fractures trended west and dipped south, and a mineralized zone, extending down the dip of these fractures, was postulated by the applicant.

The original exploration work recommended by the examining field team and the director of field operations of the Keystone Asbestos Corporation had recommended the sinking of a 50-foot shaft to explore the downward extension of the mineralized zone, but the Washington Office in conference with the Washington officials of the Keystone Asbestos Corporation saw fit to over rule these recommendations and allowed only diamond drill exploration in the contract.

The actual completed project work consisted of the construction of two miles of access mine road and 5 diamond drill holes aggregating 371 feet in length. The allowable cost of the project amounted to $2,843.25. The Government's share of this cost amounts to $2,558.92.

CONCLUSIONS AND RECOMMENDATIONS

The exploratory diamond drilling on the Trinity Asbestos claims did not disclose any downward continuation of the postulated west-striking mineralized zone.

Additional exploration or development is not warranted, financed either privately or with Government assistance.

DMEA should certify that the project was not successful and that the Government is not entitled to royalties from production.

Production of asbestos is not economically feasible.

DESCRIPTION OF WORK COMPLETED

A DMEA contract consisting of a diamond drilling program was granted to explore the postulated mineralized zone. The con-

struction of an access road was also included in the contract.

Work on the access road was started on June 11, 1954. Drifting operations commenced on July 21, 1954 and were completed on August 8, 1954.

About two miles of access road from a logging road to the property were constructed.

Five diamond drill holes were drilled in the favorable zone (fig. 2) and some slip-fiber was found in the cores from holes 2, 3, and 4. Hole No. 4 had the best showings with traces of chrysotile between the 11- and 28-foot interval reaching a maximum length of 1/8-inch. Hole No. 5, collared directly over a strong fiber-bearing fracture, was abandoned at a depth of 8 feet when the fiber reached the vanishing point. The aggregate depth of holes drilled amounted to 371 feet and the core recovery averaged about 90 percent.

Upon the completion of the DMEA contract work, the drill holes were loaded with dynamite and blasted. The blast produced new exposures of serpentine but did not reveal commercial amounts of asbestos. Sections through the diamond-drill holes are shown in fig. 3.

GEOLOGY AND ORE RESERVES

The Trinity Asbestos claims are in an area underlain by ultra-basic rocks of probable Jurassic age. The exposures of bedrock surrounding the mineralized area are of peridotite exhibiting varying

degrees of serpentinization. Color ranges from greenish-black in the relatively unaltered rock to pale green in the highly sheared and altered serpentine.

The property is overlain by one to three feet of soil and slope wash which contains boulders of a porphyritic hornblende diorite. This intrusive rock crops out one-fourth of a mile away on three sides of the mineralized area. No diorite was seen in place in the contract area.

Chrysotile asbestos, as slip-fibers, occurs in fractures and joints in the serpentine. Locally the fibers are three inches long, but commonly average one inch in length. The most favorable asbestos-bearing fractures trended west and dipped south, and a mineralized zone extending down the dip of these fractures was postulated by the applicant.

Exploratory diamond drilling on the Trinity Asbestos claims did not disclose any downward continuation of the postulated west-striking mineralized zone. There are no reserves. No further work, or certification of discovery is warranted.

EXPENDITURES

(a) Total approved $3,100.00

The above consists of the following:

1.	Construct access road[1/]	$460.00
2.	Drill 400 feet of D.D. holes @ $5.75/ft.[2/]	2,300.00
3.	Ream, set and pull casing and/or cement 100 feet @ $2.50/ft.	250.00
Total agreed unit costs		$3,100.00

1/ The completed road constitutes the unit.
2/ Covers all costs, including supervision, sampling, and surveying.

(b) Total cost of project $2,843.25

Details of above cost are as follows:

1. Constructed 2 miles access road	$ 460.00
2. 371 feet of D.D. holes @ $5.75/ft.	2,133.25
3. Ream, set, and pull casing and/or cement 100 feet @ $2.50/ft.	250.00
Total cost of project	$2,843.25 3/

3/ A charge of $50.99 for explosives and $5.00 for blasting machine reported by operator as expenses incurred in August 1954 were not covered by the contract and therefore should be disallowed and they are not included in the above costs.

(c) Government's share of cost:

90% of $2,843.25 = $2,558.92

(d) Government's share unexpended:

$2,709.00 - $2,558.92 = $150.08

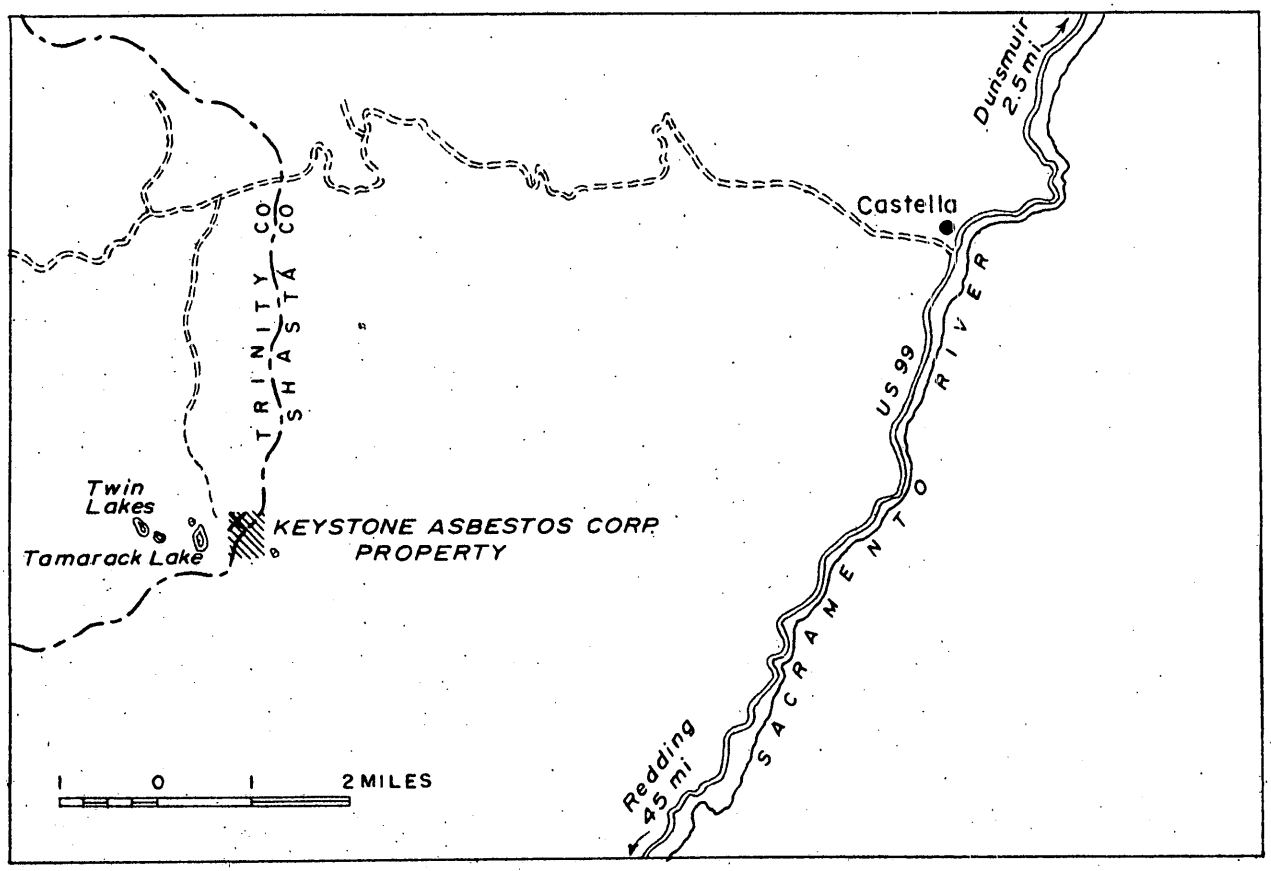
(e) There was no production during operations and consequently no royalty to the Government was involved.

EFFICIENCY OF OPERATIONS

Operations were performed in a workmanlike manner. It is believed that the company spent much more of their own money than shown in the above costs. The two miles of road cost the company about $1,200. The competency of the operator was satisfactory.

EQUIPMENT PURCHASED FOR THE PROJECT

The contract did not provide for the purchase of any equipment and the costs do not contain equipment purchases.



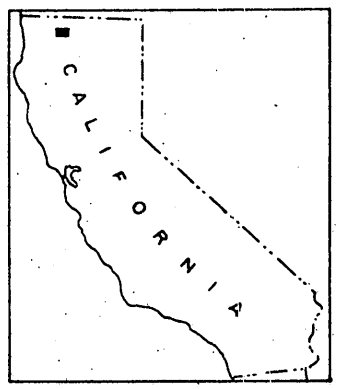
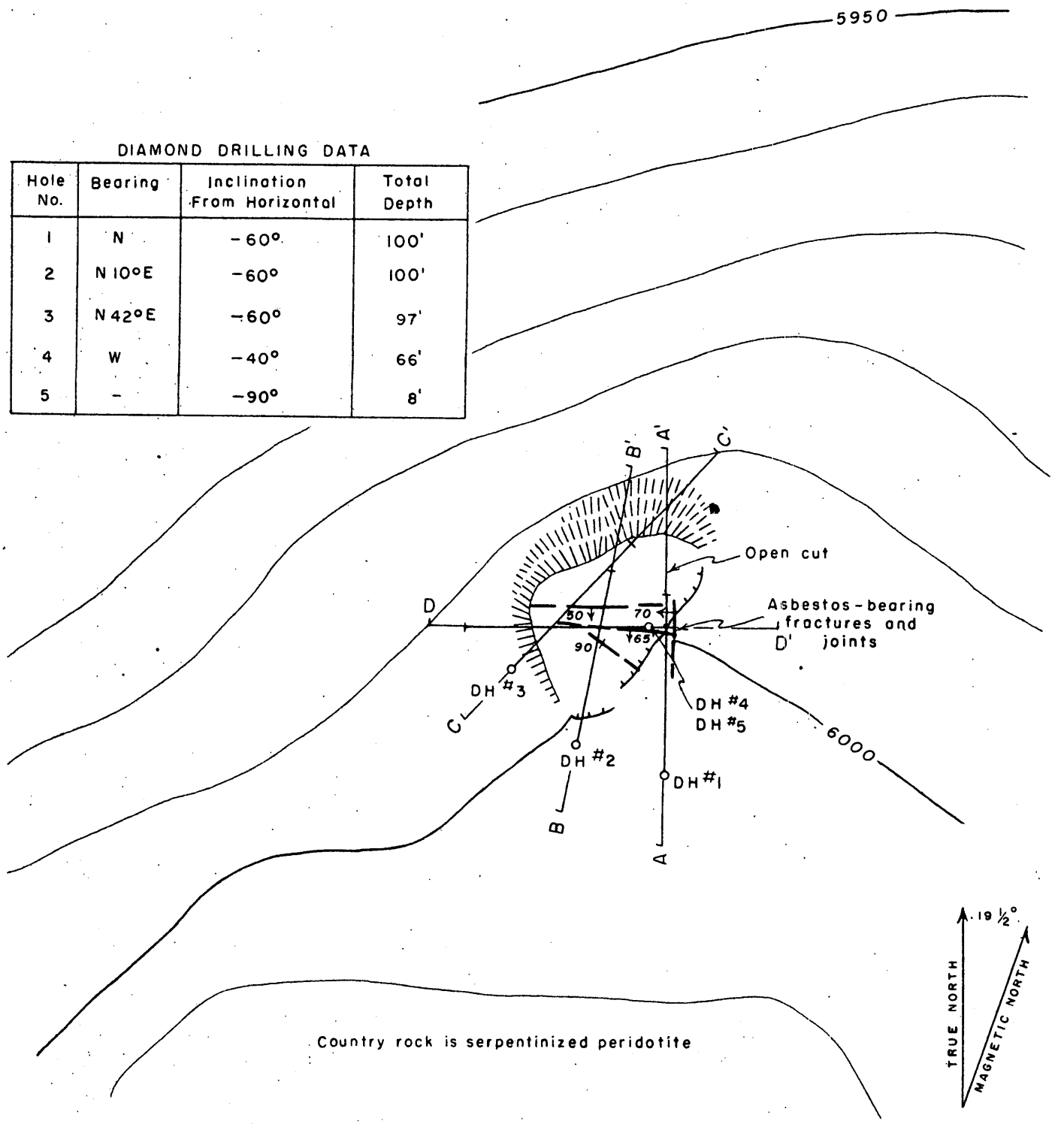


Figure 1. Index map showing the location of Keystone Asbestos Corporation property near Tamarack Lake.

DIAMOND DRILLING DATA

Hole No.	Bearing	Inclination From Horizontal	Total Depth
1	N	-60°	100'
2	N 10°E	-60°	100'
3	N 42°E	-60°	97'
4	W	-40°	66'
5	-	-90°	8'

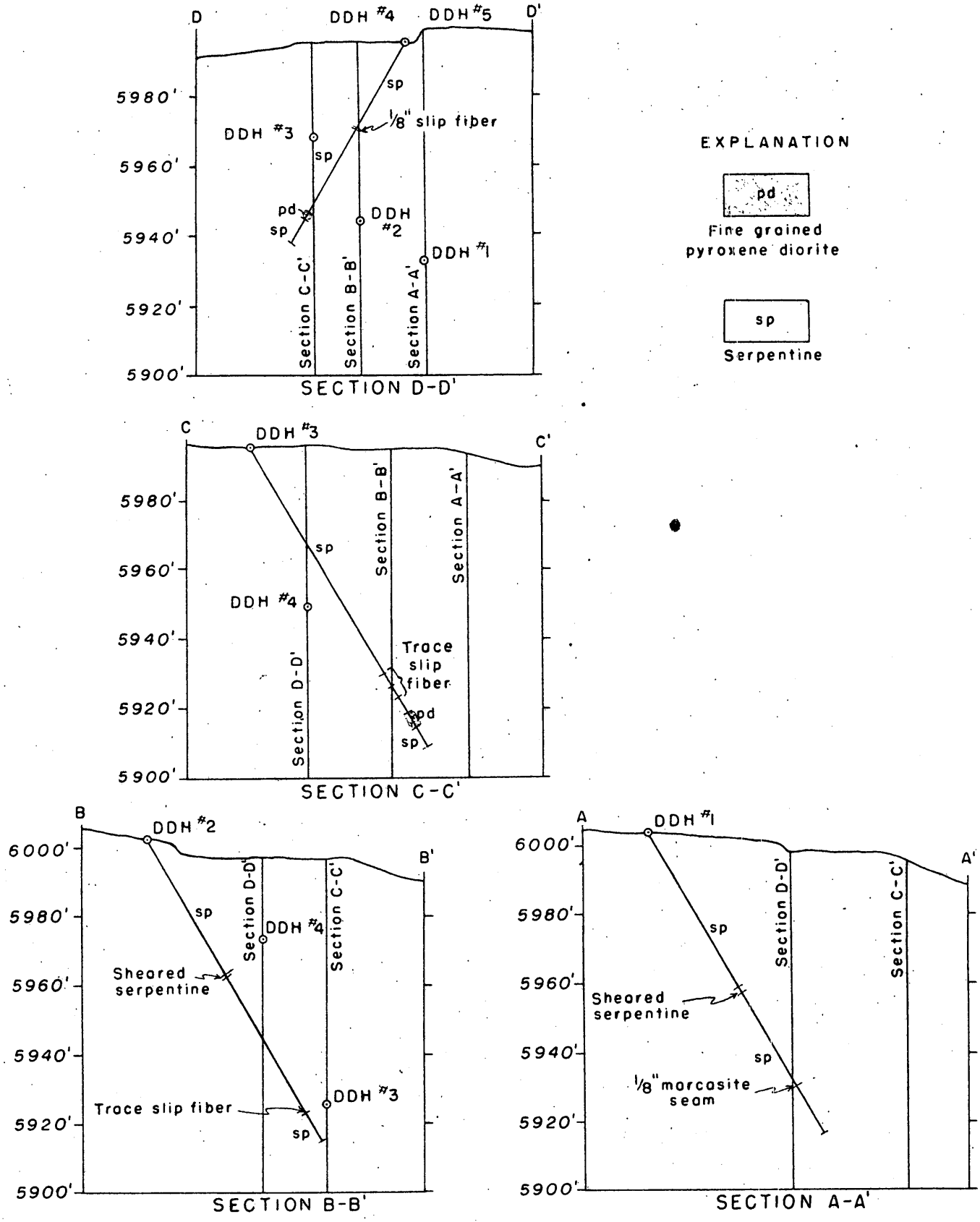


MAP SHOWING LOCATION OF DIAMOND DRILL HOLES, KEYSTONE ASBESTOS CORPORATION, TAMARACK LAKE PROPERTY, TRINITY COUNTY, CALIFORNIA

40 0 40 80 FEET

Datum is approximately sea level

FIGURE 2



SECTIONS THROUGH DD HOLES

Figure 3

Docket Copy
Surname:
Houk

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

AUG 4 - 1954

Mr. George C. Vournas, President
Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D. C.

Re: Docket No. DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California
Contract No. Idm-M624

Dear Mr. Vournas:

Reference is made to your letter of July 27, 1954, stating that the first hole drilled is encouraging and the drilling should be completed within about ten days.

Further drilling on the subject property cannot be recommended unless the slip-fiber asbestos is of strategic quality and acceptable for stockpiling under the present criteria now in effect in DMEA.

The denial of your application DMEA-3196 is being re-appraised and you may expect a reply to your letter of July 26, 1954, within the next few days.

Sincerely yours,

C. O. Mittendorf

Administrator

LGHouk:gad 8/3/54
Copy to: Admr. R. File
Docket File
Field Team, Region III
Dr. Bowles, 3516
Mr. Larrabee, 5216
Mr. Houk

R.C.S.

Ans. 8/3/54

CABLE ADDRESS
"GEVOUR"

PHONES
NATIONAL 8-5581
8-5582

LAW OFFICES OF
GEORGE C. VOURNAS
INVESTMENT BUILDING
WASHINGTON 5, D. C.

July 27, 1954

Mr. C.O. Mittendorf, Administrator
Defense Minerals Exploration Administration
United States Department of Interior
Washington, D. C.

Re: Docket No. DMEA-3095 -Asbestos
Calethia Asbestos Group 1 to 8

Dear Sir:

With further reference to our letter dated July 26 in connection with application 3196 I wish to advise that today we received a report on the drilling operations now carried on in the area covered by our application no. 3095. The first hole 100 feet in depth has already been drilled and the indications are quite encouraging. I am further advised that a representative of the State Bureau of Mines visited the area last week and he was most favorably impressed with the prospects.

Our field staff is of the opinion that at this rate of progress the 400 feet of drilling authorized under the contract will be completed in about ten days, or thereabout, unless further drilling is recommended by your field team and approved by you. At the conclusion of this work the drilling operations team must be demobilized unless your decision in regard to application 3196 is reconsidered and a contract for drilling operations there awarded.

It is respectfully hoped that you will authorize exploration operations covered by application 3196 so that the question whether asbestos deposits in commercial quantities exist in this area may be definitely settled.

Very truly yours,

George C. Vournas

GCV/mrb

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

Air Mail

March 9, 1954

Mr. George G. Tournas
Keystone Asbestos Corporation
Investment Building
Washington 5, D. C.

Re: Docket No. A-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California
Contract Idm- 624

Docket No. A-3096 - Asbestos
Keystone Asbestos Corporation
Keystone Asbestos Claims
Siskiyou County, California
Contract Idm- 623

Dear Mr. Tournas:

My attention has been called to an error in the 3rd paragraph of my March 3, 1954, letter to you.

The second sentence of that paragraph reads "The holes should be spaced about 50 feet apart and should be vertical." This sentence should read "The holes should be spaced about 50 feet apart and inclined 30-60 degrees North."

I apologize for this error and trust that no damage has been done.

Sincerely yours,

W. G. Miller
W. G. Miller
Executive Officer
Field Team, Region III

Copy to: Geo. J. Petrow, Mt. Shasta, Calif.

DMEA, Washington, D. C.
Roscoe Smith, USGS
A. C. Johnson, Reno

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Bureau of Land Management
RECEIVED
MAR 8 - 1954

1012 Flood Building
870 Market Street
March 3, 1954

Mr. George C. Vournas
Keystone Asbestos Corporation
Investment Building
Washington 5, D. C.

Re: Docket DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California
Contract Ida-8624

Docket DMEA-3096 - Asbestos
Keystone Asbestos Corporation
Keystone Asbestos Claims
Siskiyou County, California
Contract Ida-[illegible]623

Dear Mr. Vournas:

I apologize for being so tardy in answering your February 8 letter, but I assure you that I have been making a constant effort ever since it arrived to get our engineers and geologists to lay out a tentative drilling program on the above-cited properties.

Without further trenching of the properties our examiners have been reluctant to spot the drill holes. Unfortunately, the contracts were drawn up with no provision for trenching prior to diamond drilling so that a guess as to the possible location of the drill holes is all that can be made at this time. With that in mind, we are tentatively establishing possible drilling sites with the understanding that our engineers and geologists be notified when drilling is about to start so that they can be on the site and more definitely spot the holes.

On the Trinity property, Docket DMEA-3095, it is suggested that four holes each not over 100 feet deep be drilled along an east-west line about 60-75 feet south of the existing trench. The holes should be spaced about 50 feet apart and should be vertical. The collars of the holes will be at an approximate elevation of 6000 feet.

On the Siskiyou County property, Docket DMEA-3096, 1600 feet of diamond drilling is called for by the contract. At this time our engineer and geologist are unable to spot all the holes that might be drilled. They have, however, tentatively suggested that at the start four 50-foot holes

be drilled in the vicinity of the trench indicated by the figure 1 on the map accompanying the contract. These four holes should be vertical and drilled due north, due south, due east, and due west approximately 50 feet out from the trench. A fifth hole should possibly be drilled at a minus 30 degree angle in a south-west direction from a point approximately 50-60 feet north-east of the trench. This hole should probably be about 100 feet long.

Other vertical holes about 50 feet long might be drilled at pits marked 2, 3, and 4 on the map, at the pit directly north of Pit No. 4, at the pit marked "6' deep," at the pit south-west of Pit No. 2, at the pit marked "5' deep," south-east of Pit No. 3, and at the unmarked pit about 50 feet south-west of the pit marked "5' deep."

Beyond that our engineer and geologist have nothing further to suggest other than that the location of additional holes be subject to what is learned from the drilling of the tentatively spotted holes.

I trust that this information will be of help to you in your negotiations with Boyles Bros.

Kindly let us know in plenty of time when drilling is to start so we can arrange to have our men on the properties to more definitely spot the holes.

Sincerely yours,

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to: Geo. J. Petrow, Mt. Shasta, Calif.

DMEA, Washington, D. C.
Roscoe Smith, USGS
A. C. Johnson, Reno

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

February 10, 1954

Memorandum

To: A. C. Johnson, Bureau of Mines, Reno, Nevada

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims, Trinity County, Calif.
Contract Idm-E624

Docket DMEA-3096 - Asbestos
Keystone Asbestos Corporation
Keystone Asbestos Claims, Siskiyou County, Calif.
Contract Idm-E623

Reference is to a letter received from Mr. George C. Vournas, Keystone Asbestos Corporation, Washington, D. C., in which he refers to the statements in both subject contracts reading, "The attitude, direction, and location of the drill holes shall be subject to prior approval of the Government."

Mr. Vournas is now negotiating with Boyles Bros. to contract for the diamond drilling and wants to know if we have located the holes and can furnish him with a map showing where they should be located and their direction and attitude.

According to the contracts, not in excess of 400 feet of hole is to be drilled under Contract E624 (Docket 3095) and not in excess of 1600 feet under Contract E623 (Docket 3096).

It is necessary, therefore, that Frank Wiebelt and Earl Pampeyan give me their combined thoughts on the information desired. I am leaving the manner in which that can best be accomplished to Wiebelt and Pampeyan, but advise that their answer with maps should not be unduly delayed.

H. C. MILLER
H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to: DMEA, Washington, D. C.
Roscoe Smith, USGS

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C. 600

Handle
Selfridge
Hedges

FEB - 3 1954

Mr. H. C. Miller
Executive Officer, DMEA
Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Subject: Docket No. DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California
Contract No. Idm-1624

Dear Mr. Miller:

Reference is made to your letter to Mr. George C. Vournas, dated January 8, 1954, on amending the subject contract, and to your memorandum of November 13, 1953, to the Operating Committee.

The next to the last paragraph in your memorandum states that some surface trenching is advisable to intelligently locate the diamond drill holes. This office has no information on the cost of this trenching so we are unable to prepare an amendment. However, it is felt that no amendment should be made to increase the cost of the proposed work, inasmuch as the asbestos is of questionable strategic quality, and in the light of Amendment No. 3 to DMEA Order-1, dated November 3, 1953, the ratio of Government contribution has been reduced to 75 percent in the case of asbestos.

In view of the limited exposure of asbestos-bearing rock and the Field Team's recommendation of a 50-foot shaft to procure a sample of unweathered asbestos, it is felt that the diamond drilling approach to the procurement of samples of unweathered asbestos would be less costly and allow exploration of a greater target area than would the 50-foot shaft.

We have prepared an amendment to make the starting date on or before July 1, 1954, executed copies of which are enclosed.

Sincerely yours,

George C. Selfridge (GCS)
Chairman, Operating Committee
LGHouk:gad 1/14/53
Copy to: Admr. R. File
Docket File
Operating Committee
Dr. Bowles, 3516
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

Approved:

J. H. Hedges (GCS)
Member, Bureau of Mines

s/ Philip W. Guild (GCS)
Member, Geological Survey

Enclosures 2

R.C.B. 2-3-54

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C. 600

H.S. in R.R.

January 13, 1954

Memorandum

To: Mr. J. L. Hofflund

From: Lawrence G. Houk

Subject: Time extension - Docket No. DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California
Contract No. Idm-E624

Please amend the subject contract to make the starting date on or before July 1, 1954. The amendment should provide that if work is not started on or before July 1, 1954, the contract will be automatically canceled. The completion date should be changed from nine months to 13 months.

LGHouk:gad 1/13/54

Copy to: Admr. R. File
Docket File
Mr. Houk

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 12 1954

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

January 8, 1954

Mr. George C. Vournas
Keystone Asbestos Corporation
Investment Building
Washington 5, D. C.

Re: Docket No. DMA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California
Contract No. TGA-1624

Docket No. DMA-3096 - Asbestos
Keystone Asbestos Corporation
Keystone Asbestos Claims
Siskiyou County, California
Contract No. TGA-1623

Dear Mr. Vournas:

In reply to your letter dated January 5, 1954, inquiring whether your letter of November 9, 1953, was received and what action, if any, had been taken by this office, our files show that your November 9 letter was received in this office on November 12, and that the matter discussed therein was referred to the Washington Office of the Defense Minerals Exploration Administration on November 13.

To date we have not received the requested amendments, the preparation of which has probably been delayed because your request calls for additional funds over and above those provided in the contract.

A copy of this letter is being sent to the Washington office so that it will know of your inquiry.

Sincerely yours,

H. C. MILLER
H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to: DMEA, Washington, D. C.
E. H. Bailey, USGS
A. C. Johnson, Reno

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 17 1953

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

November 13, 1953

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California
Contract No. Idm-E624

Reference is made to the subject contract, dated October 12, 1953. This contract, as drawn, calls for the operator to begin work within 30 days of the date of the contract.

Some time ago the operator's Director of Field Operations, Mr. George J. Petrow, called at the office to inform me that it would be impossible to do any work on the property this fall and winter on account of snow. He informed me that a formal request would be made by his Washington office to defer the starting date to about July 1, 1954.

This office believes the request should be granted and is willing to amend the contract to that extent. However, the letter requesting the extension includes other changes that the operator desires to have made in this contract. These changes, as I see them, will increase the cost of the contract.

A copy of the operator's letter to Mr. Lawrence G. Houk, dated November 2, 1953, together with a copy of Boyles Bros. bid on the diamond drilling, is attached.

You will note that Mr. Vournas would like to drill NX rather than AX holes. Boyles Bros. bid $4.40 and $4.80 per foot for AX holes and $5.10 and $5.70 per foot for NX holes, respectively for 0' to 200' and 200' to 400' holes. The contract allows $5.75 a foot for all drilling costs.

As only 400 feet of drilling is allowed, the changing of the size of the hole from AX to NX may not increase the total cost ($2,300), and permission to drill NX holes may be all that is necessary.

The operator requests also an item for core boxes. The cost of core boxes is not included in the contract, and, according to Boyles Bros. bid, will amount to $95 for 400 feet of NX core and about $64 for 400 feet of AX core, f.o.b. Salt Lake City.

The contract states that "the attitude, direction, and location of the drill holes shall be subject to prior approval of the Government." Mr. Bailey and I agree with the operator's technical advisor that it is impossible to locate the holes intelligently without some surface trenching. Locating the holes otherwise would be merely guessing of the rankest order. Trenching, however, is not included in the contract.

Drill holes in areas in which sites are proposed

The above matters are being brought to your attention with the request that they be given consideration by your office. If you agree that the contract should be amended to allow the added costs, your office should prepare the amendment which should include the requested extension of time.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachments

Copy to: E. H. Bailey, USGS
A. C. Johnson, Reno

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 12 1953

November 2, 1953

Lawrence G. Houk, Chief
Nonmetallic Minerals Division
United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMEA-3095

Dear Mr. Houk:

With further reference to the above application I take leave to submit:

(1) According to a bid submitted by Boyles Bros. a concern considered as most reliable for work of this particular type, drilling operations could not be commenced, owing to topography and weather conditions in this area, prior to July 1, 1954 (photostatic copy of Boyles Bros. bid herein appended as exhibit "A").

(2) Our field staff is of the opinion that Diamond-Drill holes of NX size rather than AX would best serve the purpose.

(3) Our technical advisors - and in this the San Francisco office of the Bureau appears to be in agreement - that some trenching is necessary in order to determine the exact position for diamond drilling. It is claimed that unless some trenching is done it will be impossible for the government field staff to intelligently direct "the attitude, direction and location of the drill holes."

(4) An item should be provided for core boxes (see prices quoted by Boyles Bros.)

In view of the fact that no operations can commence within the time limit set forth in the contract because of factors lying beyond the control of the Keystone Asbestos Corporation, actually acts of God, it is respectfully requested that the contract be amended extending the time within which operations shall be commenced and also the time within which the contract should be executed. Under normal conditions operations can be commenced some time between July 1 and July 15, 1954, depending how fast the snows disappear on this particular area.

Sincerely yours,

George C. Vournas

George C. Vournas

GCV:b

Boyles Bros. DRILLING COMPANY

DIAMOND DRILLING CONTRACTORS AND MANUFACTURERS

Phone 6-8555 1321 South Main

SALT LAKE CITY 4, UTAH

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 17 1953

October 19, 1953

Keystone Asbestos Corporation
1005 Investment Bldg.
Washington 5, D. C.

Attention: Mr. George Vournas

Gentlemen:

After examining your three properties to be diamond drilled near Mt. Shasta, California, we wish to submit the following prices for your approval:

For a Minimum Program of 3,000 feet

1. Mobilization and demobilization $800.00.

2. Drilling Rates:

	0' to 200'	200' to 400'
EX size, 13/16" core	$ 4.10 per ft.	$ 4.60 per ft.
AX size, 1 3/16" core	4.40 per ft.	4.80 per ft.
BX size, 1 5/8" core	4.70 per ft.	5.20 per ft.
NX size, 2 1/8" core	5.10 per ft.	5.70 per ft.

3. Reaming and casing, if necessary:

EX size to AX size	$1.75 per ft.
AX size to BX size	2.20 per ft.
BX size to NX size	2.75 per ft.

4. For cementing, should it be necessary, the rate will be $8.00 per hour, plus cost of cement or cement substitute.

We understand your company will furnish the following:

1. A pioneer camp at which board will be furnished to our men at cost.

2. Transportation will be provided over all roads not negotiable by an ordinary two wheel drive truck.

We anticipate starting the drilling program about July 1, 1954, subject to changes due to weather conditions. It is our understanding that one drill working two shifts and possibly three shifts later, will be adequate.

Wooden core boxes are available in Salt Lake City at $4.75 each. They have the following capacities:

EX - 35 feet
AX - 30 feet
BX - 25 feet
NX - 20 feet

Should the foregoing prices meet with your approval, a signed copy of this letter will suffice in lieu of a formal contract.

Yours very truly,

R. C. Karlsten

R. C. Karlsten

RCK:rfb

cc: Mr. George J. Petrow

Accepted by:

_____

_____
Date

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

600

OCT 27 1953

Mr. H. C. Miller
Executive Officer, DMEA
Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Subject: Docket No. DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California
Contract No. Idm-B624

Dear Mr. Miller:

Transmitted herewith are three copies of executed Contract No. Idm-B624, (the Field Team copy, the Finance Office copy and the Extra copy).

The Operator's copy of the contract was handed to Mr. George C. Vournas on October 23, 1953, and he advised us that it is impossible to start operations this year. He will request an amendment to postpone the starting date until next year.

Copies of memoranda from the Geological Survey and the Bureau of Mines are enclosed.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Approved:

J. H. Hedges
Member, Bureau of Mines

T. P. Thayer
Member, Geological Survey

Enclosures 7

LGHouk:gad 10/23/53
Copy to: Admr. R. File
Docket File
Operating Committee
Dr. Bowles, 3516
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3095

COMMODITY Chrysotile Asbestos

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP 28 53
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D.C.

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II attached hereto and made a part hereof

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to the mineral rights in that certain land situated in the State of California, County of Trinity, described as ~~follows:~~[3] set forth in Annex I.

the Operator represents and undertakes:[4]

~~(a) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:~~

(b) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within ~~60~~ 30 days from the date of this contract shall commence work on a project of exploration for[5] Chrysotile Asbestos

in or upon the described land; and shall bring the project to completion within a period of Nine (9) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $2709.00 ~~2574.00~~, which is 90 percent of $3010.00 ~~2860.00~~, the agreed, estimated total cost of the project in which the Government will participate: *Provided*, That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows: See Annex II, substituted for that part of 6(a) preceding the Colon.

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: The percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided,* that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* _____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

_____
(Operator)

By _____

By _____

_____

I, _____, certify that I am the _____ secretary of the corporation named as Operator herein; that _____, who signed this contract on behalf of the Operator, was then _____ of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____ [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

Exploration Project Contract
Keystone Asbestos Corporation
Docket No. DMEA-3095
Exhibit A

Description of the Work

Exploration for chrysotile asbestos shall be accomplished in the area shown on the attached map entitled "Proposed exploration, Trinity No. 2, Baker, McKee, Dalton Lease, Keystone Asbestos Corp.," as described below.

1. Construct appropriately one (1) mile of access road suitable for movement of men, materials, and supplies.

2. Explore by drilling not in excess of 400 feet of (AX) diamond drill holes.

3. Ream, set and pull casing, and/or cement -- where necessary, 100 feet of drill holes, ~~when actually needed and used~~.

The attitude, direction and location of the drill holes shall be subject to prior approval of the Government.

Agreed Unit Costs

1. Construct access road 1)	$ 460.00
2. Drill 400 feet of DD holes @ $5.75/ft. 2)	2,300.00
3. Ream, set and pull casing, and/or cement 100 feet at $2.50/ft.	250.00
Total agreed unit costs	$ 3,010.00
Government participation @ 90%	$ 2,709.00

1) The completed road constitutes the unit

2) ~~Includes independent drilling contract~~ covers all costs including supervision, sampling, surveying ~~and contingencies~~

Exploration Project Contract
Keystone Asbestos Corporation
Docket No. DMEL-3095

Exhibit
9-28-53

Annex I

The property referred to in Article 2 of the contract form is known as the Tamarack Lake Property and was leased to the Keystone Asbestos Corporation by J. H. McKee, Edith M. McKee, Jack A. Dalton, Elizabeth Dalton, E. S. Baker and Rose Baker in an instrument dated August 24, 1952, and is described therein as follows:

Contd

"Trinity Asbestos Claim Numbers 1, 2, 3, 4, 5, 6, 7 & 8 in ~~Section~~ 32 and 5, T 38 N, & T 37 N, R 5 W in Trinity County Book 52 pages 448, 449, 450, 451, 452, 453, 454, 455. Dated 18 Dec. 1950"

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

Defense Minerals
OCT 16 1953

1012 Flood Bldg.,
870 Market St.
San Francisco 2, Calif.

October 15, 1953

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California
Contract Idm-E624

As instructed in your teletype dated October 15, 1953, we are returning herewith Contract Idm-E624 and attachments, transmitted to this office with your letter of October 12, 1953.

H. C. Miller
Executive Officer, DMEA Field Team
Region III

Attachment

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 600
WASHINGTON 25, D. C.

OCT 12 1953

Mr. H. C. Miller
Executive Officer, DMEA
Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Subject: Docket No. DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California

Dear Mr. Miller:

Please find herewith the original and five copies of a contract covering the subject exploration project which have been signed by the Government with register number and effective date as shown.

If the contract meets with your approval present it to the Operator for approval and signature. Please explain to the Operator that the contract, when executed, is a firm commitment under the terms of which it is obligated to complete the work outlined at the agreed unit cost. If any part of this contract does not have either your approval or that of the Operator and cannot be amended within your delegated authority, then the original and all copies of the contract are to be returned to this office, together with the proposed changes for consideration.

After execution of the contract, the copies are to be distributed in the usual manner.

Copies of memoranda from the Geological Survey and the Bureau of Mines are enclosed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

J. H. Hedges

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey

Enclosures 10

FILE COPY
SURNAME:

Anderson
Houk
Chambers
Boston
Olson
Selfridge
Hedges

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION 600
WASHINGTON 25, D. C.

OCT 12 1953

Mr. H. C. Miller
Executive Officer, DMEA
Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Subject: Docket No. DMEA-3095
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California

Dear Mr. Miller:

Please find herewith the original and five copies of a contract covering the subject exploration project which have been signed by the Government with register number and effective date as shown.

If the contract meets with your approval present it to the Operator for approval and signature. Please explain to the Operator that the contract, when executed, is a firm commitment under the terms of which it is obligated to complete the work outlined at the agreed unit cost. If any part of this contract does not have either your approval or that of the Operator and cannot be amended within your delegated authority, then the original and all copies of the contract are to be returned to this office, together with the proposed changes for consideration.

After execution of the contract, the copies are to be distributed in the usual manner.

Copies of maps via from the Geological Survey and the Bureau of Mines are enclosed.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Approved:

J. H. Hedges
Member, Bureau of Mines

T. P. Thayer
Member, Geological Survey

Enclosures 10

WCAnderson:gad 10/7/53
Copy to: Admr. R. File
Docket File
Operating Committee
Dr. Bowles, 3520
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

R.C.S.
10-12-53

140

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

September 30, 1953

KANE.
Burton
Houk
Chandler

Memorandum

To: **The Administrator**
Through: Mr. L. G. Houk

From: **Chief Counsel**

Subject: **Keystone Asbestos Corporation, Docket No. DMEA-3095 (Chrysotile Asbestos)**

Attached in satisfactory legal form for execution is a contract covering the above-described project, subject to—

1. The attachment of the map referred to in the contract.

2. The attachment of the Owner's Consent to Lien.

3. Your approval—in view of the recent ODM memorandum—of the Government's participation at 90 percent.

Albert E. Kane

for **J. L. Hofflund**
Chief Counsel

Attachments

AEKane:ep

Copy to: Mails & Files
Mr. Houk
Mr. Hofflund
Mr. Kane
Chron.

R.C. 10-12-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

September 30, 1953

Memorandum

To: The Administrator
Through: Mr. L. G. Houk

From: Chief Counsel

Subject: Keystone Asbestos Corporation, Docket No. DMEA-3095 (Chrysotile Asbestos)

Attached in satisfactory legal form for execution is a contract covering the above-described project, subject to—

1. The attachment of the map referred to in the contract.

2. The attachment of the Owner's Consent to Lien.

3. Your approval—in view of the recent ODM memorandum—of the Government's participation at 90 percent.

Allen Kane
for J. L. Hofflund
Chief Counsel

Attachments

Law Offices Of

GEORGE C. VOURNAS

Investment Building

Washington 5, D.C.

October 7, 1953

C
O
P
Y

Lawrence G. Houk, Chief
Nonmetallic Minerals Division
United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D.C.

Re: Docket Nos. DMEA-3095 and
3096 - Asbestos
Keystone Asbestos Corporation

Dear Mr. Houk:

With reference to your letter of September 28, 1953 I take leave to enclose herewith four copies of Owner's Consent to Lien for each lease hold, duly executed.

Yours very truly,

s/s
George C. Vournas

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

Defense Minerals Administration
RECEIVED
OCT 5 1953

October 2, 1953

Memorandum

To: Lawrence G. Houk, Director, Non-Metallic Minerals Division
Defense Minerals Exploration Administration

From: G. W. Josephson, Chief, Construction and Chemical Materials Branch

Subject: Docket DMEA-3095 (Asbestos)
Keystone Asbestos Corporation
Trinity and Shasta Counties, California

The field team report on this application has been reviewed in this Branch. We agree that a limited amount of information can be obtained on this property if a shaft is sunk in accordance with the field team's recommendations. However, we understand that you are exploring with the company the possibility of a diamond drill program as a substitute for the shaft sinking. "It is our suggestion that the feasibility of a drilling program be fully explored before the shaft sinking proposal is approved." It seems probable that much more information on the deposit can be obtained for the money spent by drilling at this stage than by any other method.

G. W. Josephson

G. W. Josephson
Chief, Construction and
Chemical Materials Branch

FILE COPY
SURNAME:

600
Anderson
H. Johnson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

SEP 28 1953

Mr. George C. Vourmas, President
Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D. C.

Re: Docket Nos. DMEA-3095 and 3096 - Asbestos
Keystone Asbestos Corporation

Dear Mr. Vourmas:

Enclosed are 14 copies of new "Owner's Consent to Lien" forms.

It is now mandatory that we use these new forms. Therefore, please have transmitted to this office seven executed copies for each of the subject exploration applications.

Sincerely yours,

/s/
Lawrence C. Houk, Chief
Nonmetallic Minerals Division

Enclosures

WCAnderson/foc
9-25-53
cc: Docket
Code 600
Adm. Reading File
Mr. Dietrich, USBM
Mr. Larrabee, USGS

P.S. We are returning the old forms as we no longer have use for them.

R.C.G.
9-28-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

DMEA

2971 4637

14X3923.970 Working Fund, Interior, Defense Minerals Exploration Administration
September 24, 1953
2:30 P. M.

H. C. Miller, Executive Officer, DMEA Field Team, Region III, 1012 Flood Buildin
870 Market Street, San Francisco 2, California
Keystone Asbestos Corporation Dockets Nos. DMEA-3095 and DMEA-3096 - Asbestos

Local applicant agreeable to a program solely of diamond drilling on both Keystone projects. In view of approach of winter and weathered outcrop 2,000 feet of AX drilling at overall cost of $5.75 per foot appears to be most feasible method of exploring these deposits. Advise of your reaction.

Frank E. Johnson, Acting Administrator
Defense Minerals Exploration Administration

LGHouk:gad 9/24/53

Copy to: Admr. R. File
Docket File
Confirmation Copy
Dr. Bowles, 3520
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

IN REPLY REFER TO:

G-MD-CNM

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 22 1953

September 21, 1953

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-3095 (Asbestos)

To: L. G. Houk, Defense Minerals Exploration Administration
From: Donald A. Brobst, U. S. Geological Survey
Applicant: Keystone Asbestos Corporation.
(Name of property: Trinity Asbestos Claims Nos. 1 to 8 incl.,
(Location of property: Trinity County, California
(Shasta Asbestos Claims Nos. 1 to 10 incl.,
(Shasta County, California
(
(Highland Asbestos Claims Nos. 1 and 2,
(Shasta County, California.

Date of field team report: September 2, 1953.
Authorship of field team report: F. J. Wiebelt, E. H. Pampeyan.
Field team's recommendation:

1. Revise applicant's original proposal of 2 stages for (1) trenching (2) underground work.
2. New proposal: Construct a 1 mile road for access to the property ($460) and sink 50 feet of 6'x6' shaft to explore the asbestos below the zone of weathering ($3,223) at a total estimated cost of $3,683.

Comments: As a result of the field team's examination, it appears that there is a possibility of finding good quality asbestos beneath the weathered zone. The new exploration proposal is a realistic approach to checking the economic value of this property.

ACTION SUGGESTED:
Follow field team's recommendation.

Donald A. Brobst

Donald A. Brobst

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

September 10, 1953

Memprandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3095 (Asbestos)
Keystone Asbestos Corporation
Trinity and Shasta Counties, California

Reference is made to your letter dated July 16, 1953, referring the subject application to us for a field examination.

Attached are the original and three copies of a report entitled "DMEA-3095, Keystone Asbestos Corporation, Trinity County, California," by Frank J. Wiebelt, Mining Engineer, U. S. Bureau of Mines, and Earl H. Pampeyan, Geologist, U. S. Geological Survey, dated September 2, 1953.

Mr. Bailey and I concur with the recommendations in the report of the engineer and geologist, in view of the fact that Oliver Bowles, who is an expert in asbestos, believes that the asbestos may improve in quality with depth. Our engineers believe that a 50 foot shaft should be sufficient to get below the zone of weathering.

S. Ricker for H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: E. H. Bailey, USGS

Reviewed by
DMEA OPERATING COMMITTEE
9-21-53
(date)

SEP 24 1953

9/24/53

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA-3095, Keystone Asbestos Corporation

Trinity County, Calif.

Frank J. Wiebelt, Mining Engineer
U. S. Bureau of Mines

Earl H. Pampeyan, Geologist
U. S. Geological Survey

September 2, 1953

Reviewed by
DMEA OPERATING COMMITTEE

9-21-53
(date)

Docket No.: DMEA-3095 (Asbestos)

Name and address of applicant: Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D.C.

Name and location of property: Trinity Asbestos Claims, Nos. 1 to 8 inclusive, Trinity Co., Calif.
Shasta Asbestos Claims, Nos. 1 to 10 inclusive, Shasta Co., Calif.
Highland Asbestos Claims, No. 1 and 2, Shasta County, Calif.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The applicant had proposed an exploration program consisting of two stages of work. Stage one involved trenching in two, or possibly three, locations along the trend of asbestos-bearing fractures that are exposed in a trench made by the applicant. Upon successful completion of stage one, a second stage consisting of underground work, involving 400 feet of drifting and about 100 feet of crosscutting, had been proposed to further explore the showings uncovered during stage one, trenching.

An examination by Mr. Oliver Bowles, Bureau of Mines, Washington, D.C. of samples of the slip-fiber chrysotile asbestos from the proposed exploration site disclosed that some parts of the sample consisted of fibers having considerable strength and flexibility but that most of the sample consisted chiefly of very weak and brittle material that would have little if any commercial value. The weakest fibers are stained yellow which may indicate that the weakness is due to surface weathering. Mr. Oliver Bowles also mentioned that if, however, samples obtained below the weathering should exhibit adequate strength,

further investigation would be justified.

On the basis of the above examination of the sample, Mr. George Petrow of the Keystone Asbestos Corporation conferred with Bureau of Mines officials at Reno, Nevada and both parties were in agreement that stage one of the original exploration program would not give any information as to the strength and flexibility of the asbestos below the weathered zone. The result of the discussion was to confine the proposed exploration to sinking a 50-foot shaft, the collar of which lies inside the existing trench; this shaft will give desired information on the slip-fiber asbestos below the weathered zone.

The revised program consists of the following:

1.	Road construction about 1 mile of road . .	$ 460.00
2.	50 feet of 6' x 6' shaft @ $64.46/ft. . . (set up on footage basis)	3,223.00
	Grand total	$3,683.00

Recommendations:

It is recommended that the applicant's request for Government aid in the revised exploration program be approved and that the cost of shaft sinking operations be set up on a footage basis.

TIME SPENT ON PROPERTY AND PERSONS ACCOMPANYING THE EXAMINERS

The examiners, Earl Pampeyan and Jose Hernandez of the U. S. Geological Survey and Frank J. Wiebelt of the U. S. Bureau of Mines, visited the property on July 29, 1953. Mr. George J. Petrow, director of field operations, John Dracopoulos and A. C. Erickson of the Keystone Asbestos Corporation accompanied the examiners during the examination.

NAME AND LOCATION OF THE PROPERTY

The property comprises the following claims:

Trinity Asbestos claims Nos. 1-8 inclusive in secs. 5 and 32, T. 37 N. and T. 38 N. respectively, R. 5 W., M.D.B.&M. in Trinity County, Calif.

Shasta Asbestos Claims Nos. 1-10 inclusive in sec. 4, T. 37 N., R. 5 W., M.D.B.&M. in Shasta County, Calif.

Highland Asbestos Claims Nos. 1 and 2 in sec. 20?, T. 37 N., R. 5 W., M.D.B.&M. in Shasta County, Calif.

All the project work will be confined to the Trinity group of claims.

The claims are accessible from Whalen Station by following a logging road southerly for 6½ miles and thence a trail about 3/4 of a mile to the property near Tamarack Lake. Whalen Station is 12 miles via a good gravel road from Castella, California on U. S. Highway 99. Castella is 7 miles south of Dunsmuir, the shipping and supply point.

CONDITION AND SEASONAL ACCESSIBILITY OF ROAD TO PROPERTY

The road between Castella and Whalen Station is a gravel road which is kept in good condition except during winter months when the road at times is closed by heavy snowfall. Likewise the mine is usually inaccessible from Whalen Station from December 15 to about July 1 on account of heavy snowfall. This year the property was inaccessible up to the middle of July.

COMPETENCY OF APPLICANT AND OPERATING PERSONNEL

Very little is known by the examiners of the competency of the applicant and operating personnel. Judging from the application con-

tents, the applicant is financially able to provide their share of expenditures and will have competent operating personnel to carry out the project work.

APPLICANT'S PROPERTY RIGHTS

The Keystone Asbestos Corporation is the sole lessee of the mining claims consisting of the following:

(a) Trinity Asbestos Claims, Nos. 1-8 inclusive in Trinity County, book 52, pages 448, 449, 450, 451, 452, 453, 454 and 455, dated Dec. 18, 1950.

(b) Shasta Asbestos Claims, Nos. 1-10 inclusive in Shasta County, book 253, pages 275, 276, 277, 278, 279, 280, 281, 282, 283, and 284, dated Sept. 20, 1950.

(c) Highland Asbestos Claims, Nos. 1 and 2 in Shasta County, book 253, pages 285 and 286, dated Sept. 9, 1950.

The owner's consent to lien accompanies the applicant's loan application.

DESCRIPTION OF PROPERTY

There are no surface or underground facilities.

The principal working seen by the examiners in the area in which the contemplated work is to be done consists of a bulldozer trench, in the bottom of which a trench has been blasted out in bedrock to a depth of two to six feet. Details of this trench are shown in fig. 2 which accompanies this report.

A sample consisting of material taken from the asbestos-filled fractures in the above trench was sent to Oliver Bowles, Commodity

Specialist, Construction and Chemical Materials Branch of the Bureau of Mines. The following is a reply on his findings:

"Much of the slip-fiber asbestos was so weak and brittle that I was doubtful as to its identity as chrysotile. As it has been identified as chrysotile, the weakness of the fiber may be due to surface weathering. On the basis of this sample alone, the material is too poor to justify further investigation. If, however, samples obtained below the zone of weathering should exhibit adequate strength, further investigation would be justified."

GEOLOGY

The Tamarack Lake asbestos deposit is in an area underlain by ultra-basic rocks of probable Jurassic age. The exposures of bedrock seen in the area surrounding the deposit were of peridotite exhibiting varying degrees of serpentinization. Color varies from greenish-black in relatively unaltered rock to pale green in the typical serpentine.

The property is overlain by one to three feet of soil and slope wash that contains boulders of a porphyritic hornblende diorite. This resistant, ridge-forming intrusive rock crops out about 1/4 mile to the east, south, and west of the mineralized ultra-basic rock, but none was seen in place in the area proposed for exploration.

The exposed mineralized zone trends north of west even though the prominent asbestos-bearing fractures strike almost west. These fractures can be traced for 40 feet in a westerly direction, and are cut and offset by other fractures that strike in all directions. Because of the limited time spent on the property, no definite evidence of lithologic

or structural controls were observed. The proximity of intrusive rocks, however, may have some bearing on the asbestos mineralization as their close relation has been observed in other asbestos localities.

ORE DEPOSIT

Chrysotile asbestos occurs as slip-fiber in fractures and joints of the serpentinized peridotite. Fibers average one inch in length and locally reach three inches in length. The chrysotile is white when fresh and grayish-yellow when weathered, and the fresh fibers are stronger and more flexible than the weathered material.

Asbestos in place is noticed in a trench made by the applicant. Over a 16-foot width, nine asbestos-filled fractures that averaged 1/2-inch in thickness were seen. Across this width, therefore, the rock contains between two and three percent of fiber. The deposit is only in the prospect stage and there is no measured or indicated ore. It would be difficult to estimate inferred ore by the limited exposures on the property at the time of this visit.

PAST OPERATIONS

There has been no production from the property.

MANPOWER

Manpower, materials, supplies and equipment are available from the Redding-Dunsmuir area. Stands of timber suitable for mine use are on the property. Water for domestic and mine use may be had from Tamarack Lake, within one-half mile of the present workings. The nearest electric power is now at Whalen Station, 6 miles distant.

PROPOSED EXPLORATION

Original proposed exploration: - The applicant's consultant had originally submitted a proposal consisting of two stages of exploratory work. Under stage one, the applicant would dig two or possibly three trenches to determine the extent and trend of the mineralized zone (see fig. 2). If stage one proved successful and an economically important deposit of asbestos was outlined, the applicant proposed to drift easterly along the mineralized fractures for a distance of 400 feet from trench #2. The location of the portal and bearing of the tunnel would be dependent upon information gained in trenching. The applicant would also drive about 100 feet of crosscuts under the trenches to determine the lateral extent of slip-fiber at depth. The applicant's estimated grand total cost of this work was $33,010.30.

The result of the examination of the sample of slip-fiber from the surface workings by Mr. Oliver Bowles is that the original proposed project consisting of trenching followed by underground exploration as outlined above is not warranted at this time because the proposed trenches will give no additional information concerning grade and quality of the asbestos than is already known from the company's present trench. Therefore, to obtain information relative to the grade of asbestos below the zone of weathering, it is recommended that the original exploration be replaced by one composed of sinking a 6- by 6-foot shaft, 50 feet maximum depth, the collar of which will lie within the trench described in the description of the property and is shown in figure 2. Mr. George Petrow of the Keystone Asbestos Corporation concurs with the recommended change in the proposed ex-

ploration work and his revised cost estimate for the work in included in this report.

Suggested exploration: - The revised proposed exploration work consists of the following:

1. Construction of approximately one mile of road from the end of the present logging road to the mine site. There is no other way of gaining entrance to the mine site.

2. 50 feet of approximately 6-by 6-foot shaft. This shaft work may be abandoned at any stage where the slip-fiber in the unaltered zone does not show in sufficient quality and quantity to warrant further work (see fig. 3 for shaft location).

The company reports that work could be started within 30 days after approval of the exploration loan and six months should be allowed for the completion of the work on account of unpredictable weather conditions.

ESTIMATE OF COSTS

1. Road construction - approximately one mile in length - Rental of bulldozer including operator (5 days, 8 hrs per day at $1.50 per hour or $92.00 a day) $460.00

2. Shaft sinking - 50 feet deep and approximately 6 feet by 6 feet; 5-day week, advance 2 feet per day = 25 days = 5 weeks

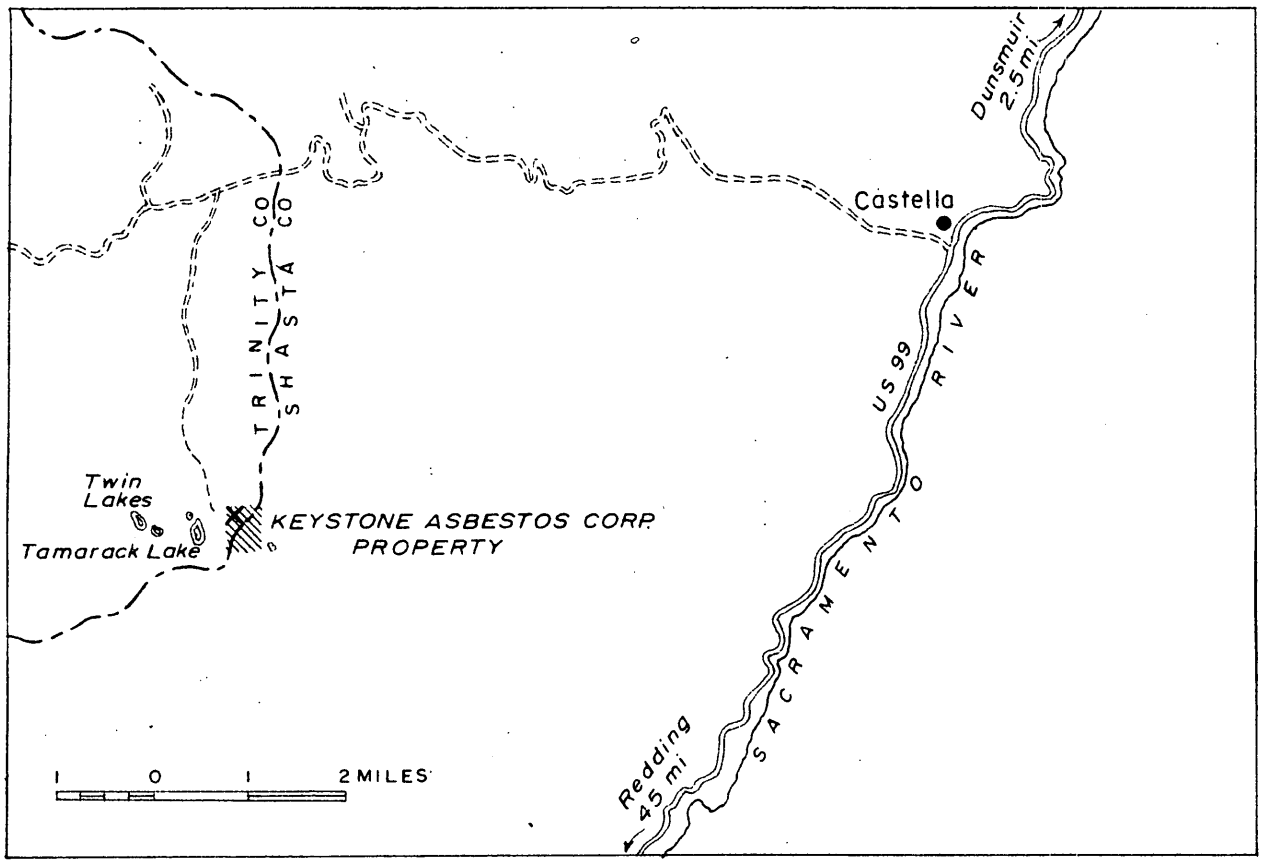
Wages, 3 men @ $1.85 an hour, 5-day week, 8 hours per day - 5 weeks @ $222.00/week . .	$1,110.00
1 Foreman - 5 weeks @ $100.00/week	500.00
500 lbs. explosives (10 cases @ $13.00/case.	130.00
2 Spools of connecting wire @ $1.50/spool .	3.00
2 Cases electric caps @ $17.00/case	34.00
200 gals. gasoline @ $0.21/gal.	42.00
1 Pail compressor & lube oil @ $4.12 . . .	4.12
1 Galvanometer	25.00
1 only 30-hole blaster	46.00
2 Carset bits, 1-3/8-inch @ $12.10 ea. . .	24.20
3 Picks @ $5.20	15.60
3 Shovels @ $3.25	9.75
2 10-lb. sledges @ $6.00	12.00
4 4-ft. alloy steel 7/8-inch (113 thread) @ $6.10	24.40
4 6-ft. alloy steel 7/8-inch (113 thread) @ $9.40	37.60
75 ft. 1/2-inch wire rope complete with eye and hook	36.00
2 Buckets @ $20.00	40.00
1 Wench	100.00
2 Carbide lamps @ $5.42	10.84
3 Safety hats @ $5.20	15.60
1 First Aid Kit	10.69
100 lbs. Carbide @ $11.75 per 100 lbs. . .	11.75
1 Wheel barrow	15.00
Maintenance of Jeep @ $10.00/week - 5 weeks	50.00
Board for 4 men @ $12.00/week - 5 weeks . .	240.00
Workmen's compensation, payroll taxes, Social Sec. and Unemployment for 5 weeks payroll of $1,600.00 @ 14% . . .	225.40
Contingencies	100.00
105 cu. ft. compressor rental for 5 weeks @ $200.00/month	225.00
Jackhammer and accessories such as air hose, water hose, etc. rental for 5 weeks @ $100.00/month	125.00
Total cost to sink 50 feet of shaft	$3,222.95

Estimated cost of shaft per foot $= \frac{3,222.95}{50} = \$64.46$

The foregoing shaft sinking costs have been estimated on an overall hourly and footage basis in order to simplify bookkeeping and payments for work accomplished.

TOTAL COST OF THE PROJECT

50 feet of shaft sinking @ $64.46/ft. . . .	$3,223.00
1 mile of road construction	460.00
Total	$3,683.00



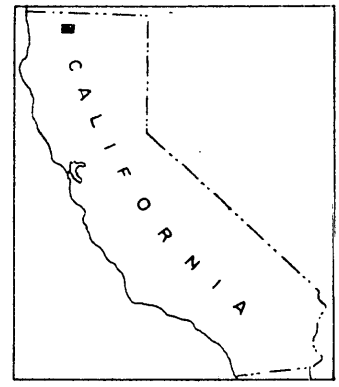
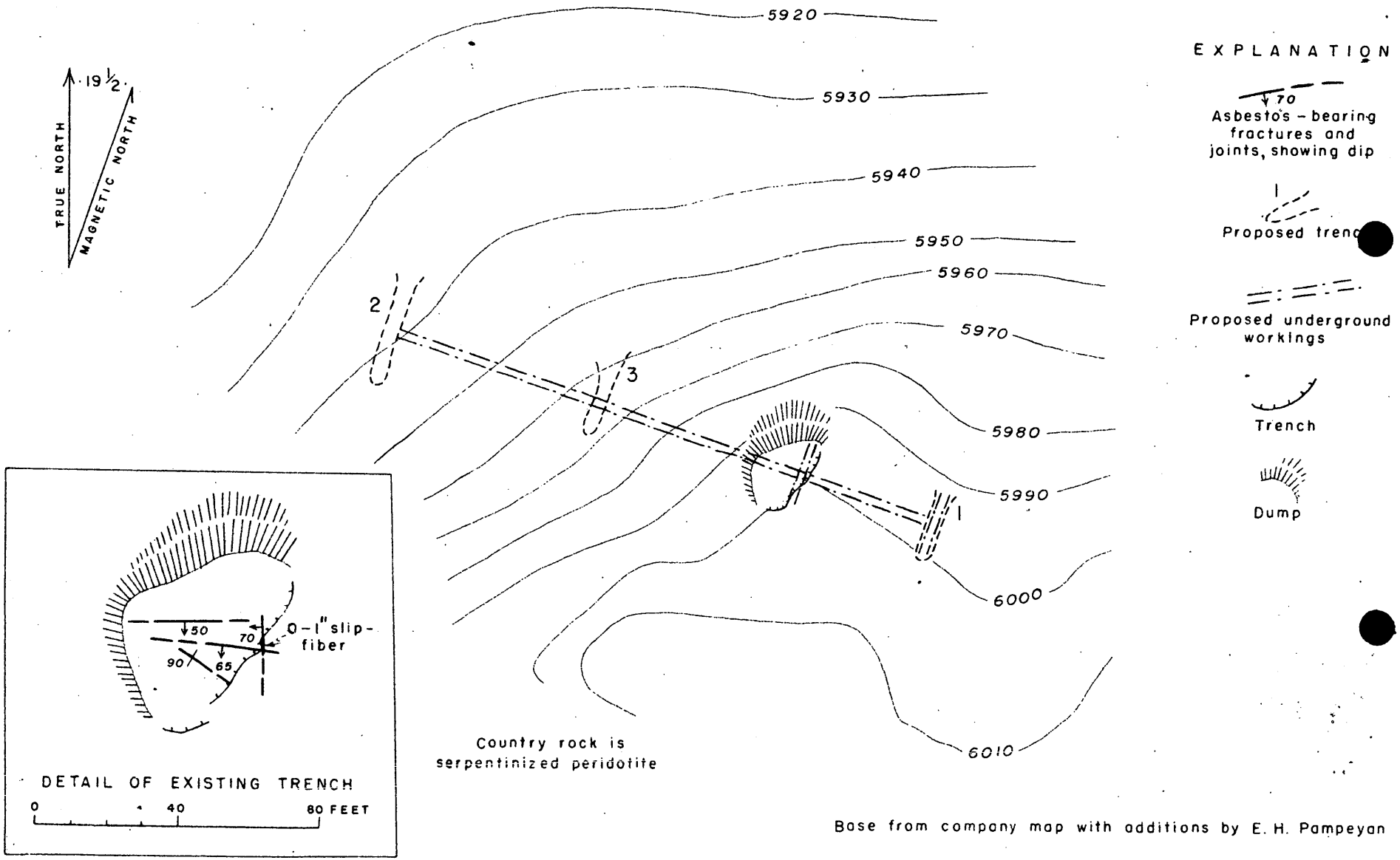


Figure 1. Index map showing the location of Keystone Asbestos Corporation property near Tamarack Lake.



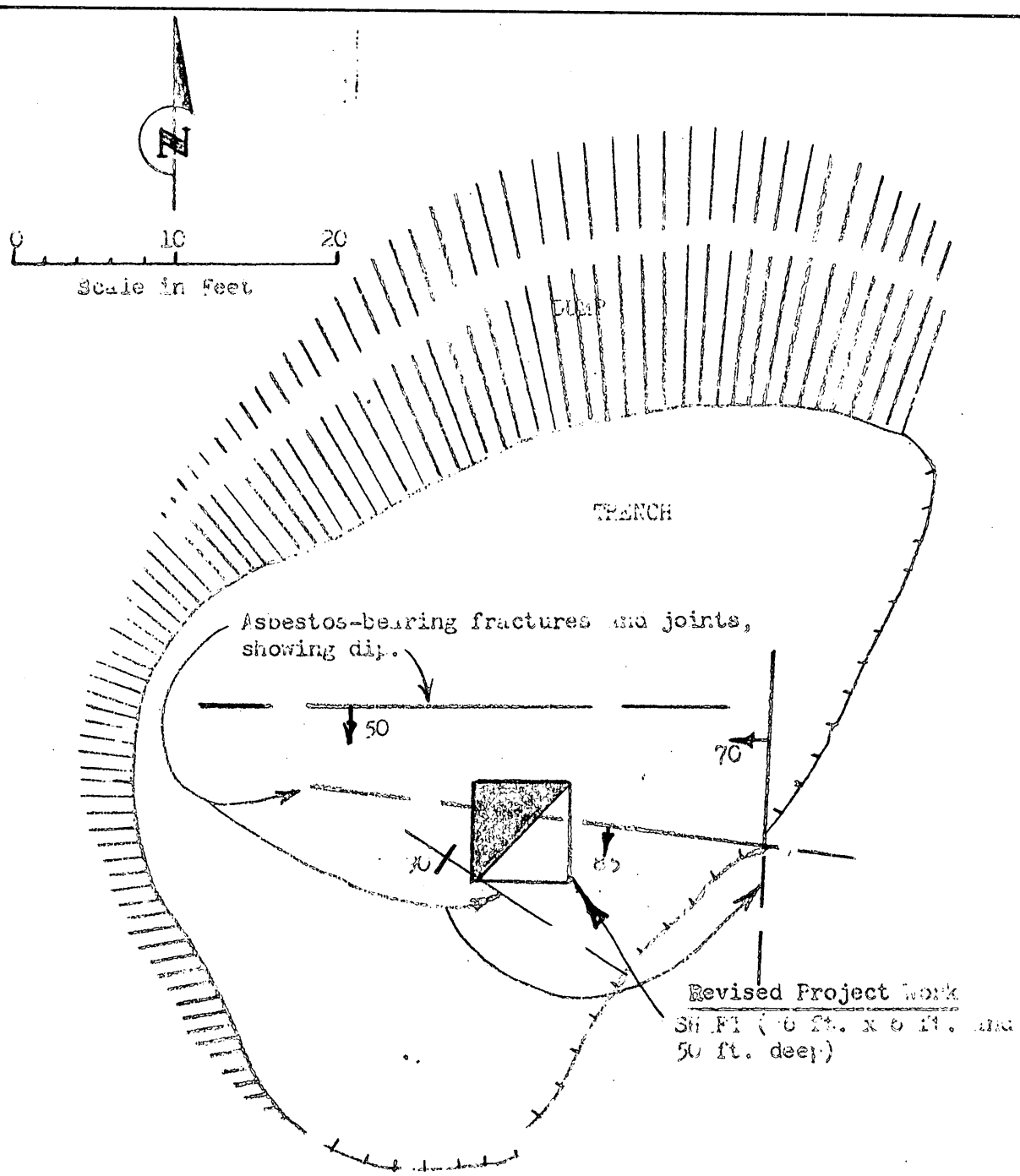
Base from company map with additions by E. H. Pampeyan

KEYSTONE ASBESTOS CORPORATION, TAMARACK LAKE PROPERTY, TRINITY COUNTY, CALIFORNIA

100 0 100 200 FEET

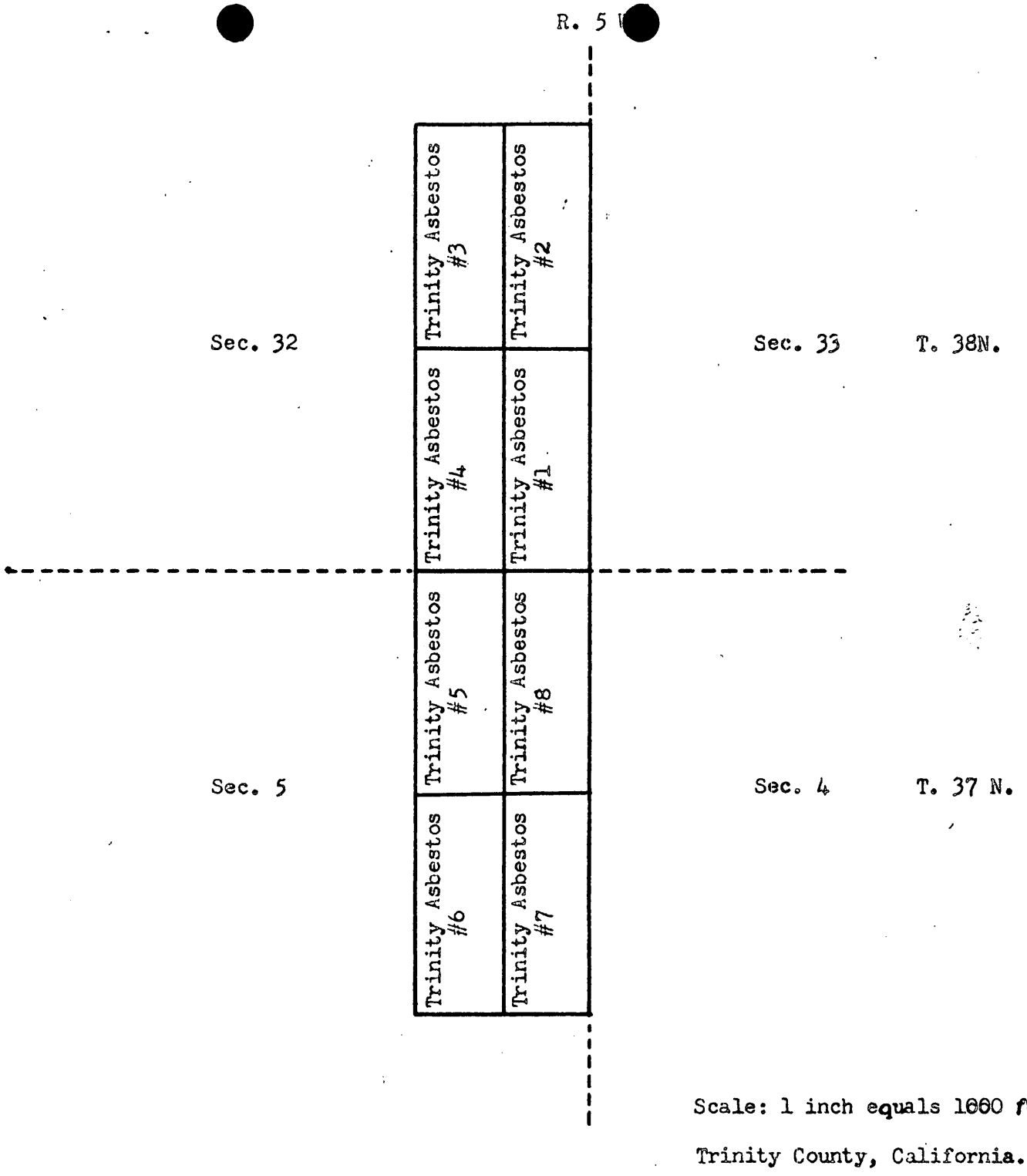
Datum is approximately sea level

Figure 2



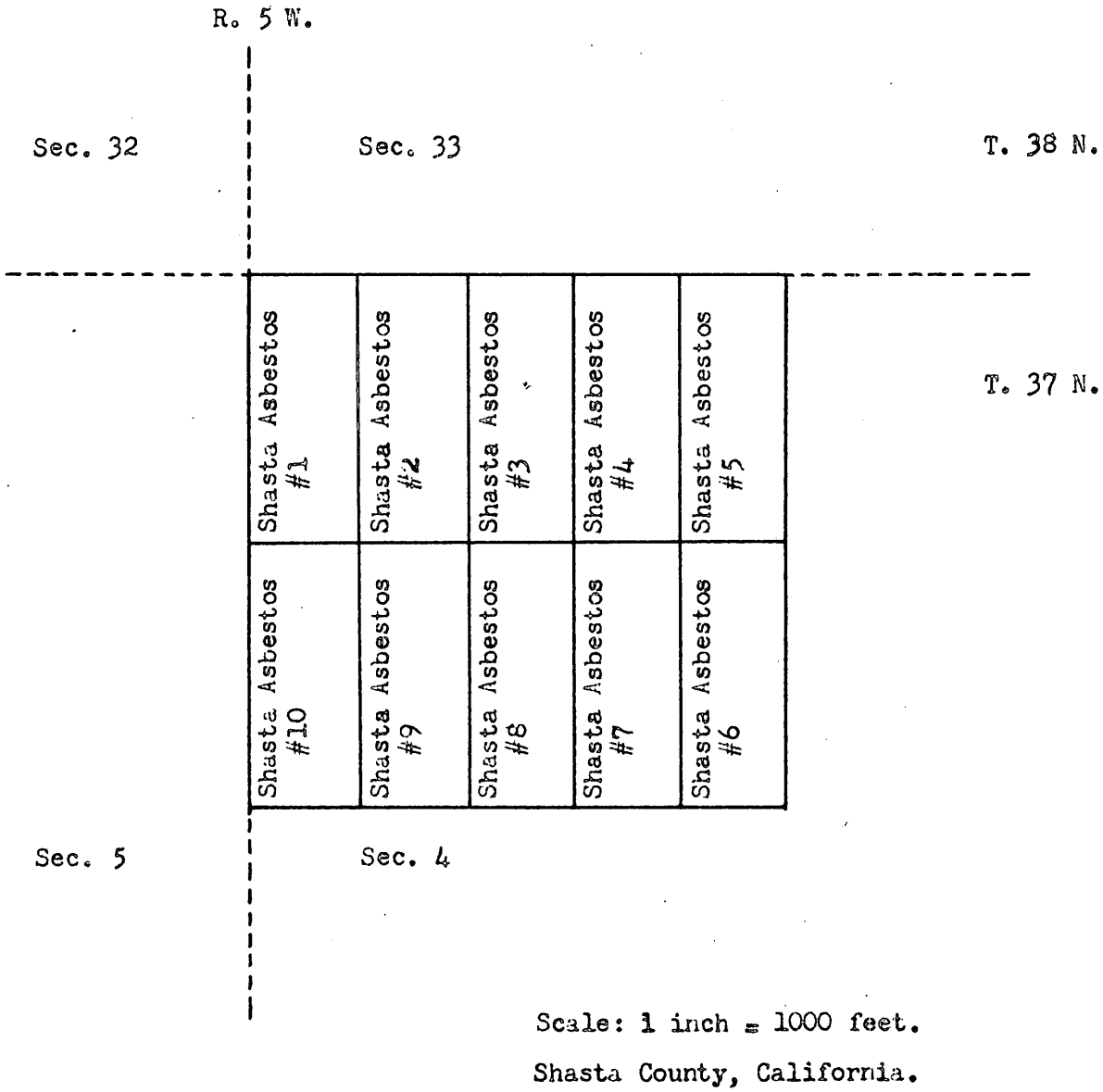
Note: see fig. 2 for contour map containing the above trench.

Figure 3. Plan showing approximate location of proposed shaft, revised exploration work, Keystone Asbestos Corporation, Tamarack Lake Property, Trinity County, California.



Trinity group of mining claims of the Keystone Asbestos Corporation.

Figure 4.



Scale: 1 inch = 1000 feet.

Shasta County, California.

Shasta group of mining claims of the Keystone Asbestos Corporation.

Figure 5.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

DEPARTMENT OF
Defense Minerals Administration
RECEIVED
AUG - 4 1953

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

July 31, 1953

Mr. George J. Petrow
Director of Field Operations
Keystone Asbestos Corporation
Box 141
Mt. Shasta, California

RE: Dockets DMEA-3095 & 3096
(Asbestos)
Keystone Asbestos Corporation

Dear Mr. Petrow:

I acknowledge your letter of July 30, informing us that our engineer and geologists have examined your asbestos properties in southern California under the dockets DMEA-3095 and 3096. We are glad to have you tell us that they "were fine and thorough gentlemen".

Interesting

You ask, "What is the procedure now?" In reply, there is nothing further that you can do at this time. As soon as the engineers and geologists complete their reports and they are submitted to this office, they will be forwarded to the Washington office of the Defense Minerals Exploration Administration. If the reports are favorable and the Washington Office decides to grant you contracts for carrying out the proposed exploration, contracts will be drawn in Washington, which will be submitted to you through this office for your signature. The work under the contracts can then begin.

Should the engineer and the geologists recommend denial of your loans and the Washington Office concur, you will be notified directly of the denial.

We realize that snow will fall in the area of the deposits in a couple of months. It is unfortunate that your applications did not reach us earlier in the year, as it takes just so long to process an application. However, we will do all we can to expedite processing of the applications, though do not expect anything definite one way or the other short of three or four weeks.

Sincerely yours,
H. C. MILLER

H. C. Miller
Executive Officer, DMEA Field Team
Region III

Copy to: DMEA, Washington, D. C.
H. V. Bailey
A. O. Johnson

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

600

JUL 16 1953

Houk
Selfridge
H. Jensen

Mr. H. C. Miller
Executive Officer, DMEA
Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco, California

Subject: Docket No. DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Shasta Asbestos Claims
Highland Asbestos Claims
Trinity and Shasta Counties, California

Dear Mr. Miller:

Please review the subject application and arrange for a field examination if you deem it advisable.

The applicant's representative, Mr. Rodgers Peale of 315 Montgomery Street, San Francisco, California, may be interested in procuring bids from local mining contractors on the proposed work.

Copies of memoranda from the Geological Survey and the Bureau of Mines are enclosed for your information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GHS)

Approved:

J. H. Hedges
Member, Bureau of Mines (GHS)

A. R. Kinkel, Jr.
Member, Geological Survey (GHS)

MDH
7-16-53

Enclosures 4

LGHouk:gad 7/14/53
Copy to: Admr. R. File
Docket File
Operating Committee
Dr. Bowles, 3516
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

600

Houk
Marshall
Hedges
Setzer
Gruber

JUL 1953

Mr. George C. Vournas, President
Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D. C.

Re: Docket No. DMEA-3095 - Asbestos
Trinity Asbestos Claims
Shasta Asbestos Claims
Highland Asbestos Claims
Trinity and Shasta Counties, California

Dear Mr. Vournas:

Your application for assistance in exploring the subject property has been reviewed by the Nonmetallic Minerals Division of the Defense Minerals Exploration Administration and has been referred to Mr. H. C. Miller, Executive Officer, DMEA Field Team, Region III, 1012 Flood Building, 870 Market Street, San Francisco, California, for further consideration and possibly a field examination.

The Regional Office will contact you at an early date, if an examination is to be made. Any assistance that you may give the members of the field team during the examination will be appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

MDR
7-16-53

LGHouk:gad 7/14/53
Copy to: Admr. R. File
Docket File
Operating Committee
Field Team, Region III
Mr. Larrabee, G-232 GSA Bldg.
Dr. Bowles, 3516
Mr. Houk

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

RECEIVED
JUL 10 1953

July 10, 1953

Memorandum

To: Lawrence G. Houk, Director, Non-Metallic Minerals Division, DMEA

From: Oliver Bowles, Commodity Specialist, Construction and Chemical Materials Branch

Subject: DMEA Nos. 3095 and 3096 - Keystone Asbestos Corporation

Preliminary work appears to have been adequately performed. The applications are unusually complete in scope and detail. According to the applications, the showings of asbestos, both in quality and quantity, justify further preliminary examination. A report on these properties by the Field Team is recommended.

Oliver Bowles

Oliver Bowles, Commodity Specialist
Construction and Chemical Materials Branch

IN REPLY REFER TO:
G-MD-CNM

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 8 1953

July 7, 1953

Memorandum

REVIEW OF APPLICATION DMEA-3095 (Asbestos)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant's name and address: Keystone Asbestos Corporation, 1005 Investment Building, Washington 5, D. C.
Name of property: Trinity Asbestos Claims #1,2,3,4,5,6,7, and 8.
Shasta Asbestos Claims #1,2,3,4,5,6,7,8,9, and 10.
Highland Asbestos Claims #1 and 2.
Location of property:
Trinity and Shasta Counties, California.
Summary of applicant's proposal:
150 feet of trenching and 500 feet of tunnelling.
Sources of information on applicant's property:
None.
Comments:
The area lies within an area of known asbestos deposits.
RECOMMENDATION:
Refer to field team.

D. M. Larrabee

D. M. Larrabee

June 30, 1953

Mr. George C. Vournas, President
Keystone Asbestos Corporation
Investment Building - 1005
Washington 5, D.C.

Subject: DMEA-3095
Re: Exploration Assistance

My dear Mr. Vournas:

The receipt of your application dated June 24, 1953, for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3095 and referred to the Nonmetallic Minerals Division.

Kindly refer to DMEA-3095 in any future correspondence relating to your application.

Sincerely yours,

ROBERT E. ADAMS
Robert E. Adams,
Chief, Operation's Control
and Statistics Division

Note - MF 203 - change to Sisk Kigou Trinity

CABLE ADDRESS
"GEVOUR"

LAW OFFICES OF
GEORGE C. VOURNAS
INVESTMENT BUILDING
WASHINGTON 5, D. C.

PHONES
8-5581
8-5582

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 29 1953

June 26th, 1953.

Defense Minerals Exploration Administration
United States Department of the Interior
Washington 25, D. C.

Gentlemen: In re: Keystone Asbestos Corporation Application.

I take leave to enclose application dated June 24th, together with the supporting documents required by the form.

In view of the fact that work in this particular area can be carried on only during the summer and early fall, it will be appreciated if this application be given immediate consideration.

Yours very truly,

George C. Vournas

GCV:cef
Enclosures

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R1035.2.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 29 1953

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. DMEA-3095
Metal or Mineral
Date Received 6/29/53
Estimated Cost
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: KEYSTONE ASBESTOS CORPORATION
1005 Investment Building
Washington 5, D. C.

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers. See attached sheets

(*d*) If a partnership, add to the above statement the names and addresses of all partners. concerning all other answers.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract

(*b*) State any mine name by which the property is known.

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it Not applicable

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore .....

.....

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc.

(*c*) The work will start within ..... days and be completed within ..... months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project:

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)?

(*b*) How do you propose to furnish your share of the costs?

[x] Money [x] Use of ~~equipment~~ jeep owned by you [ ] Other

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated June 24, 1953

KEYSTONE ASBESTOS CORPORATION
(Applicant)

By Christ J. Petrow, Vice President

Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D. C.

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

2

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1 UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED.

1. Names of applicant
   (a) KEYSTONE ASBESTOS CORPORATION
   1005 Investment Building
   Washington 5, D. C.

   (b) A business corporation, organized under the laws of the State of Delaware.

   (c) President: George C. Vournas
   1005 Investment Building, Washington, D. C.
   Vice-Pres.: Christ J. Petrow
   1009 N. Broad St., Fremont, Nebraska
   Treasurer: George H. Payne
   Virginia Cafe, Off. 13th and Douglas St., Omaha, Nebraska
   Secretary: Ward. B. McCarthy
   1005 Investment Building, Washington, D. C.
   Director: Thomas B. Heffelfinger
   1005 Investment Building, Washington, D. C.

3. Applicant's property rights
   (a) TRINITY ASBESTOS CLAIMS, Nos. 1,2,3,4,5,6,7, and 8, in sections 32 & 5, T38N & T37N, R5W in Trinity County, book 52, pages 448, 449, 450, 451, 452, 453, 454, 455, dated Dec. 18, 1950.

   SHASTA ASBESTOS CLAIMS, Nos. 1,2,3,4,5,6,7,8,9, and 10, in Shasta County Book 253, pages 275, 276, 277, 278, 279, 280, 281, 282, 283, 284. Dated Sept. 20, 1950.

   HIGHLAND ASBESTOS CLAIMS, Nos. 1 and 2 in Shasta County, Book 253, pages 285 and 286, dated Sept. 9,1950.

   (See attached lease for more detailed information)

   (b) State any mine name by which the property is known.
   See 3(a).

   (c) State your interest in the land.
   Keystone Asbestos Corporation is the sole lessee of the mining claims described in 3 (a).

   (d) If you are not the owner, submit with this application a copy of the lease etc. under which you control property.
   See attached Lease from owners of claim and Owners' consent to lien.

   (f) See 3(a).

4. Physical Description

a. Many years ago a few trenches, now largely filled in, were dug. Since then the owners have merely done assessment work in the way of additional pitting. One of these pits showed a small amount of long fiber, slip asbestos. The applicant cleaned off with a bulldozer about 20 feet to the north and south of this pit and then blasted out a trench in bedrock to a depth of two to six feet. Below and to the west of this trench the asbestos was uncovered by bulldozer and blasting for 41 feet and 12 feet wide. The applicant did all of this work except the assessment work done by the owner. The clearing and trenching is about three quarters of a mile from the end of a lumbering road which is in the process of construction, but is now passable by jeep.

b. There has been no production and there are no ore reserves.

c. There are no maps other than government maps of the area except for a small topographic map of the area adjacent to the pit. The asbestos occurs as slip-fiber chrysotile up to three inches in length. The recent work done shows that it occurs in a crushed shear zone in a black serpentine or peridotite rock which has been altered to green serpentine or asbestos on joint and shear planes. The asbestos has been found over a width of 12 feet and a length of 41 feet which is the extent of the work thus far. It is deemed commercial over a width of 5½ feet (from 2 to 3 per cent long fiber).

The asbestos thus far exposed is weathered but in places is fresh enough to show good quality, long fiber, and tensile strength. No cross fiber asbestos was exposed at this point although farther up the mountain it is sparsely shown in pits and float.

There are no engineers reports of any kind but this section 4 has been written by Rodgers Peale, consulting engineer and geologist who has acted as consultant on the prospecting work.

d. The claims are located on the west side of Grey Rock Mountain about 12 miles west of Castella, and straddle the line between Trinity and Shasta Counties. It is 25½ miles to Dunsmuir, the nearest shipping point. A logging road has almost reached the mine 6½ miles from Whalen Station. When it is finished (a jeep can get it over now) only 3/4 of a mile of road will have to be built.

4. Physical Description, Cont'd

From Whalen Station a good gravel road goes to Castella, 12 miles, and highway 99 W goes north seven miles to Dunsmuir.

Dunsmuir would be the shipping, supply, and residence point and what cannot be had there can be had at Redding, 66 miles from the mine.

e. Manpower, equipment, materials, and supplies are available from the Redding-Dunsmuir area. There is mine timber on the property and water for domestic, drilling, and compressor purposes may be had from Tamarack Lake within one half mile of the workings. Power is now at Whalen Station, 6½ miles away.

5. The Exploration Project

a. The exploration is for long, slip-fiber chrysotile asbestos.

b. The proposed work includes 150 feet of trenching and 500 feet of tunnelling.

Phase one will include the trenching. Trench #2 will be put 100 feet to the east of trench #1 which now shows the asbestos. Trench #3 will be excavated west of trench #1 and down the hill from it far enough so that there will be 60 feet difference in elevation between it and trench #1. Trench #3 is to locate the shear at the elevation of the tunnel mouth. If there is difficulty in locating the shear at this point trench #4 will be put in between trenches #1 and #3. If there is no difficulty, trench #4 should be placed 100 feet east of trench #2. The final contract should be written in such a way as to make the location of the trenching as liberal as possible so that changes can be made according to results.

After the trenching has been successfully completed, the tunnel, 5 feet by 7 feet in cross section, should be driven on the shear zone for 404 feet. Two crosscuts should then be driven: one under trench #1 and the other 100 feet east of the first. In total 500 feet of tunnel will be necessary.

Diamond drilling was discarded as a means of exploration because the long, slip-fiber asbestos would be badly broken up and it would be impossible to estimate length of fiber and width of asbestos. Furthermore the nature of the deposit is such that it must be extracted by underground methods. A tunnel would be needed later for this purpose and to block out the ore reserves. A plan and section of the proposed work are included with this application.

5. The Exploration Project, Cont'd

c. The work will start within 30 days and be completed within 18 months from the date of an exploration project contract.

d. The Keystone Asbestos C orporation was organized during the summer of 1951 with the primary intent of finding asbestos fibres in commercial quantities within the United States of America. The company has a subscribed capital of $ 60,260

Field work operation commenced in the spring of 1952 at which time a Field Chief and Consulting Geologist were employed. The Field staff commenced prospecting operations in Trinity, Shasta, and Siskiyou Counties in California. The Field staff employed from 3 to 5 laborers and prospectors in the area to assist in the Company's effort to locate asbestos outcroppings.

The intensity with which the Company pursued its quest for asbestos is demonstrated by the fact that assesment work has been performed on over 20 leases which have been filed in various California counties. The area represented by these leases was carefully investigated and explored, by the full time staff of our field office. Over ten thousand dollars were spent by the Company in its first season of prospecting solely in search of asbestos fibres in California. Some $15,000 has been spent to date.

The Company has continued its efforts in 1953, commencing in May, and has enlarged its field staff. The Company now believes that it has not only prospected but has explored the above described claims to a point where U. S. Government participation is warranted. The property has been inspected by the Company's geologist whose report is embodied in this application.

The Geologist and Consulting Engineer of the Keystone Asbestos Corporation is Mr. Rodgers Peale of 315 Montgomery Street, San Francisco. The following is a brief resume of Mr. Peale's qualifications:

1922 S.B. in Mining-Engineering, Harvard University
1922-28 Geologist Morococha Division of Cerro de Pasco Copper Corporation, Peru.
1928-30 Graduate work at Harvard M.A.& Ph.D in Mining Geology
1930-32 Chief Geologist Hercules Mining Company, Wallace, Idaho
1932-43 Geologist San Luis Mining Company and Guanacevi Mining Company (Haggin, Tevis & Hearst interest) Mexico
1943-date Consulting Geologist during which time he did four months' work consulting for ECA in Italy and has done considerable work for DMPA in Mexico.

5. The Exploration Project, Cont'd

The Directors of the Company have been affiliated with the corporation since its inception. The Vice-President of the Company has spent the past two years in South Africa and Southern Rhodesia where his time has been spent exclusively in the development of asbestos producing properties. He is the former Managing Director of the Bet American Asbestos Company in Southern Rhodesia and initiated the development of the Bet American Asbestos mine which is a producing chrysotile mine located some 78 miles from Bulawayo, Southern Rhodesia. He has had practical experience in the mining, milling, and classification of chrysotile asbestos fibers. The work will be outlined by Mr. Peale and will be done under his supervision.

6. Estimate of Costs

a. The work is to be done by the corporation except in case a contractor who will do it at less cost than that itemized below can be found. If so, the entire tunnel will be contracted. The bulldozer with driver for trenching will be contracted at $11.50 per hour, or $92.00 per day. Cost begins when bulldozer leaves base. Total cost is $1932.00 for 21 days.

b. Labor, Supervision and Consultant

Trenching (150 feet)

2 Laborers @ $1.85 per hour or $14.80 per day for 15 days	$444.00
Field Staff @ $100 per week	300.00
1 Trip for Consultant	268.00
	$1,012.00

Tunnelling (500 feet)
(Taken at 30 weeks of 5 working days)

Machine Man, $18.00 per day, $90.00 per week	2,700.00
3 Laborers @ $14.80 per day, $74.00 per week each	6,660.00
Field Staff 30 weeks @ $100 per week	3,000.00
Consultant (6 trips)	1,608.00
Surveyor	100.00
	$14,068.00

c. Operating Materials and Supplies - Capital Expenditures

Trenching

3 Picks @ $5.20	15.60
3 Shovels @ $3.25	9.75
2 Double Axes @ $6.00	12.00
2 Ten pound Sledges @ $6.00	12.00
4 Two and one-half feet alloy steel 7/8" (113 thread) @ $6.10	24.40
4 Six foot Alloy Steel 7/8" @ $9.40 (113 thread)	37.60
	$111.35

Tunnelling

23 feet 1/2" wire rope (complete, eye, and hook	11.69
1 CrossCut Saw, 5'	14.35
2 Hammers 4 lb. @ $5.00	10.00
16 Two and one-half foot steel @ $6.10 (with 113 thread)	97.60
16 Six foot steel @ $9.40	150.40
400 feet 2" used Pipe @ 29¢	116.00
100 feet 1" " " @ 13¢	13.00
2 Unions 1" @ 58¢	1.16
3 Unions 2" @ 1.24	3.72
2 Bell Reducers @ 58¢	1.16

Tunnelling, Cont'd

2 Pipe Wrenches 18" @ $4.50	9.00
Freight from San Francisco to Weed, Calif. on pipe and accessories	25.00
2 Pliers @ $1.50	3.00
1000 ft. Rails @ $6.50 per 100 lbs.	780.00
Freight from San Francisco to Weed, Calif.	18.00
	$1,254.08

6c. Cont'd - Operating Materials & Supplies
Direct Working Expenses

Trenching

4 cases 40% Giant Gelatin Powder @ $13.00	52.00
350 feet Lead Wire	15.00
2 Spools Connecting Wire	6.00
2 cases 8" Lead 6CWEB, Electric Caps	34.00
10 Carset Bits 1 3/8" @ $12.10	121.00
3 pails Compressor & Lub. Oil @$4.12	12.35
276 gallons Gasoline for Compressor @21¢	57.96
	$298.31

Tunnelling

30 cases 40% Giant Gelatin Powder @ $13.00	390.00
1000 ft. Lead Wire	45.00
10 spools Connecting Wire	30.00
20 cases 6CWEB ElectricCaps @ $17.00	340.00
Track Spikes and Timber Spikes	25.00
50 Carset Bits 1 3/8" @ $12.10	605.00
19 pails Compressor & Lub. Oil @$4.12	80.49
1200 gallons Gasoline for Compressor @21¢	579.60
	$2,095.09

d. Operating Equipment -
Capital Expenditures

Trenching

105 foot Portable Compressor	3,559.25
1 only JR38 Jackhammer Complete with Jackleg & 7/8" Chuck	635.00
50 feet Air Hose	30.00
50 " Water Hose	30.00
1 only Pressure Tank	80.74
1 only Galvanometer	25.00
1 only 30 Hole Blaster	46.00
	$4,405.99

Tunnelling

1 - 1 ton Mine Car	120.00
1 Jeep (owned by Corp.) purchase price used	750.00
	$870.00

Direct Expenses (Expendable)

Tunnelling

6 Carbide Lamps @ $2.66	15.96
6 Safety Hats @ $5.20	31.20
2 Large Carbide Lamps @ $5.42	10.84
6 pairs Safety Boots 12" @ $6.60	39.60
1 First Aid Kit	10.69
600 lbs. Carbide @ $11.75 per 100 lbs.	70.50
	$178.79

e. Rehabilitation and Repairs

None

f. New Buildings

Capital Expenditures

Tunnelling

Warehouse for Storage	$1,000.00

Trenching

Floors for two tents	200.00
	$1,200.00

g. Miscellaneous (Trenching)

Capital Expenditures

Cooking Utensils	30.00

Direct Expenses

Maintenance of Jeep @ $10.00 per week	30.00
Rent of Tents and Cots - accrued share for three weeks	20.00
Board for 4 Men @ $12.00 per week per man for 3 weeks	144.00
Haulage	100.00
Workmen's Compensation and Employer's Liability Insurance ($5.25 per $100 on taxable payroll, of $894.00)	46.94
Payroll Taxes (1.5% Soc. Sec.) plus (2.7% Unemployment)	37.55
	$408.49

Miscellaneous (Tunnelling)

Capital Expenditures

None

Miscellaneous (Tunnelling)
Direct Expenses

Maintenance of Jeep @ $10.00 per week, 30 weeks	$300.00
Rent of tents and cots (total $200.00) Accrued for 30 weeks	180.00
Board for 5 Men @ $12.00 per week per man for 30 weeks	1,800.00
Haulage	100.00
Workmen's Compensation and Employer's Liability Insurance (@ $14.31 per $100)	1,983.37
Payroll taxes (1.5% Soc. Sec.) plus (2.7% Unemployment	582.12
	$4,945.49

h. Contingencies

None

TOTALS

TRENCHING

Capital Expenditures	$4,747.34
Direct Expenditures	3,620.80
3% Calif. Sales Tax on Capital Items ($2,944.91)	142.36
Total Trenching	$8,510.50

Operating Cost of Trenching (150 feet)
Per foot $24.14

TUNNELLING

Capital Expenditures	$3,124.08
Direct Expenditures	21,287.37
3% Calif. Sales Tax on Capital Items ($4,745.34)	88.35
Total Tunnelling	$24,499.80

Operating Cost of Tunnelling (500 feet)
Per foot $42.57

GRAND TOTAL OF PROJECT $33,010.30

J.A.D. E.S.D.
E.D. R.S.D.
J.F.M.
E.M.M.

J. F. D. E. S. B.
E. D. R. S. B.
J. E. M.
E. M. M.

Trinity Asbestos #7

Located in the E. ½ of S. 5, T.W.P. 37 N, R. 5 W, W.P.E. & M. The N.E. corner of this claim is located on the section line between sections 4 & 5 and is 1500 ft. south of the section corner between sections 4, 5, 32, & 33. Thence running 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner, thence 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. to the S.E. corner, thence 1500 ft. to the N.E. corner.

H.G.D. E.S.B.
E.D. R.S.B.
J.F.M.
E.M.M.

Trinity Asbestos #2

Located in the E½ of S. 32 T.W.P. 38 N, R. 5 W., M.D.B. & M. The S.E. corner of this claim joins the N.E. corner of Trinity Asbestos #1, which is located 1500 ft. north of the S.E. section corner of S 32, thence running 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner, thence 1500 ft south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner which is located on the section line between Sections 32 and 33.

Trinity Asbestos #4

Located in the E ½ of S. 32 T.W.P. 38 N, R 5 W, M.D.B. & M. The S.E. corner of this claim joins the S.W. corner of Trinity Asbestos Claim No. 1 which is located on the section line between sections 32 and 5, 600 ft. due west of the section corner between sections 32, 33, 4 and 5, thence running south 1500 ft. to the N.E. corner, thence 300 ft west to the north center end stake, thence 300 ft. west to the N.W. corner, thence 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner which is approximately 300 ft. east of Tamarack Lake shore on the section line and 600 ft. west of the section corner. Date 15th Sept., 1950.

Trinity Asbestos #6

Located in the E½ of S. 5, T.W.P. 37 N, R. 5 W., M.D.B. & M. The N.E. corner of this claim is located 1500 ft. south and 600 ft. west of the section corner between sections 32, 33, 4 & 5 and joins the S.E. corner of Trinity Asbestos #5. Thence running 30 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner thence 1500 ft. south to the S.W. corner, thence 300 ft east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner. Dated Sept., 1950

Trinity Asbestos #8

Located in the E. ½ of S. 5, T.W.P. 37N, R 5 W., M.D.B. & M. The N.E. corner of this claim is located and joins the section corner between sections 4, 5, 32 & 33. Thence running 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner which is located on the section line 600 ft. west of the N.W. section corner of S. 5, thence 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, and the section corner.

Dated at Trinity Center 15 Sept., 1950.

J.A.D. E.S.D. E.D. R.S.D.

Highland No. 2

The point of discovery monument is to the east and below the Highland Lake road and 2525 ft. east of the forest service reference marker No. 1428. The marker is located and nailed on a sugar pine tree on the west side of the forest service trail on top of the ridge in Sec. 20. T.W.P. 37 N. R. 5 W., M.D.B. & M. From the point of discovery monument, the center end line runs east 300 ft. to the east center end stake, thence 300 ft. south to the S.E. corner, thence 1500 ft. west to the S.W. corner, thence 300 ft. north to the west center end stake, thence 300 ft. north to the N.W. corner, thence 1500 ft. east to the N.E. corner, thence 300 ft. south to the east center end stake. The west end of this claim joins the east end of Highland No. 2. The south side of this claim joins the Blar Asbestos Co. group of asbestos claims.

Shasta Asbestos #2

Located in the N.W. ¼ of S. 4, T.W.P. 37 N, R. 5 W, M.D.B. & M. The N.W. corner of this claim joins the N.E. corner of Shasta Asbestos #1 which is located on the section line between sections 4 & 33, and is 600 ft. east of the N.W. section corner of S. 4. Thence running 1500 ft south to the S.W. corner thence 300 ft. east to the south center end stake, thence 300 ft east to the S.E. corner, thence 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

Shasta Asbestos #4

Located in the W ½ of S. 4, T.W.P. 37 N, R 5 W, M.D.B. & M. The N.W. corner of this claim is located on the section line between sections 4 & 33 and is 1800 ft. east of the N.W. section corner of S. 4. Thence running 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, which is located on the section line between sections 4 & 33, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

Shasta Asbestos #6

Located in the N ½ and the S ½ of S. 4, T.W.P. 37 N., R 5 W, M.D.B. & M. The N.W. corner of this claim is located 2400 ft. east of the N.W. section corner of S. 4 and 1500 ft. south from the section line between section 4 & 33. Thence running 1500 ft. south to the S.W. corner, thence 300 ft. east ot the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

Shasta Asbestos #8

Located in the W ½ of Sec. 4, T.W.P. 37 N, R. 5 W, M.D.B. & M. The N.W. corner of this claim is located 1200 ft east of the N.W. section corner of Sec. 4 and 1500 ft south from the section line

J.A.D.
E.D.
E.A.B.
R.E.B.
J.F.M
E.M.M.

between Sections 4 & 33. Thence running 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

Shasta Asbestos #10

Located in the W ½ of Sec. 4, T.W.P. 37 N, R 5 W, M.D.B. & M. The N.W. corner of this claim is located 1500 ft. south of the N.W. section corner of Sec. 4 on the section line between Sections 4 & 5. Thence running 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

[illegible]

[illegible]

[illegible] #1

[illegible]

[illegible] #1

[illegible]

[illegible] #2

[illegible]

[illegible] #3

[illegible]

MINING LEASE

THIS LEASE made and entered into this 24 day of August, 1952, by and between J. F. McKee, Edith M. McKee, Jack A. Dalton, Elizabeth Dalton, E. S. Baker and Rose Baker, party of the first part, hereinafter called "Lessor", and the KEYSTONE ASBESTOS CORPORATION, a corporation organized under and pursuant to the laws of the State of Delaware and licensed to transact business in the State of California, the party of the second part, hereinafter called "Lessee".

W I T N E S S E T H

That for and in consideration of the sum of One Dollar to the Lessor paid, and of other consideration, the receipt of all of which is hereby acknowledged, and in consideration of the covenants and agreements hereinafter contained by the Lessee to be kept and performed, the Lessor has leased, let and demised, and by these presents does lease, let and demise unto the Lessee, its successors and assigns, the hereinafter described mineral deposits, together with the sole and exclusive right to the Lessee to prospect upon, produce from, and to take and remove all ores, whether in place or otherwise, from, and to store the same upon said premises during the term hereafter provided, together with the right to construct, use, maintain, erect, repair and replace thereon and to remove therefrom all machinery, buildings, telephone lines and other structures which the Lessee may desire in carrying on his mining and milling operations on said land; together with the right to erect, maintain, operate and remove a plant, with all necessary appurtenances for the processing of any ores and/or concentrates produced from said mineral deposits, from or on the following described property, to-wit:

SEE ANNEX "A" - DESCRIPTION OF PROPERTY - APPENDED

TO HAVE AND TO HOLD the same as long as the deposits of asbestos and/or other minerals shall be consistently mined in paying quantities from the hereinabove described property under the following terms and conditions:

1. The Lessee may enter upon the said premises and work the same in good, economical, mining-like manner, so as to take out the greatest amount of ore possible, with due regard to the development and preservation of said premises.

2. That should the Lessee fail to work said mine as afore-said, for a period of ~~two~~ one (1) ~~(2)~~ J.T.M. years, it shall be deemed a breach of this agreement and the Lessor shall then have the right, without notice to the Lessee, to cancel this lease.

3. The Lessee shall have the right to use a sufficient amount of timber necessary for mining development, but not to destroy, sell, or remove any timber from said premises.

4. The Lessee shall have the use of roads belonging to the Lessor for ingress, egress, and regress to the land herein described, but shall build no additional roads excepting short roads on said premises for mining purposes only, and that said Lessee shall keep existing roads belonging to the Lessor in repair, and the Lessor shall not be called upon to repair or maintain any roads needed for ingress, egress, or regress to said leased premises.

5. The Lessor, his agents and/or attorney shall have the right to enter upon said demised premises at all times to inspect the mining thereon.

6. The Lessee agrees to pay to Lessor a royalty of seven per cent (7%) of the gross proceeds of any and all ores and minerals produced from said property during the term of this lease. Said royalty is to be computed upon the basis of the gross sales price at the mine. If the sales point is at a place other than the mine, then the actual hauling charge from the mine to the railroad together with actual railroad freight rate shall be deducted before computing the gross sales price. The Lessee shall furnish the Lessor proof of sale price, invoices or bills of lading, and permit the auditing of its books whenever requested. Said payments shall be made on the 15th day of the next succeeding month for all minerals sold during the preceding month.

7. The Lessee shall be excused from performance under the terms of this lease during such time as it is prevented from operation on account of weather conditions, governmental regulations, war conditions, acts of God, strikes, or other things not under the control of the Lessee.

8. That at the expiration of this Lease or any former termination thereof the Lessee shall have the right to remove any and all mining machinery from said premises within a period of six months from the cancellation or termination of this lease.

9. That upon the violation by the Lessee, or any other person under the Lessee's employ, of any covenant herein contained, the term of this Lease shall, at the option of the Lessor, expire after ninety (90) days' notice by the Lessor of such breach of covenant, and the Lessor may thereupon demand possession of, and re-enter upon said premises with or without force and repossess said premises unless the breach of this lease or the violation of covenant herein contained is corrected within the said period of 90 days.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed the day and year first above written.

J. F. McKee, Estate M. M. McKee
Jack L. Felton
Elizabeth Felton
E. S. Baker + Rue Baker
Party of the First Part

H. C. Longenbacher
Lillie M. Noah
Attest:
D. L. Rial

KEYSTONE ASBESTOS CORPORATION

By Hugh C. Coleman
Party of the Second Part

Attest:
Inez Barman

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

OFFICIAL BUSINESS

(PMGC)

KNOXVILLE
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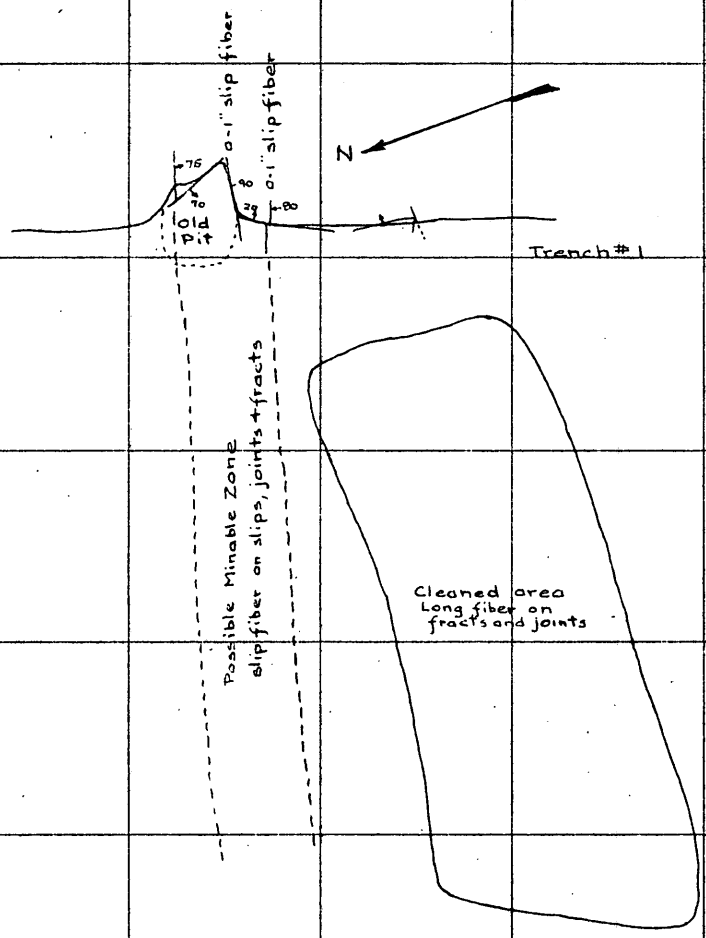
430PM
1953
TENN.

Mr. George C. Selfridge, Chairman
Operating Committee, D M E A
Dept. of the Interior
Washington 25, D. C.



TRENCH NO. 1

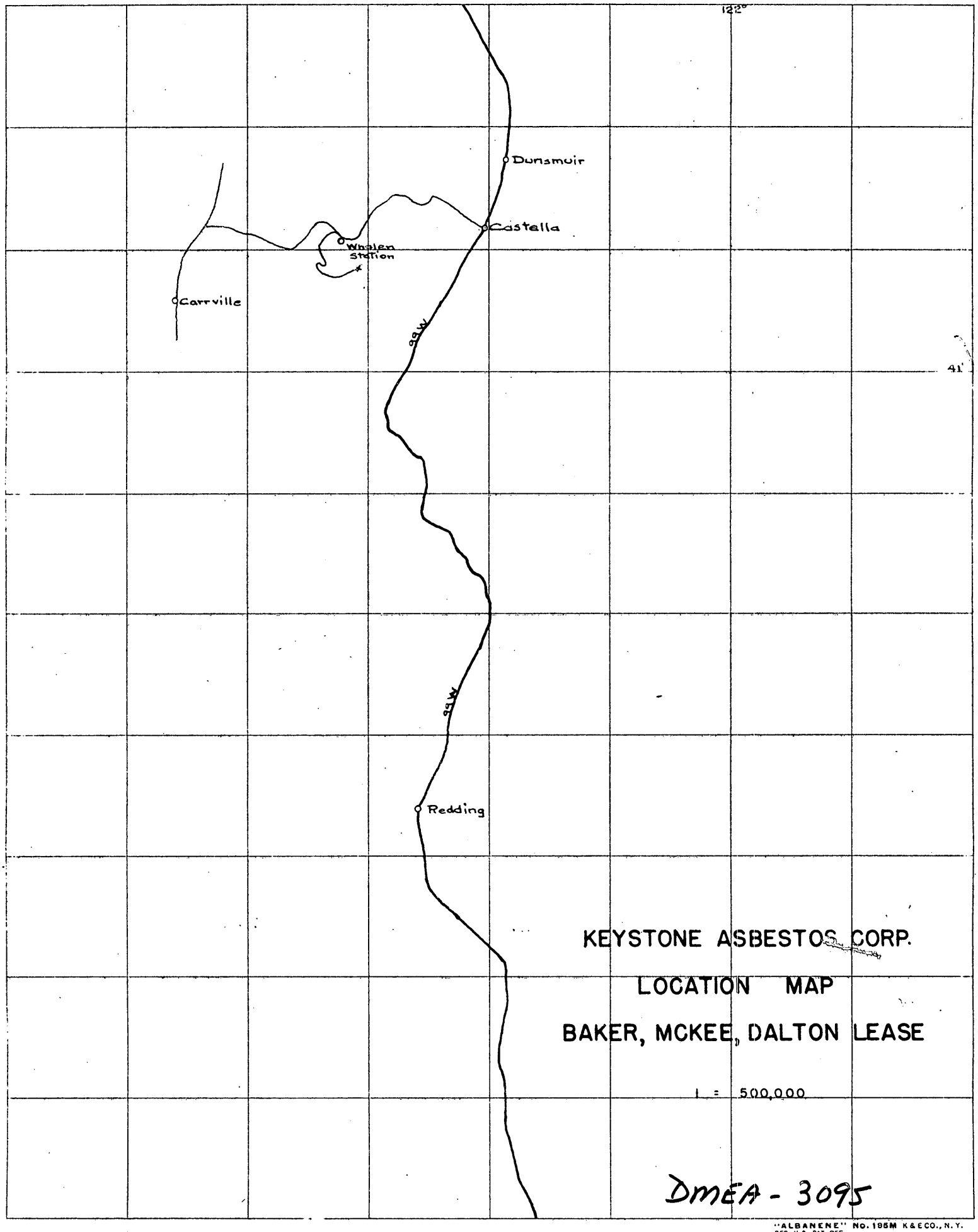
KEYSTONE ASBESTOS CORP.

BAKER, MCKEE, DALTON LEASE

1" = 10'

DMEA-3095

"ALBANENE" No. 195M K&E CO., N.Y.
REG. U.S. PAT. OFF



"ALBANENE" No. 195M K&E CO., N.Y.
REG. U.S. PAT. OFF

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R1035.2.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 29 1953

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. DMEA-3095
Metal or Mineral
Date Received 6/29/53
Estimated Cost
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: KEYSTONE ASBESTOS CORPORATION
1005 Investment Building
Washington 5, D. C.

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

See attached sheets concerning all other answers.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract

(*b*) State any mine name by which the property is known.

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it Not applicable

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore .....

.....

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc.

(*c*) The work will start within ..... days and be completed within ..... months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project:

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)?

(*b*) How do you propose to furnish your share of the costs?

[x] Money [x] Use of ~~equipment~~ jeep owned by you [ ] Other

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated June 24, 1953

KEYSTONE ASBESTOS CORPORATION
(Applicant)

By Christ J. Petrow, Vice President

Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D. C.

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

MF-103
Revised April 1952

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1 UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED.

1. Names of applicant
(a) KEYSTONE ASBESTOS CORPORATION
1005 Investment Building
Washington 5, D. C.

(b) A business corporation, organized under the laws of the State of Delaware.

(c) President: George C. Vournas
1005 Investment Building, Washington, D. C.
Vice-Pres.: Christ J. Petrow
1009 N. Broad St., Fremont, Nebraska
Treasurer: George H. Payne
Virginia Cafe, Off 13th and Douglas St., Omaha, Nebraska
Secretary: Ward. B. McCarthy
1005 Investment Building, Washington, D. C.
Director: Thomas B. Heffelfinger
1005 Investment Building, Washington, D. C.

3. Applicant's property rights
(a) TRINITY ASBESTOS CLAIMS, Nos. 1,2,3,4,5,6,7, and 8, in sections 32 & 5, T26N & T27N, R9W in Trinity County, book 52, pages 448, 449, 450, 451, 452, 453, 454, 455, dated Dec. 18, 1950.

SHASTA ASBESTOS CLAIMS, Nos. 1,2,3,4,5,6,7,8,9, and 10, in Shasta County Book 253, pages 275, 276, 277, 278, 279, 280, 281, 282, 283, 284. Dated Sept. 20, 1950.

HIGHLAND ASBESTOS CLAIMS, Nos. 1 and 2 in Shasta County, Book 253, pages 285 and 286, dated Sept. 9,1950.

(See attached lease for more detailed information)

(b) State any mine name by which the property is known.
See 3(a).

(c) State your interest in the land.
Keystone Asbestos Corporation is the sole lessee of the mining claims described in 3 (a).

(d) If you are not the owner, submit with this application a copy of the lease etc. under which you control property.
See attached Lease from owners of claim and Owners' consent to lien.

(f) See 3(a).

4. Physical Description

a. Many years ago a few trenches, now largely filled in, were dug. Since then the owners have merely done assessment work in the way of additional pitting. One of these pits showed a small amount of long fiber, slip asbestos. The applicant cleaned off with a bulldozer about 30 feet to the north and south of this pit and then blasted out a trench in bedrock to a depth of two to six feet. Below and to the west of this trench the asbestos was uncovered by bulldozer and blasting for 41 feet and 12 feet wide. The applicant did all of this work except the assessment work done by the owner. The clearing and trenching is about three quarters of a mile from the end of a lumbering road which is in the process of construction, but is now passable by jeep.

b. There has been no production and there are no ore reserves.

c. There are no maps other than government maps of the area except for a small topographic map of the area adjacent to the pit. The asbestos occurs as slip-fiber chrysotile up to three inches in length. The recent work done shows that it occurs in a crushed shear zone in a black serpentine or peridotite rock which has been altered to green serpentine or asbestos on joint and shear planes. The asbestos has been found over a width of 12 feet and a length of 41 feet which is the extent of the work thus far. It is deemed commercial over a width of 5½ feet (from 2 to 3 per cent long fiber).

The asbestos thus far exposed is weathered but in places is fresh enough to show good quality, long fiber, and tensile strength. No cross fiber asbestos was exposed at this point although farther up the mountain it is sparsely shown in pits and float.

There are no engineers reports of any kind but this section 4 has been written by Rodgers Peale, consulting engineer and geologist who has acted as consultant on the prospecting work.

d. The claims are located on the west side of Grey Rock Mountain about 12 miles west of Castella, and straddle the line between Trinity and Shasta Counties. It is 25½ miles to Dunsmuir, the nearest shipping point. A logging road has almost reached the mine 6½ miles from Shalem Station. When it is finished (a jeep can get it over now) only 3/4 of a mile of road will have to be built.

4. Physical Description, Cont'd

From Shalen Station a good gravel road goes to Castella, 12 miles, and highway 99 W goes north seven miles to Dunsmuir.

Dunsmuir would be the shipping, supply, and residence point and what cannot be had there can be had at Redding, 66 miles from the mine.

e. Manpower, equipment, materials, and supplies are available from the Redding-Dunsmuir area. There is mine timber on the property and water for domestic, drilling, and compressor purposes may be had from Tamarack Lake within one half mile of the workings. Power is now at Shalen Station, 6½ miles away.

5. The Exploration Project

a. The exploration is for long, slip-fiber chrysotile asbestos.

b. The proposed work includes 150 feet of trenching and 500 feet of tunnelling.

Phase one will include the trenching. Trench #2 will be put 100 feet to the east of trench #1 which now shows the asbestos. Trench #3 will be excavated west of trench #1 and down the hill from it far enough so that there will be 60 feet difference in elevation between it and trench #1. Trench #3 is to locate the shear at the elevation of the tunnel mouth. If there is difficulty in locating the shear at this point trench #4 will be put in between trenches #1 and #3. If there is no difficulty, trench #4 should be placed 100 feet east of trench #2. The final contract should be written in such a way as to make the location of the trenching as liberal as possible so that changes can be made according to results.

After the trenching has been successfully completed, the tunnel, 5 feet by 7 feet in cross section, should be driven on the shear zone for 404 feet. Two crosscuts should then be driven: one under trench #1 and the other 100 feet east of the first. In total 500 feet of tunnel will be necessary.

Diamond drilling was discarded as a means of exploration because the long, slip-fiber asbestos would be badly broken up and it would be impossible to estimate length of fiber and width of asbestos. Furthermore the nature of the deposit is such that it must be extracted by underground methods. A tunnel would be needed later for this purpose and to block out the ore reserves. A plan and section of the proposed work are included with this application.

5. The Exploration Project, Cont'd

c. The work will start within 30 days and be completed within 18 months from the date of an exploration project contract.

d. The Keystone Asbestos Corporation was organized during the summer of 1951 with the primary intent of finding asbestos fibres in commercial quantities within the United States of America. The company has a subscribed capital of $60,260.-

Field work operation commenced in the spring of 1952 at which time a Field Chief and Consulting Geologist were employed. The Field staff commenced prospecting operations in Trinity, Shasta, and Siskiyou Counties in California. The Field staff employed from 3 to 5 laborers and prospectors in the area to assist in the Company's effort to locate asbestos outcroppings.

The intensity with which the Company pursued its quest for asbestos is demonstrated by the fact that assessment work has been performed on over 20 leases which have been filed in various California counties. The area represented by these leases was carefully investigated and explored, by the full time staff of our field office. Over ten thousand dollars were spent by the Company in its first season of prospecting solely in search of asbestos fibres in California. Some $15,000 has been spent to date.

The Company has continued its efforts in 1953, commencing in May, and has enlarged its field staff. The Company now believes that it has not only prospected but has explored the above described claims to a point where U. S. Government participation is warranted. The property has been inspected by the Company's geologist whose report is embodied in this application.

The Geologist and Consulting Engineer of the Keystone Asbestos Corporation is Mr. Rodgers Peale of 318 Montgomery Street, San Francisco. The following is a brief resume of Mr. Peale's qualifications:

1922 S.B. in Mining Engineering, Harvard University
1922-25 Geologist Morococha Division of Cerro de Pasco Copper Corporation, Peru.
1928-30 Graduate work at Harvard M.A.& Ph.D in Mining Geology
1930-32 Chief Geologist Hercules Mining Company, Wallace, Idaho
1932-43 Geologist San Luis Mining Company and Guanacevi Mining Company (Huggin, Tevis & Hearst interest) Mexico

1943-date Consulting Geologist during which time he did four months' work consulting for ECA in Italy and has done considerable work for DMPA in Mexico.

5. The Exploration Project, Cont'd

The Directors of the Company have been affiliated with the corporation since its inception. The Vice-President of the Company has spent the past two years in South Africa and Southern Rhodesia where his time has been spent exclusively in the development of asbestos producing properties. He is the former Managing Director of the Bet American Asbestos Company in Southern Rhodesia and initiated the development of the Bet American Asbestos mine which is a producing chrysotile mine located some 75 miles from Bulawayo, Southern Rhodesia. He has had practical experience in the mining, milling, and classification of chrysotile asbestos fibers. The work will be outlined by Mr. Peale and will be done under his supervision.

C

6. Estimate of Costs

a. The work is to be done by the corporation except in case a contractor who will do it at less cost than that itemized below can be found. If so, the entire tunnel will be contracted. The bulldozer with driver for trenching will be contracted at $11.50 per hour, or $92.00 per day. Cost begins when bulldozer leaves base. Total cost is $1932.00 for 21 days.

b. Labor, Supervision and Consultant

Trenching (150 feet)

2 Laborers @ $1.85 per hour or $14.80 per day for 15 days	$444.00
Field Staff @ $100 per week	300.00
1 Trip for Consultant	268.00
	$1,012.00

Tunnelling (500 feet)
(Taken at 30 weeks of 5 working days)

Machine Man, $18.00 per day, $90.00 per week	2,700.00
3 Laborers @ $14.80 per day, $74.00 per week each	6,660.00
Field Staff 30 weeks @ $100 per week	3,000.00
Consultant (6 trips)	1,608.00
Surveyor	100.00
	$14,068.00

c. Operating Materials and Supplies - Capital Expenditures

Trenching

3 Picks @ $5.20	15.60
3 Shovels @ $3.25	9.75
2 Double Axes @ $6.00	12.00
2 Ten pound Sledges @ $6.00	12.00
4 Two and one-half feet alloy steel 7/8" (113 thread) @ $6.10	24.40
4 Six foot Alloy Steel 7/8" @ $9.40 (113 thread)	37.60
	$111.35

Tunnelling

25 feet 1/2" wire rope (complete, eye, and hook	11.69
1 CrossCut Saw, 5'	14.35
2 Hammers 4 lb. @ $5.00	10.00
16 Two and one-half foot steel @ $6.10 (with 113 thread)	97.60
16 Six foot steel @ $9.40	150.40
400 feet 2" used Pipe @ 29¢	116.00
100 feet 1" " " @ 13¢	13.00
2 Unions 1" @ 58¢	1.16
3 Unions 2" @ 1.24	3.72
2 Bell Reducers @ 58¢	1.16

Tunnelling, Cont'd

2 Pipe Wrenches 18" @ $4.50	9.00
Freight from San Francisco to Weed, Calif. on pipe and accessories	25.00
2 Pliers @ $1.50	3.00
1000 ft. Rails @ $6.50 per 100 lbs.	780.00
Freight from San Francisco to Weed, Calif.	18.00
	$1,254.08

6c. Cont'd - Operating Materials & Supplies
Direct Working Expenses

Trenching

4 cases 40% Giant Gelatin Powder @ $13.00	52.00
350 feet Lead Wire	15.00
2 Spools Connecting Wire	6.00
2 cases 8" Lead 6CWEB, Electric Caps	54.00
10 Carset Bits 1 3/8" @ $12.10	121.00
3 pails Compressor & Lub. Oil @$4.12	12.35
276 gallons Gasoline for Compressor @21¢	57.96
	$298.31

Tunnelling

30 cases 40% Giant Gelatin Powder @ $13.00	390.00
1000 ft. Lead Wire	45.00
10 spools Connecting Wire	30.00
20 cases 6CWEB ElectricCaps @ $17.00	340.00
Track Spikes and Timber Spikes	25.00
50 Carset Bits 1 3/8" @ $12.10	605.00
19 pails Compressor & Lub. Oil @$4.12	80.49
1200 gallons Gasoline for Compressor @21¢	579.60
	$2,095.09

d. Operating Equipment -
Capital Expenditures

Trenching

105 foot Portable Compressor	3,559.25
1 only JBSS Jackhammer Complete with Jackleg & 7/8" Chuck	635.00
50 feet Air Hose	30.00
50 " Water Hose	30.00
1 only Pressure Tank	80.74
1 only Galvanometer	25.00
1 only 30 Hole Blaster	46.00
	$4,405.99

Tunnelling

1 - 1 ton Mine Car	120.00
1 Jeep (owned by Corp.) purchase price used	750.00
	$870.00

Direct Expenses (Expendable)

Tunnelling

6 Carbide Lamps @ $2.66	15.96
6 Safety Hats @ $5.20	31.20
2 Large Carbide Lamps @ $5.42	10.84
6 pairs Safety Boots 12" @ $6.60	39.60
1 First Aid Kit	10.69
600 lbs. Carbide @ $11.75 per 100 lbs.	70.50
	$178.79

e. **Rehabilitation and Repairs**

None

f. New Buildings

Capital Expenditures

Tunnelling

Warehouse for Storage	$1,000.00

Trenching

Floors for two tents	200.00
	$1,200.00

g. Miscellaneous (Trenching)

Capital Expenditures

Cooking Utensils	30.00

Direct Expenses

Maintenance of Jeep @ $10.00 per week	30.00
Rent of Tents and Cots - accrued share for three weeks	20.00
Board for 4 Men @ $12.00 per week per man for 3 weeks	144.00
Haulage	100.00
Workmen's Compensation and Employer's Liability Insurance ($5.25 per $100 on taxable payroll, of $894.00)	46.94
Payroll Taxes (1.5% Soc. Sec.) plus (2.7% Unemployment)	37.55
	$408.49

Miscellaneous (Tunnelling)

Capital Expenditures

None

Miscellaneous (Tunnelling)
Direct Expenses

Maintenance of Jeep @ $10.00 per week, 30 weeks	$300.00
Rent of tents and cots (total $200.00) Accrued for 30 weeks	130.00
Board for 5 Men @ $12.00 per week per man for 30 weeks	1,800.00
Haulage	100.00
Workmen's Compensation and Employer's Liability Insurance (@ $14.31 per $100)	1,983.37
Payroll taxes (1.5% Soc. Sec.) plus (2.7% Unemployment	582.12
	$4,945.49

h. Contingencies

None

TOTALS

TRENCHING

Capital Expenditures	$4,747.34
Direct Expenditures	3,620.80
3% Calif. Sales Tax on Capital Items ($2,944.91)	142.36
Total Trenching	$8,510.50

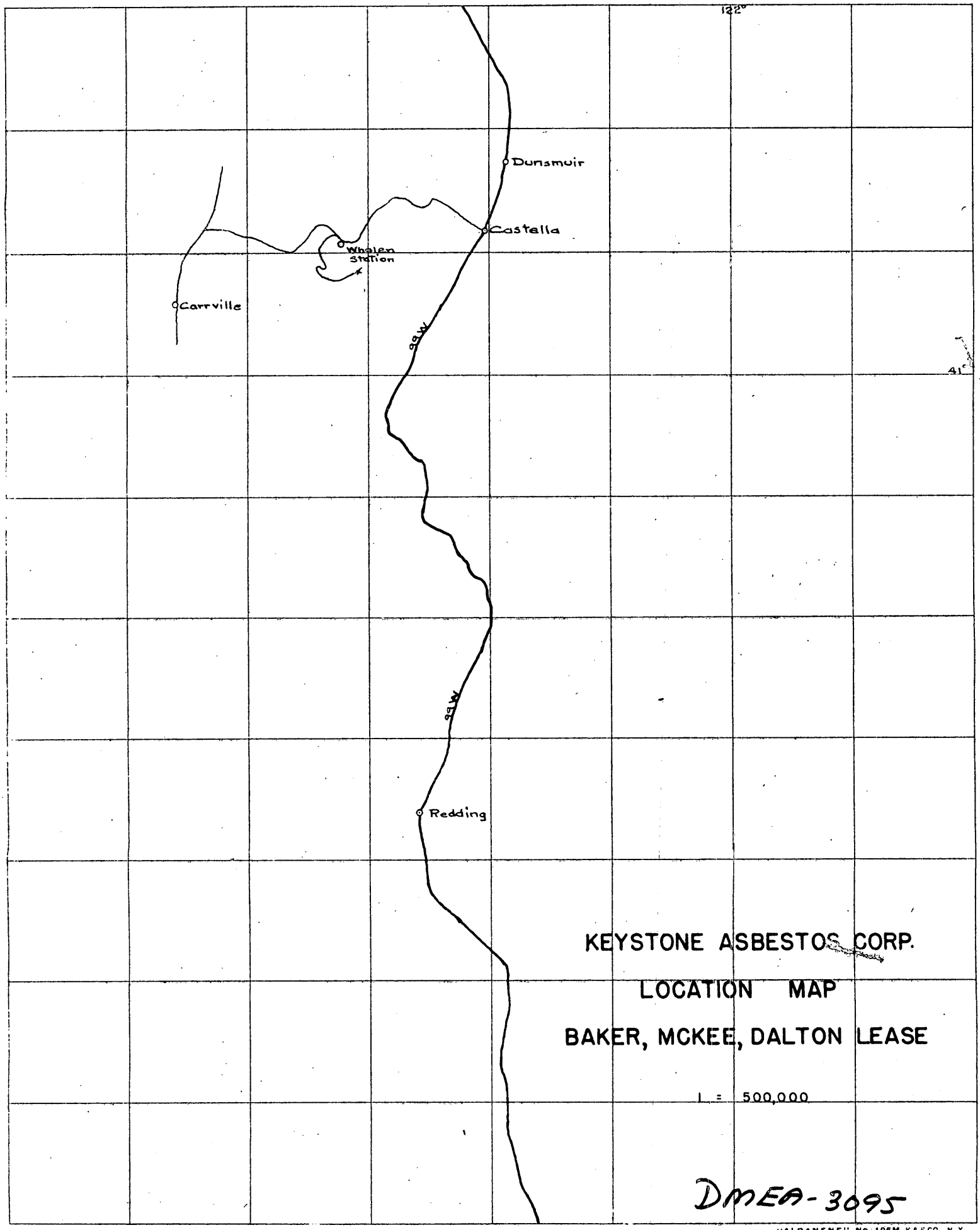
Operating Cost of Trenching (150 feet) Per foot $24.14

TUNNELLING

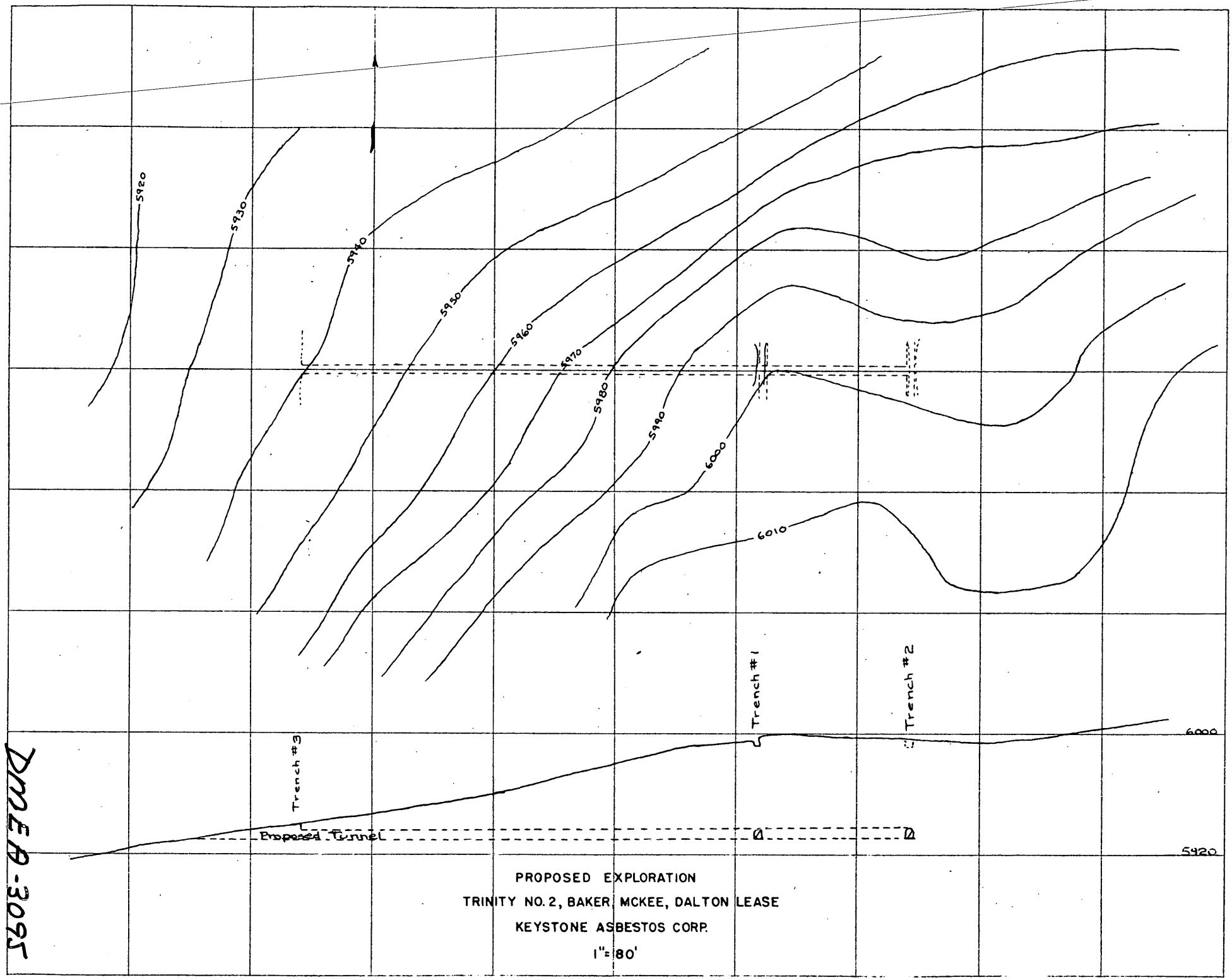
Capital Expenditures	$3,124.08
Direct Expenditures	21,287.37
3% Calif. Sales Tax on Capital Items ($4,745.34)	88.35
Total Tunnelling	$24,499.80

Operating Cost of Tunnelling (500 feet) Per foot $42.57

GRAND TOTAL OF PROJECT $33,010.30



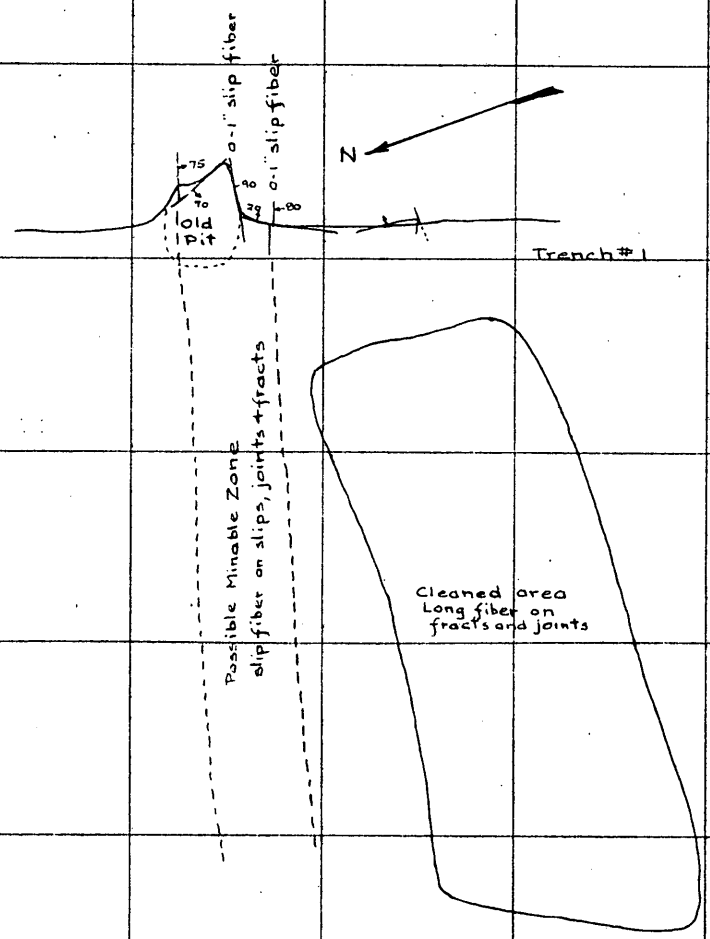
"ALBANENE" No. 195M K&E CO., N.Y.
REG. U.S. PAT. OFF



PROPOSED EXPLORATION
TRINITY NO. 2, BAKER, MCKEE, DALTON LEASE
KEYSTONE ASBESTOS CORP.
1" = 80'

DMEA-3095

"ALBANENE" NO. 196M K&E CO., N.Y.
REG. U.S. PAT. OFF.



TRENCH NO. 1

KEYSTONE ASBESTOS CORP.

BAKER, MCKEE, DALTON LEASE

1" = 10'

DMEA-3095

"ALBANENE" NO. 195M K&E CO., N.Y.
REG. U.S. PAT. OFF

MINING LEASE

THIS LEASE made and entered into this 24 day of August, 1952, by and between J. F. McKee, Edith M. McKee, Jack A. Dalton, Elizabeth Dalton, E. S. Baker and Rose Baker, party of the first part, hereinafter called "Lessor", and the KEYSTONE ASBESTOS CORPORATION, a corporation organized under and pursuant to the laws of the State of Delaware and licensed to transact business in the State of California, the party of the second part, hereinafter called "Lessee".

W I T N E S S E T H

That for and in consideration of the sum of One Dollar to the Lessor paid, and of other consideration, the receipt of all of which is hereby acknowledged, and in consideration of the covenants and agreements hereinafter contained by the Lessee to be kept and performed, the Lessor has leased, let and demised, and by these presents does lease, let and demise unto the Lessee, its successors and assigns, the hereinafter described mineral deposits, together with the sole and exclusive right to the Lessee to prospect upon, produce from, and to take and remove all ores, whether in place or otherwise, from, and to store the same upon said premises during the term hereafter provided, together with the right to construct, use, maintain, erect, repair and replace thereon and to remove therefrom all machinery, buildings, telephone lines and other structures which the Lessee may desire in carrying on his mining and milling operations on said land; together with the right to erect, maintain, operate and remove a plant, with all necessary appurtenances for the processing of any ores and/or concentrates produced from said mineral deposits, from or on the following described property, to-wit:

SEE ANNEX "A" - DESCRIPTION OF PROPERTY - APPENDED

TO HAVE AND TO HOLD the same as long as the deposits of asbestos and/or other minerals shall be consistently mined in paying quantities from the hereinabove described property under the following terms and conditions:

1. The Lessee may enter upon the said premises and work the same in good, economical, mining-like manner, so as to take out the greatest amount of ore possible, with due regard to the development and preservation of said premises.

2. That should the Lessee fail to work said mine as afore-said, for a period of ~~two~~ one (~~2~~ 1) yr. J.T.M. years, it shall be deemed a breach of this agreement and the Lessor shall then have the right, without notice to the Lessee, to cancel this lease.

3. The Lessee shall have the right to use a sufficient amount of timber necessary for mining development, but not to destroy, sell, or remove any timber from said premises.

4. The Lessee shall have the use of roads belonging to the Lessor for ingress, egress, and regress to the land herein described, but shall build no additional roads excepting short roads on said premises for mining purposes only, and that said Lessee shall keep existing roads belonging to the Lessor in repair, and the Lessor shall not be called upon to repair or maintain any roads needed for ingress, egress, or regress to said leased premises.

5. The Lessor, his agents and/or attorney shall have the right to enter upon said demised premises at all times to inspect the mining thereon.

6. The Lessee agrees to pay to Lessor a royalty of seven per cent (7%) of the gross proceeds of any and all ores and minerals produced from said property during the term of this lease. Said royalty is to be computed upon the basis of the gross sales price at the mine. If the sales point is at a place other than the mine, then the actual hauling charge from the mine to the railroad together with actual railroad freight rate shall be deducted before computing the gross sales price. The Lessee shall furnish the Lessor proof of sale price, invoices or bills of lading, and permit the auditing of its books whenever requested. Said payments shall be made on the 15th day of the next succeeding month for all minerals sold during the preceding month.

7. The Lessee shall be excused from performance under the terms of this lease during such time as it is prevented from operation on account of weather conditions, governmental regulations, war conditions, acts of God, strikes, or other things not under the control of the Lessee.

8. That at the expiration of this Lease or any former termination thereof the Lessee shall have the right to remove any and all mining machinery from said premises within a period of six months from the cancellation or termination of this lease.

9. That upon the violation by the Lessee, or any other person under the Lessee's employ, of any covenant herein contained, the term of this Lease shall, at the option of the Lessor, expire after ninety (90) days' notice by the Lessor of such breach of covenant, and the Lessor may thereupon demand possession of, and re-enter upon said premises with or without force and repossess said premises unless the breach of this lease or the violation of covenant herein contained is corrected within the said period of 90 days.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed the day and year first above written.

J. F. McKee, Estelle M. McKee
Jack Dalton
Elizabeth Dalton
E. S. Baker & Rose Baker
Party of the First Part

H. C. Longenbacher
Lillie M. Noah
Attest:
D. C. Bird

KEYSTONE ASBESTOS CORPORATION

By [illegible]
Party of the Second Part

Attest:
[illegible]

ANNEX TO LEASE

DESCRIPTION OF PROPERTY

J. J. W. C.S.B.
E. D. R.J.M.
E.M.M.

Highland #1

The west center end stake is located 175 ft. west of the forest service reference marker plot No. 1423. The marker is nailed on a sugar pine tree on the west side of the forest service trail on top of the ridge in Sec. 20, T.W.P. 37 N., R. 5 W., M.D.B. & M. The point of discovery monument is located 575 ft. east of the forest service marker. From the west center end stake the line runs 300 ft. north to the N.W. corner, thence 1500 ft. east to the N.E. corner, thence 300 ft. south to the east center end stake, thence 300 ft. south to the S.E. corner, thence 1500 ft. west to the S.W. corner, thence 300 ft. north to the west center end stake. The east end of this claim joins the west end of Highland No. 2 and the south side of this claim joins the north end of the Blue Asbestos Company group of asbestos claims.

Shasta Asbestos #1

Located in the N.W. ¼ of Sec. 4, T.W.P. 37 N., R. 5 W., M.D.B. & M. The N.W. corner of this claim joins the N.W. sec. corner of Sec. 4 and follows the section line south 1500 ft. to the S.W. corner. Thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, thence 300 ft. west along the section line between sections 4 & 33 to the north center end stake, thence 300 ft. west to the N.W. corner and the section corner between sections 4, 5, 32, and 33.

Shasta Asbestos #3

Located in the W. ½ of S. 4, T.W.P. 37 N, R 5 W, M.D.B. & M. The N.W. corner of this claim is located on the section line between sections 4 & 33 and is 1200 ft. east of the N.W. section corner of S. 4. Thence running 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner which is located on the section line between sections 4 & 33, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

[illegible] #5

Located in the W ½ of S. 4, T.W.P. 37 N, R 5 W, M.D.B. & M. The N.W. corner of this claim is located on the section line between sections 4 & 33 and is 2100 ft. south of the N.W. section corner of S. 4, thence running 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner which is located on the section line between sections 4 & 33, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

J.F.D. E.S.D.
E.D. R.S.D.
J.F.M.
E.M.M.

Shasta Asbestos #7

Located in the N ½ of S ¼, T.W.P. 37 N, R 5 W, M.P.B. & M. The N.W. corner of this claim is located 1200 ft. [illegible] section corner of S 4 and 1500 ft. [illegible] between Sections 4 & 33. The [illegible] 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

Shasta Asbestos #9

Located in the N ½ of Sec. 4, T.W.P. 37 N, R. 5 W, M.P.B. & M. The N.W. corner of this claim is located 600 ft. west of the N.W. section corner of Sec. 4, and 1500 ft north from the west line between Sections 4 & 33. Thence running 1500 ft south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. east to the N.W. corner.

Trinity Asbestos #2

Located in the S.E. ¼ of Sec. 32, T.W.P. 38 N., R. 5 W., M.P.B. & M. The S.E. corner of this claim joins the S.E. section corner of Sec. 32 and follows the section line north 1500 ft. Thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner, thence 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner of the section corners of 32, 33, 4, & 5.

Trinity Asbestos #3

Located in the E. ½ of S. 32 T.W.P. 38 N, R 5 W, M.P.B. & M. The S.E. corner of this claim joins the S.W. corner of Trinity Asbestos Claim #2 and the N.W. corner of Trinity Asbestos Claim #7 and is located 600 ft. west on the section line between sections 32 & 33. Thence running 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner, thence 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner.

Trinity Asbestos #5

Located in the E. ½ of S. 5, T.W.P. 37 N, R 5 W, M.P.B. & M. The N.E. corner of this claim is located on the section line between sections 32 & 5 and 600 ft. west of the section corner between S. 32, 33, 4 & 5. Thence running 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner which is located [illegible] approximately 150 ft. off the lake shore, thence 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft., east to the S.E. corner, thence 1500 ft. north to the N.E. corner.

J. F. D. E. S. B.
E. D. R. S. B.
J. E. M.
E. M. M.

Trinity Asbestos #7

Located in the E. ½ of S. 5, T.W.P. 37 N, R. 5 W, M.P.B. & M. The N.E. corner of this claim is located on the section line between sections 4 & 5 and is 1500 ft. south of the section corner between sections 4, 5, 32, & 33. Thence running 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner, thence 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft.to the S.E. corner, thence 1500 ft. to the N.E. corner.

H.A.D. E.D. E.S.B. R.S.B. J.F.M. E.M.M.

Trinity Asbestos #2

Located in the E½ of S. 32 T.W.P. 38 N, R. 5 W., M.D.B. & M. The S.E. corner of this claim joins the N.E. corner of Trinity Asbestos #1, which is located 1500 ft. north of the S.E. section corner of S 32, thence running 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner, thence 1500 ft south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner which is located on the section line between Sections 32 and 33.

Trinity Asbestos #4

Located in the E ½ of S. 32 T.W.P. 38 N, R 5 W, M.D.B. & M. The S.E. corner of this claim joins the S.W. corner of Trinity Asbestos Claim No. 1 which is located on the section line between sections 32 and 5, 600 ft. due west of the section corner between sections 32, 33, 4 and 5, thence running south 1500 ft. to the N.E. corner, thence 300 ft west to the north center end stake, thence 300 ft. west to the N.W. corner, thence 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner which is approximately 300 ft. east of Tamarack Lake shore on the section line and 600 ft. west of the section corner. Date 15th Sept., 1950.

Trinity Asbestos #6

Located in the E½ of S. 5, T.W.P. 37 N, R. 5 W., M.D.B. & M. The N.E. corner of this claim is located 1500 ft. south and 600 ft. west of the section corner between sections 32, 33, 4 & 5 and joins the S.E. corner of Trinity Asbestos #5. Thence running 30 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner thence 1500 ft. south to the S.W. corner, thence 300 ft east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner. Dated Sept., 1950

Trinity Asbestos #8

Located in the E. ½ of S. 5, T.W.P. 37N, R 5 W., M.D.B. & M. The N.E. corner of this claim is located and joins the section corner between sections 4, 5, 32 & 33. Thence running 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner which is located on the section line 600 ft. west of the N.W. section corner of S. 5, thence 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, and the section corner.

Dated at Trinity Center 15 Sept., 1950.

J.B.D. E.S.B.
E.D. R.S.B.
J.H.M.
E.M.M.

Highland No. 2

The point of discovery monument is to the east and below the Highland Lake road and 2525 ft. east of the forest service reference marker No. 1428. The marker is located and nailed on a sugar pine tree on the west side of the forest service trail on top of the ridge in Sec. 20. T.W.P. 37 N. R. 5 W., M.D.B. & M. From the point of discovery monument, the center end line runs east 300 ft. to the east center end stake, thence 300 ft. south to the S.E. corner, thence 1500 ft. west to the S.W. corner, thence 300 ft. north to the west center end stake, thence 300 ft. north to the N.W. corner, thence 1500 ft. east to the N.E. corner, thence 300 ft. south to the east center end stake. The west end of this claim joins the east end of Highland No. 2. The south side of this claim joins the Blar Asbestos Co. group of asbestos claims.

Shasta Asbestos #2

Located in the N.W. ¼ of S. 4, T.W.P. 37 N, R. 5 W, M.D.B. & M. The N.W. corner of this claim joins the N.E. corner of Shasta Asbestos #1 which is located on the section line between sections 4 & 33, and is 600 ft. east of the N.W. section corner of S. 4. Thence running 1500 ft south to the S.W. corner thence 300 ft. east to the south center end stake, thence 300 ft east to the S.E. corner, thence 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

Shasta Asbestos #4

Located in the W ½ of S. 4, T.W.P. 37 N, R 5 W, M.D.B. & M. The N.W. corner of this claim is located on the section line between sections 4 & 33 and is 1800 ft. east of the N.W. section corner of S. 4. Thence running 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, which is located on the section line between sections 4 & 33, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

Shasta Asbestos #6

Located in the N ½ and the S ½ of S. 4, T.W.P. 37 N., R 5 W, M.D.B. & M. The N.W. corner of this claim is located 2400 ft. east of the N.W. section corner of S. 4 and 1500 ft. south from the section line between section 4 & 33. Thence running 1500 ft. south to the S.W. corner, thence 300 ft. east ot the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

Shasta Asbestos #8

Located in the W ½ of Sec. 4, T.W.P. 37 N, R. 5 W, M.D.B. & M. The N.W. corner of this claim is located 1200 ft east of the N.W. section corner of Sec. 4 and 1500 ft south from the section line

J.A.D.
E.D.
E.S.B.
R.S.B.
J.F.M
E.M.M.

between Sections 4 & 33. Thence running 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

Shasta Asbestos #10

Located in the W ½ of Sec. 4, T.W.P. 37 N, R 5 W, M.D.B. & M. The N.W. corner of this claim is located 1500 ft. south of the N.W. section corner of Sec. 4 on the section line between Sections 4 & 5. Thence running 1500 ft. south to the S.W. corner, thence 300 ft. east to the south center end stake, thence 300 ft. east to the S.E. corner, thence 1500 ft. north to the N.E. corner, thence 300 ft. west to the north center end stake, thence 300 ft. west to the N.W. corner.

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of CALIFORNIA, County of SISKIYOU & SHASTA, described as

follows:1/ TRINITY ASBESTOS CLAIM NUMBERS 1,2,3,4,5,6,7,&8 in sections 32 & 5, T38N,& T37N, R5W in TRINITY COUNTY Book 52, pages 448,449,450,451,452,453,454,455. Dated 18,Dec.1950
SHASTA ASBESTOS CLAIMS NUMBERS 1,2,3,4,5,6,7,8,9& 10. in SHASTA COUNTY, Book 253, pages 275,276,277,278,279,280,281,282,283,284. Dated 20, Sept. 1950.
HIGHLAND ASBESTOS CLAIMS NUMBERS 1,& 2. in SHASTA COUNTY Book 253, pages 285 & 286, dated 9, Sept. 1950

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ KEYSTONE ASBESTOS CORPORATION
INVESTMENT BUILDING
WASHINGTON D.C.

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$100,000.00, or ten years have elapsed from the date of the contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this 31 day of May, 1953.

R. S. Baker [Seal]

R.S. BAKER [Seal]

R S. Baker [Seal]

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

4/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

Repayment by Operator. (a) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) per cent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

(b) As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

(c) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(d) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

Title to and disposition of property. All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails neglects, or refuses to dispose of such property, the Government may itself enter upon the land take possession of, and remove and dispose of any such property as above provided.

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of CALIFORNIA, County of SISKIYOU & SHASTA, described as follows:1/ TRINITY ASBESTOS CLAIMS NUMBERS 1,2,3,4,5,6,7, 8, in section 32, T38N, R5W, and section 5, T37N, R5W, in Trinity County ~~Dated 18 Dec, 1950 in Book 58 Pages 448,449, 450,451,452,453,~~ 454,455.

AND

SHASTA ASBESTOS CLAIMS NUMBERS 1,2,3,4,5,6,7,8,9, & 10, in ~~section 4, T37N, R5W in Shasta County, Dated 20 Sept. 1950~~ Book 253 pages 275,276,277,278, 279, 280, 281, 282, 283, 284. ~~HIGHLAND ASBESTOS CLAIMS NUMBER 1 & 2, Sec. 20, T37N, R5W.~~

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ KEYSTONE ASBESTOS CORPORATION OF MARYLAND
~~INVESTMENT BUILDING~~
WASHINGTON D.C.

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 100,000.00, or ten years have elapsed from the date of the contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this 27 day of Nov, 195[illegible].

[illegible] [Seal]

[illegible] [Seal]

[illegible] [Seal]

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2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

4/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

Repayment by Operator. (a) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

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(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

(b) As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

(c) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

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