3698

Sent cy contract to
Selfridge 11/6/57

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

RECEIVED
AUG 15 1956

400

1605 Evans Ave.
Reno, Nevada

Aug. 10, 1956

Memorandum

To: Operating Committee, DMEA, Interior Bldg., Wash. D.C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3698 (Mercury)
Hugh M. Simmons
Granada Mine
Napa County, California
Contract No. Idm-E 829

W/M

Supplementary to my letter of July 27, 1956, I am attaching three copies of Amendment No. 1 to subject contract. The remaining copies have been distributed in the usual manner.

Mr. Simmons has presented his final MF-104 forms and Narrative reports and our final report will be made as soon as possible. It will recommend conclusion of the contract but will not recommend that the project be certified.

S. Ricker

Amend #1

DIVISION COPY

AMENDMENT NO. 1
TO
EXPLORATION PROJECT CONTRACT IDM-E829

DATED JUNE 28, 1955
DOCKET NO. DMEA-3698
BETWEEN
THE UNITED STATES OF AMERICA
AND
HUGH M. SIMMONS

RECEIVED
AUG 15 1956

It is agreed this 7th day of August, 1956 that the contract be amended as follows:

The completion date for work under the contract shall be extended from April 1, 1956 to May 30, 1956.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
S. Ricker
Executive Officer
DMEA Field Team, Region II

HUGH M. SIMMONS

Hugh M. Simmons
Hugh M. Simmons

RECEIVED
AUG 15 1956

AMENDMENT NO. 1

Docket No. DMEA-3693 Mineral Mercury

Exploration Project Contract Kbo-1829

Date of Contract June 28, 1955

Date of Amendment August 7, 1956

Operator Hugh M. Simmons

JUSTIFICATION

Project was delayed owing to cessation of work during the winter months on account of the inaccessibility of the property.

S. Ricker, Executive Officer
DMEA Field Team, Region III

407

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

RECEIVED
JUL 15 1955

1605 Evans Avenue
Reno, Nevada

July 13, 1955

Memorandum

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

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3698 - (Mercury)
Hugh M. Simmons
Granada Mine
Napa County, California
Contract No. Idm-E829

In accordance with your letter of June 28, 1955, the above subject contract has been approved and executed by the applicant.

Attached are the original and two copies. The remaining copies have been properly distributed.

S. Ricker

Attach.

SRicker:gh
cc: Finance Officer, Reg. II
H. C. Miller
R. M. Smith
File

DMEA 3698, Idm E-829

BELOW is correspondence leading up to execution of the contract.

JUN 2 8 1955

Mr. Spangler Rioker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 36[illegible] - Mercury
Hugh M. Simmons
Granada Mine
Napa County, California

Dear Mr. Rioker:

Enclosed are the original and five copies of a proposed contract for an exploration program by the above-referenced applicant, signed by the Administrator for the Government, together with Exhibit "A" (2 pages), Annex I (1 page), and two maps.

If any part of the proposed contract does not have your approval, or that of the applicant, and cannot be altered within your delegated authority, the original and all copies are to be returned to this office, together with the proposed changes for consideration.

Under Article 3, the starting date has been left blank and is to be filled in when the contract is signed by the operator.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Enclosures

APPROVED:

J. H. Hedges
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

cc: Docket
FT, Reg. 3
Code 400
Oper. Comm.
Adm. Read. File
Thor Kiilsgaard, USGS
H. M. Meyer, USBM

TLChapman/ls
6/23/55

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

JUN 1955

Memorandum

To: The Administrator, DMEA
Attention: Mr. W. S. Martin

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3698, Mercury (Hugh N. Simmons)

Pursuant to Mr. Martin's memorandum of June 10, we have prepared the attached contract covering the subject project, in satisfactory legal form for execution subject to the attachment of the two maps referred to in the contract.

/S/ Henry C. Rubin, for J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments

HCRubin/emd

Copy to: DMEA Docket
Solicitor's Docket
W. S. Martin
J. L. Hofflund
H. C. Rubin
chron.

402

June 16, 1955

WSM

Memorandum

To: W. S. Martin

Copy retained 400

From: Helena M. Meyer

Subject: DMEA Docket 3698, Hugh H. Simmons, Granada Mine, Napa County, Calif., $18,000 - Mercury - Field Team Report

I have reviewed the subject report and concur in the recommendations as to the proposed exploration project in two separate stages. Stage I is to include rehabilitating 200 feet of north and northeasterly trending drift on the upper adit level from a beginning point near a reported winze about 200 feet from the portal. Stage II proposes to drift and crosscut a total distance of 400 feet on the lower adit level to explore further, at a lower horizon, favorable mineralized structures exposed by the rehabilitation work done under the initial stage. Stage I is to cost only $2,000 and Stage II is to be dependent upon the success of Stage I and undertaken only with the approval of the Government.

Bureau of Mines records show that altogether there has been only a small output from the Granada mine, in 1933 and 1935, but nearby there have been several productive properties, notably the Oat Hill, only 1 mile away, which produced more than 160,000 flasks from the same geologic setting. By conducting the exploration on the basis indicated there are possibilities of locating occurrences of mercury without undue expenditure of funds.

Helena M. Meyer

Helena M. Meyer

HMMeyer/vr

Copy to: Division of Minerals
Branch of Base Metals
H. M. Meyer
Files

June 10, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Iron and Ferro-Alloys Division

Subject: Preparation of Contract
Docket No. DMEA 3698 - Mercury
Hugh M. Simmons
Granada Mine
Napa County, California

Transmitted herewith is a rough draft of a contract for your use in preparing the final draft.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachment

TLChapman/foc
6-10-55
cc to: Docket
Code 400

MF-200A
(Revised June 1954)

Docket No. DMEA 3698

Commodity Mercury

Contract No. Idm-E

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION 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] Hugh M. Simmons (owner of the Granada Mine)

, whose mailing address is 801 Alhambra Boulevard, Sacramento, California, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and .....

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of California, County of Napa, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] all rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [7] ....recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: .....

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: .....

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Mercury The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before April 1, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $17,800.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $13,350.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final 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 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records or accounts.

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) 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.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, 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, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within 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.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *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—70618-1

EXPLORATION PROJECT CONTRACT
HUGH M. SIMMONS
DOCKET NO. DMEA-3698

ANNEX I

The applicant is the owner of the land referred to in Article 2 of the contract. This land is located as follows:

Southeast quarter of the southeast quarter of section 27

Northeast quarter of the northeast quarter of section 34

North half of northwest quarter and northwest quarter of northeast quarter of section 35, T. 10 N., R. 6 W., M. D. B. & M.

The Mayacmas Mining District, Napa County, California.

EXPLORATION PROJECT CONTRACT
HUGH M. SIMMONS
DOCKET NO. DMEA 3698

EXHIBIT "A"

Description of the Work

Figure 1, shows location of the property in Napa County, California.

Figure 2, shows mine workings and proposed rehabilitation and exploration work.

The work is divided in two stages, as follows:

Stage I

Rehabilitate 200 feet of the upper adit as shown on Figure 2.

Sample any mineralized zones and assay for mercury

Stage II

If, in the opinion of the Government, based upon mineralization found in the rehabilitated area of the upper adit and results from sampling, further work is warranted and the Government approves it in advance, Stage II shall be performed.

Drift and crosscut 440 feet in the lower adit as shown in Figure 2.

Sample any mineralized zones and assay for mercury

Estimated Cost of the project.

Fixed Unit Costs

Stage I

200 feet of rehabilitation at $12.00 per foot	$2,400.00
20 samples at $2.00 each	40.00
Estimated cost of Stage I	$2,440.00

STAGE II

440 feet of drifting and crosscutting at $30.00 per foot	$13,200.00
300 feet of timbering at $7.00 per foot	2,100.00
30 samples at $2.00 each	60.00
Estimated cost of Stage II	$15,360.00
Estimated total cost of project	$17,800.00
Government participation at 75%	$13,350.00

IN REPLY REFER TO:

400

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

RECEIVED
JUN - 6 1955

June 6, 1955

Re: DMEA-3698
Hugh H. Simmons
Granada Mine
Napa Co., Calif.
$18,000 - Mercury

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team report

Apparently the examiners are impressed by the report of high grade (80#/T.) material in the upper adit. The overall history casts doubt on the authenticity of the report, but in case there is a chance, the work at that level is probably warranted.

I concur with the recommendation of a two stage program.

N. E. Nelson

N. E. Nelson

NENelson:hlm
G-6/6/55

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
E. M. Meyer, 2623 Interior

400

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 27 1955

1605 Evans Avenue
Reno, Nevada

May 25, 1955

Memorandum

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

WSM

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3698 (Mercury)
Hugh H. Simmons
Granada Quicksilver Mine
Napa County, California

In accordance with your letter of March 9, 1955 I am attaching four copies of a report on above subject by J. D. Warne, U. S. Bureau of Mines and E. H. Pampeyan, U. S. Geological Survey, dated May 24, 1955.

The report recommends an exploration project in two stages totalling a maximum of $18,000.00. This is an increase to the amount of $17,162.00 requested by the applicant but is accounted for by a definite maximum amount allowance for timbering, although much use of timber is not anticipated.

Roscoe Smith and I concur with the recommendations as set forth in the report.

S. Ricker

Attach.
SRicker:gh
cc: R. M. Smith
File

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION II

APPLICATION REPORT

DMEA-3698 (Mercury)
Hugh M. Simmons
Granada Quicksilver
Napa County, California

John D. Warne
Mining Engineer
U. S. Bureau of Mines

Earl H. Pampeyan
Geologist
U. S. Geological Survey

May 24, 1955

Docket No.: DMEA-3698 - Mercury

Name and address of applicant: Hugh M. Simmons
801 Alhambra Boulevard
Sacramento, California

Name and location of property: Granada Quicksilver
Napa County, California

INTRODUCTION

The Granada Quicksilver mine was examined on March 29, 1955 by John D. Warne, U. S. Bureau of Mines and Earl H. Pampeyan, U. S. Geological Survey. This examination was made pursuant to an application for an exploration loan under the Defense Minerals Exploration Administration, docket No. 3698, by Dr. Hugh M. Simmons, 801 Alhambra Boulevard, Sacramento, Calif. Dr. Simmons and Frank Adams, a former operator of the property, were present during the field examination.

The proposed work consists of rehabilitating 200 feet of the Upper level North drift and 500 feet of drifting and crosscutting on the Lower level at an estimated cost of $17,162.00. An additional amount of $10.00 per foot was requested to timber, if necessary, any portion of the drifts and crosscuts driven on the lower level.

CONCLUSIONS AND RECOMMENDATIONS

Although only slight cinnabar mineralization is exposed in mine workings now accessible and the property has no production record, the geologic setting of the mine is favorable. A large cinnabar production has come from other mines in the immediate vicinity. It is recommended that a two stage exploration program consisting of (I) 200 feet of rehabilitation in the Upper level and (II) 400 feet of drifting and crosscutting from the lower level, be approved because of the good possibility of finding ore in the altered graywacke, where production has come from adjacent mines with the same geologic conditions. Stage II should be undertaken only if sufficiently mineralized formations are encountered by work under Stage I. The maximum cost of this approved exploration project would be $18,000.00.

LOCATION, ACCESSIBILITY, LOCAL RESOURCES

The Granada Quicksilver mine is in Secs. 27, 34, and 35, T. 10 N., R. 6 W., M.D.B.&M., within the Mayacmas mining district, in Napa County, Calif. It is reached by a fairly steep and poorly maintained mountain road which leads westerly a distance of 3.7 miles from Aetna Springs, Calif.

Experienced mine labor is not available in the area, however, the applicant has recently been able to recruit several men to perform underground rehabilitation work. Water can be obtained from springs which flow from several points on the hillside near the Granada mine or from James Creek, several thousand feet distant. Timber and mine supplies can be secured from local sources or from San Francisco. Electric power could be supplied to the mine by installing about one mile of transmission facilities.

COMPETENCY OF APPLICANT

The applicant, Dr. Hugh M. Simmons, has had little or no previous mining experience. Some preliminary rehabilitation work performed in the Granada mine by the applicant has been satisfactorily done. The application for exploration assistance by the Government has been directed by Bert C. Austin, mining engineer, of San Francisco, Calif. Proposed exploration work would be directly supervised by a Mr. Charles Ayers under the direction of Mr. Austin. Under this arrangement, it is believed that the project work will be properly executed.

The applicant stated that he is able to supply his share of the cost of the proposed project in cash.

APPLICANT'S PROPERTY RIGHTS

The Granada Quicksilver mine property is owned by the applicant, Hugh M. Simmons. The location and extent of this property is described as follows: The southeast quarter of the southeast quarter of sec. 27, the northeast quarter of the northeast quarter of sec. 34, the north half of the northwest quarter, and the northwest quarter of the northeast quarter of sec. 35; T. 10 N.; R. 6 W., M.D.B.&M., (containing 200 acres of land more or less) Napa County, Calif.

DESCRIPTION OF PROPERTY

Surface facilities consist of a single cabin, about 15 by 20 feet in size, located near the lower tunnel portal.

The existing mine development (see fig. 2) consists of an upper adit with about 670 feet of drifts and crosscuts; and three shallow winzes were reported to have been located along the initial 180 feet from the portal. Some drifts were reported to have been driven from the winzes; however, none of the winzes are now accessible. The north drift which leads both north and northeasterly from the winze located 180 feet from the portal is badly caved and inaccessible. The most favorable formations and reported cinnabar occurrences were exposed by this drift.

A lower adit level, with its portal located about 290 feet southeast and 105 feet lower in elevation than the upper adit, has approximately 510 feet of mine workings. The north and northeasterly trending branch of about 150 feet in length is badly caved and only partially accessible.

A caved shallow discovery test pit exists at the surface above the upper adit.

Mining equipment consists of a small amount of rail placed near the portals of each adit, two mine cars, and a few hand tools.

GEOLOGY

The Granada mine is in the eastern end of the Mayacmas quicksilver district in an area underlain by sedimentary rocks of the Franciscan group. Serpentine crops out along a ridge about 1200 feet to the east and quartz-bearing basalt dikes cut the sedimentary rocks a short distance to the north and south of the mine. Complexly folded and faulted shale and hydrothermally altered graywacke are the only rocks seen underground. The altered rock is soft, white to light gray in color except where stained by iron oxides, and adjacent to faults locally contains small amounts of cinnabar. Faulting is common underground, producing gouge ranging in thickness from a few inches to three feet, but none of these faults and shears can be traced on the surface.

ORE DEPOSITS

Cinnabar is the only quicksilver mineral seen on the property. It occurs locally disseminated through sheared altered graywacke along faults. Previous work by the Geological Survey in this district has shown that the many seams and veinlets of iron oxides which cut and stain the altered graywacke commonly indicate the presence of quicksilver minerals. Many such iron stains were seen in the Granada mine but little cinnabar could be seen in the accessible workings.

A good showing of mineralized graywacke is reported to exist at the head of the winze in the Upper level. Other high and low grade zones were reported cut in the North drift (see fig. 2). None of these localities are accessible for inspection, however, and the nature and extent of this ore is not known.

No production has been recorded from this property. About 25 tons of rock was run over tables when the Upper level was being driven but little or no cinnabar was recovered; the cinnabar not being amenable to gravity concentration because of the high clay content of the rock. The Oat Hill mine, about one mile west of the Granada, has produced more than 160,000 flasks of mercury from the same geologic setting, and there are several other productive mines nearby.

ORE RESERVES

There are no measured or indicated reserves. Inferred reserves containing a few hundred flasks of quicksilver may exist in the altered graywacke in the area to be explored and there is a good chance that the proposed exploration program will uncover these reserves.

SAMPLING

The following samples taken from accessible areas in the mine are shown in figure 2:

Sample No.	Lbs. Hg/T	Description
1	1.7	10-inch chip sample from south wall of Upper adit adjacent to reported winze at 175 feet from portal.
2	0.1	4-inch chip sample from mineralized vein followed by upper adit at 70 feet from portal.
3	0.4	18-inch channel sample taken across mineralized vein reported to have been explored by winze at 55 feet from portal of upper adit.
4	0.1*	36-inch chip sample of mineralized steep shale bed intersected by northern branch of lower adit about 420 feet from adit.

*Less than.

PAST OPERATION

Initial discovery work and most of the Upper adit development work in the Granada mine was done by a Mr. George Andersen during 1926-27. Three shallow winzes, about 20 feet in depth, with some exploration drifting is reported to have been done from 1930 to 1933 below the first 175 feet of the Upper adit. This work was done by Frank Adams of Oakville, Calif., who drove the Lower adit during the same period. The mine was idle from 1933 until 1955 when H. M. Simmons, the applicant, acquired ownership of the mine property; he performed some rehabilitation work in both the upper and lower adits.

PROPOSED EXPLORATION

The exploration program proposed by the applicant consists of rehabilitating 200 feet of the north drift in the upper adit; and 500 feet of drifting and crosscutting on the lower adit.

Estimated costs and quantities of work as proposed by him are summarized as follows:

<u>Drifting and crosscutting in lower adit:</u>

Labor	$ 7,425.00
Equipment	2,238.00
Materials and supplies	3,196.96
Transportation	800.00
Supervision and accounting	750.00
Engineering and consultants	750.00
Total cost for 500 feet of drifting	$15,161.00
Total estimated cost per foot	$ 30.32*

*An additional amount of $10.00 per foot for drifting and crosscutting is estimated where timbering is required.

Rehabilitation work in upper adit:

Rehabilitate 200 feet of north drift @ $10.00/ft.	$2,000.00
Total estimated cost	$17,161.61

EXPLORATION PROJECT

The applicant states that he can begin work within 30 days from the date of the contract. His estimated time required to complete the entire program is 125 days or about five months; however, a time period of six months should be allowed.

The type of exploration project recommended for approval would consist of two separate stages as shown in figure 2. Stage I would include rehabilitating 200 feet of north and northeasterly trending drift on the upper adit level from a beginning point near a reported winze about 200 feet from the portal. Stage II would include drifting and crosscutting a total distance of 400 feet on the lower adit level to further explore, at a lower horizon, favorable mineralized structures exposed by the rehabilitation work done under the initial stage. Stage II should be undertaken only with the approval of the Government depending upon the success of Stage I. The locations and directions of drifts and crosscuts to be driven under this second stage should also be subject to the approval of the Government.

ESTIMATED COST OF PROJECT

Stage I

Rehabilitate the North drift in upper adit - 200 feet @ $10.00/ft. $ 2,000.00

Stage II

Drifting and crosscutting on lower adit level - 400 feet @ 3.2 feet per shift, 125 shifts, or 5 months

Labor and supervision:

Mine labor, 3 men, 5 months, 375 man-shifts @ $6.00	$ 6,000.00
Overtime, 252 hrs. @ $2.00	504.00
Supervision and accounting	750.00
Engineering and consultants	750.00
	$ 8,004.00

Operating materials and supplies - to be purchased

2 tons 12 lb. rail @ $186.00/ton	372.00
200 ties @ $0.36/ea.	72.00
Bolts, splicers, etc.	52.50
1,000 feet of 2-inch air pipe @ $0.45/ft.	450.00
1,000 feet of 3/4-inch water line @ $0.15	150.00
Valves and fittings	75.00
Diesel fuel @ $4.00/day	500.00
Oil and grease	75.00
3200 lbs. dynamite @ $20.60/cwt.	659.20
9,000 feet fuse @ $11.60/M	104.40
1,500 #6, blasting caps	37.50
2 - 4x8 feet steel slick sheets @ $40/ea.	80.00
6 shovels @ $3.70/ea.	22.20
6 miners picks @ $4.15/ea.	24.90
Sales tax etc.	105.00
	$ 2,779.70

8 lb/ft
$22\frac{1}{2}$ ft of fuse/ft
$3\frac{3}{4}$ caps/ft.
For a round of 3.2
25.6 lbs, say 5.7 sticks
12 holes 7.2 fuse

Operating equipment - to be supplied by operator on rental basis @ $150.00/month, 5 months	$ 750.00
Miscellaneous	
Transportation and hauling @ $100.00/month, 5 months	500.00
Total cost 400 feet drifting and crosscutting	$12,033.70
Cost per foot - (use $30.00/ft.)	$ 30.08
Timbering, as required, 400 feet @ $10.00/ft.	$ 4,000.00

SUMMARY

Stage I - Rehabilitate 200 feet @ $10.00/ft. of North drift	$ 2,000.00
Stage II - (a) 400 feet of drifting and crosscutting on lower adit level @ $30.00/ft.	12,000.00
(b) 400 feet of timbering of drifts and crosscuts on lower adit level, as required @ $10.00/ft.	4,000.00
Total estimated cost of project	$18,000.00