DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Idm-E NO. 1216

DMEA NO. 4953

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [x] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [x] Royalty Audits
- [ ] Certification of Discovery
- [x] Closing Letter
- [ ] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [x] Project summary (final)
- [ ] Work Completed analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab) Being Prepared
- [x] Operator's Final Report (Tab)
- [x] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [ ] Field Team Semi-Annual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No._____: Maps (Use pocket folder or envelope)

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty material

17963

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
2/17	Holt	400
2/17	Martin	400
2-17	Chandler	800
2/19	Selfridge	120
		110
		400
2/19	C	220

FEB 19 1959

Manata Porcupine Mines, Ltd.
Suite 1505 - 320 Bay Street
Toronto 1, Ontario, Canada

Re: Docket No. DMEA 4953 - Mercury
Kilkhead mine
Douglas County, Oregon
Contract No. Idm-K1216

Gentlemen:

Reference is made to your completed exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this project. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the period indicated.

We appreciate your interest and participation in the DMEA exploration program which has now been succeeded by the Office of Minerals Exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON (fh)

Acting Director

SPHOLT:foc
2-16-59
cc to: Code 400 & 800
Director's Read. File
Operating Comm.
FT. REG. I
J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

Gordon I. Gould
Blaine H. Hovey
(Marvin R. Thompson
(Getta-Violet Thompson

43683

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Moneta Porcupine Mines, Ltd.
Suite 1505--320 Bay Street
Toronto 1, Ontario
Canada

WBM

pertaining to Exploration Project Contract No. Idm-X1216, Docket No. DMEA-4953, including Amendment No. 1, for the months of June and July 1958, covering a project for the exploration of mercury, on property known as the Elkhead Mine, located in Douglas County, Oregon.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team Reports and Correspondence, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the following reason:

All of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of work actually performed.

The review disclosed the following facts in regard to the amount paid or to be paid the contractor:

Total cost as billed by the Contractor		$5,196.50
Exceptions (schedule attached):		
Prior to this review	$ -0-	
Herewith	392.00	392.00
Total Accepted Cost		$4,804.50

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Two Thousand Four Hundred Three and 25/100 Dollars is valid and proper, provided that the Regional Executive Officer, the Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$2,403.25
Amount reimbursed	-0-
Balance due Operator	$2,403.25

George Mawer
George Mawer
OEM Auditor

November 3, 1958

Schedule of Exceptions

Jdm-81916 | **Moneta Porcupine Mines, Ltd.** | **MMA-4953**

	Quantity	Price	Amount
Cost of assays claimed by Operator in final MF-104 Voucher-July 1958	402	$4.00	$1,608.00
Should have claimed			
Assays-307 loughole and 17 trench, taken from work performed under contract terms	324	4.00	1,296.00
Disallowed	98	$4.00	$ 392.00

Government's copy

RECEIVED
OCT 28 1958
O.M.E.

EXPLORATION PROJECT CONTRACT
MONETA PORCUPINE MINES, LTD.
DOCKET NO. DMEA-4953

AMENDMENT NO. 1

It is agreed this 3rd day of October, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, and Moneta Porcupine Mines, Ltd., that Exploration Project Contract No. Idm-E1216 (Docket No. DMEA-4953), dated June 20, 1958, is amended effective as of the date of the Contract as follows:

Exhibit A is revised in its entirety to read as follows:

EXHIBIT A

Description of the Work

Attached are the following maps:

Fig. 1, Location Map, Elkhead Mine, Douglas County, Oregon

Fig. 2, Property Map, Elkhead Mine, Douglas County, Oregon

Plate 2, Map Showing Proposed Program, Elkhead Mine, Douglas County, Oregon

Plate 3, Assay Map, Elkhead Mine, Douglas County, Oregon

Bulldoze 4 trenches to bedrock, each trench shall be approximately 200 feet long. The work shall be performed with a TD-14 bulldozer. The location of trenches is to be agreed upon by the Government and the Operator.

Drill approximately 25 long holes at points and on the courses and inclinations indicated on Plate 2. The lengths of each hole shall not exceed 100 feet and the aggregate drilling shall not exceed 1,534 feet.

App'd. Sol. Off.

Sample the long holes in mineralized zones at 5 and 10 foot intervals; sample the trenches in mineralized zones at 5 foot intervals, and assay all samples which shall not exceed 422 in number for mercury.

Estimated Cost of the Project

Fixed Unit Costs

Bulldozing trenches, 63 hours at $11.00 per hour	$ 693.00
Long hole drilling, 1,534 feet at $1.25 per foot	1,917.50
Assay 422 samples for mercury at $4.00 each, includes sacks and transportation	1,688.00
A Geological-Engineer, 12 days at $75.00 per day	900.00
Estimated Cost of the Project	$5,198.50
Government participation 50%	2,599.25

In Article 1(b) of the Contract, the figure $15,624.00 is revised to read $5,198.50, and the figure $7,812.00 is revised to read $2,599.25.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mitteudorf
ACTING Director, Office of Minerals Exploration

MONETA PORCUPINE MINES, LTD.

By F. R. Burton

Title President

EXPLORATION PROJECT CONTRACT
MONETA PORCUPINE MINES, LTD.
DOCKET NO. DMEA 4953

AMENDMENT NO. 1

Justification

Because the position of the basalt contact on the tunnel level was determined by drilling to be different from that estimated when preparing the contract, and because of the indefinite limit of the mineralized zone to the south, it was necessary to exceed the authorized depth in some of the drill holes in order to reach their objective. Fourteen of the 40 holes authorized were drilled at the Operator's expense prior to the signing of the contract.

The contract as written specified that a D-8 Caterpillar bulldozer or equivalent of another make be used for excavating trenches and preparing access roads and drill sites, and its use to be paid for at the rate of $15.00 per hour. At the time when a dozer was needed no D-8 Caterpillar was readily available, so the Operator substituted a TD-14 bulldozer, at the rate of $11.00 per hour. The trenching was done with the smaller TD-14 dozer in a satisfactory manner, with a considerable saving to the Government.

In accordance with the recommendations of the Field Team, in its memoranda of August 11 and 28, 1958, Amendment No. 1 has been prepared to authorize drilling 25 long-holes, length of each not to exceed 100 feet, and total aggregate length of all holes not to exceed 1,534 feet, and to authorize use of a TD-14 bulldozer at $11.00/hr. instead of a D-8 at $15.00/hr. Total aggregate length of drilling is readuced from 2,400 feet to 1,534 feet, total estimated cost of the contract from $15,624.00 to $5,198.50, and Government participation from $7,812.00 to $2,599.25.

The full number of shifts for consultants is allowed, because, although all work authorized under the contract was not completed, the consultant was employed for the total time allowed, to appraise the work that was done, and the geologic probability of making a significant discovery, and to prepare the Operator's final report, which includes geologic maps and ore reserve estimates.

Government's copy

MF-200A
(Rev. April 1956)

ORIGINAL FILE COPY
DMEA
RECEIVED JUN 30 1958
DATE | INITIALS | CODE

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	Commodity	Contract No. Idm-E	County	State
4953	mercury	1216	Douglas	Oregon

It is agreed 20 JUN 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Moneta Porcupine Mines, Ltd., a Canadian corporation

whose mailing address is 1505--320 Bay Street
Toronto, Ontario, Canada
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) 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 Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before June 20, 1958, and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 6 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $15,624.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $7,812.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interest of Lessors and Assignor.

(b) 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: Consent to Lien and Subordination Agreements of Lessors and Assignor.

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. 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 will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *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 all pertinent books, documents, papers, and records of the Operator.

(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 6. *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 the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), 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, 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.

(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, 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, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(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 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 7. *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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

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Long
Hoffman
App'd. Sol. Off.
Chapman
Martin
Chambers
Johnson

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mitchell [illegible]
Administrator, Defense Minerals
Exploration Administration

MONETA PORCUPINE MINES, LTD.
(Operator)

By J. R. Burton
Title President

I, Harold Beverley Clearihue, certify that I am the secretary of the corporation named as Operator herein; that J. R. Burton, who signed this contract on behalf of the Operator, was then President 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.

H B Clearihue

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

EXPLORATION PROJECT CONTRACT
MONETA PORCUPINE MINES, LTD.
DOCKET NO. DMEA-4953

ANNEX I

The land referred to in Article 2 of the Contract consists of two tracts designated as Block 1 and Block 2 on the attached Figure 2, entitled "Property Map, Elkhead Mine, . . . Douglas County, Oregon", said land being described as follows:

Block 1:

Beginning at a post in the westerly line of the New County Road running through section 21, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said section 21, from which a fir marked "SBT" 16" in diameter bears North 64° West 61 links distant, and running thence North 23° West 10.30 chains to a point from which a fir marked "SBT" 8" in diameter bears South 45° West 12 links distant and a fir 16" in diameter market "SBT" bears East 37 links distant; thence North 67° East 2.50 chains to a post from which a fir 20" in diameter marked "SBT" bears South 62° West 23 links distant; thence North 23° West 4.99 chains to a fir 22" in diameter, marked "S"; thence South 86° West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50° West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said section 21; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said section 21 to the intersection with North line of the New County Road, and thence following along the North line of same in a Northeasterly direction to the place of beginning; containing 31 acres; more or less. All situated in section 21, T. 23 S., R. 4 W., of the Willamette Meridian, Douglas County, Oregon.

Block 2:

The Southwest fourth of the Southwest quarter (SW¼-SW¼) of section 15; the South half of the Southeast quarter (S½-SE¼) of section 16: The North half of the Northeast quarter (N½-NE¼) and the Southeast fourth of the Northeast quarter (SE¼-NE¼) of section 21; and the Southwest fourth of the Northwest quarter (SW¼-NW¼) of section 22, all in T. 23 S., R. 4 W., of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, Oregon, excepting and reserving Block 1 described above and excepting and reserving however the following reserved tract or parcel of land, being a portion of said sections 21 and 22, to wit: That portion Southeast of New County Road, said portion containing 47.11 acres.

The Operator is in possession of Block 1 pursuant to the provisions of an "Agreement and Assignment" dated February 26, 1958, whereby Gordon I. Gould assigned all of his interest in an Agreement dated January 24, 1958, pursuant to which Blaine H. Hovey and Ore Mines Inc. agreed to sell Block 1 and improvements thereon to Gould. By Quitclaim Deed dated January 24, 1958, Ore Mines Inc., quitclaimed all of its interest in Block 1 to Gould.

The Operator is in possession of Block 2 pursuant to the provisions of an "Option Agreement" executed February 6, 1958, by Marvin Thompson and Getta-Violet F. Thompson, his wife, owners of both the surface and mineral rights to Block 2.

Consent to Lien and Subordination Agreements executed by Blaine H. Hovey, Gordon I. Gould, and Marvin and Getta-Violet F. Thompson are attached and made a part hereof.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date 20 JUN 1958

RECEIVED JUN 5 1958 D.M.E.A.

CONSENT TO LIEN and SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Douglas, State of Oregon, described as follows: 2/
in Section 21, Township 23 S. R. 4 West containing 31 acres, more or less

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

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

2/ 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None. (State "None" or "See Annex No.____")

Dated this 28th day of May, 1958.

	[Seal]	Blaine H. Hovey	[Address]
	[Seal]	2118 Washington St	[Address]
	[Seal]	Alton, Illinois	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

RECEIVED
MAY 21 1958
D.M.E.A.

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date 20 JUN 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Douglas, State of Oregon, described as follows: 2/

See Annex

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

~~The option agreement to Moneta Porcupine Mines Ltd.~~

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

2/ 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this 10 day of May, 195[illegible]

Marvin B. Thompson [Seal] Yoncalla, Ore [Address]

Hetta Verl D. Thompson [Seal] Yoncalla, Oregon [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

Parcel A: The Southwest Fourth of the Southwest quarter (SW 1/4 SW 1/4) of Section Fifteen (15); the South half of the Southeast quarter (S 1/2 SE 1/4) of Section Sixteen (16); the North half of the Northeast quarter (N1/2 NE 1/4) and the Southeast fourth of the Northeast quarter (SE 1/4 NE 1/4) of Section Twenty-one (21) and the Southwest fourth of the Northwest quarter (SW 1/4 NW 1/4) of Section Twenty-two (22); all in Township Twenty-three (23) South, Range Four (4) West of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, State of Oregon;

Excepting and reserving however the following described tract or parcel of land, being a portion of said Section Twenty-one, to-wit: Beginning at a post in the Westerly line of the new County Road running through said Section, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section Twenty-one, from which a fir marked "S.B.T." 16" in diameter, bears North 64 deg. West 61 links distant, and running thence North 23 deg. West 10.30 chains to a point from which a fir marked "S.B.T." 8" in diameter bears South 45 deg. West 12 links distant and a fir 16" in diameter marked "S.B.T." bears East 37 links distant; thence North 67 deg. East 2.50 chains to a post from which a fir 20" in diameter marked "S.B.T." bears South 62 deg. West 23 links distant; thence North 23 deg. West 4.99 chains to a fir 22" in diameter, marked "S"; thence South 86 deg. West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50 deg. West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section Twenty-one; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with the North line of said new County Road, and thence following along the North line of same in a Northeasterly direction to the place of beginning; said exception containing 31 acres, more or less, of land, in Douglas County, Oregon;

Excepting and reserving however the following described tract or parcel of land, being a portion of said Sections Twenty-one and Twenty-two, to-wit: That portion southeast of said new county road, said portion containing 47.11 acres.

PARCEL B: All of that portion of the following described property which lies Southeast of the new County Road leading from Yoncalla to Elkhead:

The Southwest fourth of the Southwest quarter (SW 1/4 SW 1/4) of Section Fifteen (15): the South half of the Southeast quarter (S1/2 SE 1/4) of Section Sixteen (16); the North half of the Northeast quarter (N 1/2 NE 1/4) and the Southeast fourth of the Northeast quarter

(SE 1/4 NE 1/4) of Section Twenty-one (21) and the Southwest fourth of the Northwest quarter (SW 1/4 NW 1/4) of Section Twenty-two (22); all in Township Twenty-three (23) South, Range Four (4) West of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, State of Oregon;

Excepting and reserving however the following described tract or parcel of land, being a portion of said Section Twenty-one, to-wit: Beginning at a post in the Westerly line of the new County Road running through said Section, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section Twenty-one, from which a fir marked "S.B.T." 16" in diameter, bears North 64 deg. West 61 links distant, and running thence North 23 deg. West 10.30 chains to a point from which a fir marked "S. B.T." 8" in diameter bears South 45 deg. West 12 links distant and a fir 16" in diameter marked "S.B.T." bears East 37 links distant; thence North 67 deg. East 2.50 chains to a post from which a fir 20" in diameter marked "S.B.T." bears South 62 deg. West 23 links distant; thence North 23 deg. West 4.99 chains to a fir 22" in diameter marked "S"; thence South 86 deg. West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50 deg. West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section Twenty-one; thence East 6.48 chains; thence South on East Line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with the north line of said new County Road, and thence following along the North line of same in a Northeasterly direction to the place of beginning; said exception containing 31 acres, more or less, of land, in Douglas County, Oregon.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date

RECEIVED JUN 5 1958 D.M.E.A.

CONSENT TO LIEN and SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Douglas, State of Oregon, described ~~as follows:~~ 2/ on attachments hereto

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

An Agreement and Assignment dated February 26, 1958 (and an amendment thereto by letter of April 28, 1958) conveying undersigned's right, title and interest in the above described properties to Moneta Porcupine Mines, Limited

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

2/ 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 28th day of May, 1958.

Gordon T. Ould	[Seal]	58 Sutter Street,	[Address]
	[Seal]	San Francisco 4, California	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

HOVEY PROPERTY

Beginning at a post in the westerly line of the new County Road running through Section 21, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section 21, from which a fir marked "SBT" 16" in diameter bears North 64° West 61 links distant, and running thence North 23° West 10.30 chains to a point from which a fir marked "SBT" 8" in diameter bears South 45° West 12 links distant and a fir 16" in diameter marked "SBT" bears east 37 links distant; thence North 67° East 2.50 chains to a post from which a fir 20" in diameter marked "SBT" bears South 62° West 23 links distant; thence North 23° W. 4.99 chains to a fir 22" in diameter, marked "S"; thence South 86° West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50° West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section 21; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with North line of said New County Road, and thence following along the north line of same in a northeasterly direction to the place of beginning; containing 31 acres, more or less. All situated in Section 21, Township 23 South Range 4 West of the Williamette Meridian, Douglas County, Oregon. These premises also are known as The Elkhead Quicksilver Mine.

THOMPSON PROPERTY

Parcel A: The Southwest Fourth of the Southwest quarter (SW 1/4 SW 1/4) of Section Fifteen (15): the South half of the Southeast quarter (S 1/2 SE 1/4) of Section Sixteen (16); the North half of the Northeast quarter (N 1/2 NE 1/4) and the Southeast Fourth of the Northeast quarter (SE 1/4 NE 1/4) of Section Twenty-one (21) and the Southwest fourth of the Northwest quarter (SW 1/4 NW 1/4) of Section Twenty-two (22); all in Township Twenty-three (23) South, Range Four (4) West of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, State of Oregon

Excepting and reserving however the following described tract or parcel of land, being a portion of said Section Twenty-one, to-wit: Beginning at a post in the Westerly line of the new County Road running through said Section, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section Twenty-one, from which a fir marked "S.B.T." 16" in diameter, bears North 64 deg. West 61 links distant, and running thence North 23 deg. West 10.30 chains to a point from which a fir marked "S.B.T." 8" in diameter bears South 45 deg. West 12 links distant and a fir 16" in diameter marked "S.B.T." bears East 37 links distant; thence North 67 deg. East 2.50 chains to a post from which a fir 20" in diameter marked "S.B.T." bears South 62° West 23 links distant; thence North 23 deg. West 4.99 chains to a fir 22" in diameter, makred "S"; thence South 86 deg. West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50 deg. West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section Twenty-one; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with the North line of said new County Road, and thence following along the North line of same in a Northeasterly direction to the place of beginning; said exception containing 31 acres, more or less of land, in Douglas County, Oregon

Excepting and reserving however the following described tract or parcel of land, being a portion of said Sections Twenty-one and Twenty-two, to-wit: That portion southeast of said new county road, said portion containing 47.11 acres

Parcel B: All of that portion of the following described property which lies southeast of the new County Road leading from Yoncalla to Elkhead:

The Southwest fourth of the Southwest quarter (SW 1/4 SW 1/4) of Section Fifteen (15): the South half of the Southeast quarter (S 1/2 SE 1/4) of Section Sixteen (16); the North half of the Northeast quarter (N 1/2 NE 1/4) and the Southeast fourth of the Northeast quarter (SE 1/4 NE 1/4) of Section Twenty-one (21) and the Southwest fourth of the Northwest quarter (SW 1/4 NW 1/4) of Section Twenty-two (22); all in Township Twenty-three (23) South, Range Four (4) West of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, State of Oregon

Excepting and reserving however the following described tract or parcel of land, being a portion of said Section Twenty-one, to-wit: Beginning at a post in the Westerly line of the new County Road running through said Section, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section Twenty-one, from which a fir marked "S.B.T." 16" in diameter, bears North 64 deg. West 61 links distant, and running thence North 23 deg. West 10.30 chains to a point from which a fir marked "S.B.T." 8" in diameter bears South 45 deg. West 12 links distant and a fir 16" in diameter marked "S.B.T. bears East 37 links distant; thence North 67 deg. East 2.50 chains to a post from which a fir 20" in diameter marked "S.B.T." bears South 62 deg. West 23 links distant; thence North 23 deg. West 4.99 chains to a fir 22" in diameter marked "S"; thence South 86 deg. West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50 deg. West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section Twenty-one; thence East 6.48 chains; thence South on East Line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with the North line of said new County Road, and thence following along the North line of same in a Northeasterly direction to the place of beginning; said exception containing 31 acres, more or less, of land in Douglas County, Oregon.

EXPLORATION PROJECT CONTRACT
MONETA PORCUPINE MINES, LTD.
DOCKET NO. DMEA-4953

EXHIBIT A

Description of the Work

Attached are the following maps:

Fig. 1, Location Map, Elkhead mine, Douglas County, Oregon

Fig. 2, Property Map, Elkhead Mine, Douglas County, Oregon

Plate 2, Map Showing Proposed Program, Elkhead Mine, Douglas County, Oregon

Plate 3, Assay Map, Elkhead Mine, Douglas County, Oregon

The work shall consist of trenching, drifting, slabbing for drill stations and long hole drilling. All work shall be carried on concurrently.

Bulldoze 5 trenches to bedrock, each trench shall be approximately 200 feet long. The work shall be performed with a D-8 Caterpillar bulldozer or equivalent unit of another make. One trench shall be at the southwest end of Block 1 and 4 trenches shall be northeast of Block 1, as indicated on Plate 2.

In "B-drift" drift southwesterly 200 feet from the point indicated on Plate 2, and in "A-drift" drift northeasterly 100 feet from the point indicated on Plate 2. Drifts shall be a minimum of 5 feet by 7 feet in the clear and timbered as necessary.

Slab the drifts for long hole drilling stations, at the 14 points indicated in Plate 2, each to be equivalent to about 2 foot of drifting or a total of 28 feet.

Drill 40 long holes at points and on the courses, inclinations and lengths indicated on Plate 2. The lengths of each hole shall not exceed 60 feet and the aggregate drilling shall not exceed 2,400 feet.

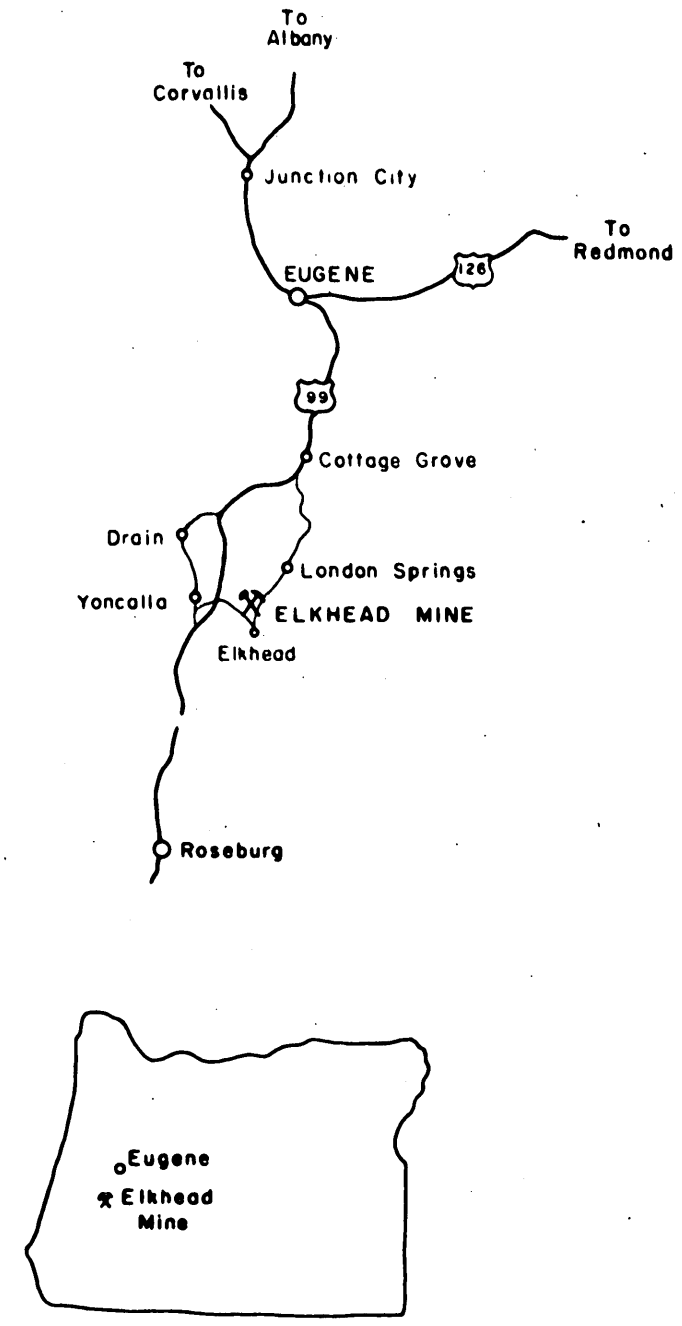
Channel sample the drifts at 5 foot intervals; sample long holes in mineralized zones at 5 or 10 foot intervals; sample trenches in mineralized zones at 5 foot intervals; and assay all samples for mercury. A total of 60 channel samples, 280 long hole samples and 60 trench samples is authorized for this work.

An Engineer-Geologist shall inspect the property and sampling, study geology and map the property.

ESTIMATED COSTS OF THE PROJECT

Fixed Unit Costs

Bulldozing trenches, 80 hours @ $15.00/hr.	$1,200.00	
Drifting 300 feet @ $26.75/ft.	8,025.00	
Timbering 30 feet @ $5.00/ft.	150.00	
Slabbing for long hole drilling, 28 feet @ $26.75/ft.	749.00	
Long hole drilling, 2400 feet @ $1.25/ft.	3,000.00	
Assay 400 samples for mercury @ $4.00 each. Includes sacks and transportation	1,600.00	
A Geologist-Engineer, 12 days @ $75.00/day	900.00	
Estimated Total cost of Project		$15,624.00
Government Participation, 50%		$ 7,812.00



Location map, ELKHEAD MINE

MONETA PORCUPINE MINES LTD.

Douglas County, Oregon

Fig 1

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 30 1958

DATE	INITIALS	CODE

OFFICIAL FILE COPY
DMEA
RECEIVED APR 28 1958

DATE	INITIALS	CODE

OPTION AGREEMENT

THIS AGREEMENT, Made and entered into in Douglas County, Oregon, this sixth day of February, 1958, by and between Moneta Porcupine Mines Limited N.P.L., of Suite 1505, 320 Bay Street, Toronto, Ontario, hereinafter called Moneta, and Marvin Thompson and Getta-Veilet F. Thompson, also known as Getta-Violet F. Thompson, husband and wife, of Douglas County, Oregon, hereinafter called the Vendors;

WITNESSETH

WHEREAS, the Vendors represent that they are the legal owners, including all mineral rights, of the following described real property, to-wit:

Parcel A: The Southwest Fourth of the Southwest quarter (SW 1/4 SW 1/4) of Section Fifteen (15); the South half of the Southeast quarter (S 1/2 SE 1/4) of Section Sixteen (16); the North half of the Northeast quarter (N 1/2 NE 1/4) and the Southeast fourth of the Northeast quarter (SE 1/4 NE 1/4) of Section Twenty-one (21) and the Southwest fourth of the Northwest quarter (SW 1/4 NW 1/4) of Section Twenty-two (22); all in Township Twenty-three (23) South, Range Four (4) West of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, State of Oregon;

Excepting and reserving however the following described tract or parcel of land, being a portion of said Section Twenty-one, to-wit: Beginning at a post in the Westerly line of the new County Road running through said Section, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section Twenty-one, from which a fir marked "S.B.T." 16" in diameter, bears North 64 deg. West 61 links distant, and running thence North 23 deg. West 14.30 chains to a point from which a fir marked "S.B.T." 8" in diameter bears South 45 deg. West 12 links distant and a fir 16" in diameter marked "S.B.T." bears East 37 links distant; thence North 67 deg. East 2.50 chains to a post from which a fir 20" in diameter marked "S.B.T." bears South 62 deg. West 23 links distant; thence [illegible], West 4.99 chains to a fir 22" in diameter [illegible], thence South 86 deg. West 7.93 chains to a fir [illegible] in diameter marked "S"; thence South 50 deg. West [illegible] chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section Twenty-one; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with the North line of said new County Road, and thence following along the North line

of same in a Northeasterly direction to the place of beginning; said exception containing [illegible] acres, more or less, of land, in Douglas County, Oregon;

Excepting and reserving however the following described tract or parcel of land, being a portion of said Sections Twenty-one and Twenty-two, to-wit: That portion Southeast of said new County road, said portion containing [illegible] acres.

[illegible]: All of that portion of the following described property [illegible] lies Southeast of the new County Road leading from Yoncalla to Elkhead:

The Southwest fourth of the Southwest quarter (SW 1/4 SW [illegible]) of Section Fifteen (15); the South half of the South[illegible] quarter (S 1/2 SE 1/4) of Section Sixteen (16); the North half of the Northeast quarter (N 1/2 NE 1/4) and the Southeast fourth of the Northeast quarter (SE 1/4 NE 1/4) of Section Twenty-one (21) and the Southwest fourth of the Northwest quarter (SW 1/4 NW 1/4) of Section Twenty-two (22); all in Township Twenty-three (23) South, Range Four (4) West of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, State of Oregon;

Excepting and reserving however the following described tract or parcel of land, being a portion of said Section Twenty-one, to-wit: Beginning at a post in the Westerly line of the new County Road running through said Section, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section Twenty-one, from which a fir marked "S.B.T." 18" in diameter, bears North 64 deg. West 61 links distant, and running thence North 23 deg. West 10.30 chains to a point from which a fir marked "S. B.T." 8" in diameter bears South 45 deg. West 12 links distant and a fir 16" in diameter marked "S.B.T." bears East 37 links distant; thence North [illegible] deg. East 2.50 chains to a post from which a fir [illegible] in diameter marked "S.B.T." bears South 62 deg. West [illegible] links distant; thence North 23 deg. West 4.99 chains to a fir 22" in diameter marked "S"; thence South 86 deg. West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50 deg. West 12.31 chains to a point 6.45 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section Twenty-one; thence East 6.48 chains; thence South on East Line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with the North line of said new County Road, and thence following along the North line of same in a Northeasterly direction to the place of beginning; said exception containing [illegible] acres, more or less, of land, in Douglas County, Oregon.

And Vendors warrant that they have [illegible] and [illegible] liable ownership and right to sell [illegible] rights pertaining thereto, and [illegible]

6V

WHEREAS the Vendors desire to sell said Parcel A and under certain circumstances to sell said Parcel B and,

WHEREAS Moneta desires to examine and explore said Parcel A for the purpose of determining to its satisfaction whether or not it wishes to purchase said Parcel A.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

In consideration of the money paid, and to be paid, and the agreements, conditions, and covenants to be performed and kept by the parties hereto, the Vendors agree to sell to Moneta, and Moneta agrees to purchase from the Vendors, the real property hereinabove described, together with all of their interest; right, and title to said property, including mineral rights, all upon the following terms and conditions:

(1) The total purchase price to be paid by Moneta to the Vendors for Parcel A hereinabove described is ~~Fifty~~ Fifty-Five Thousand Dollars ($50,000.00) payable in lawful money of the United States of America, by means of cash payments and royalties as outlined in paragraphs (a), (b), (c), (d), (e), and (f):

(a) Five Hundred Dollars ($500.00) contemporaneously with the signing of these presents, receipt of which is hereby acknowledged by the Vendors.

(b) If payment is made as outlined in paragraph (a) above, the option herein granted by the Vendors to Moneta may, at Moneta's discretion, thereafter be maintained in good standing by payments made to the Vendors by Moneta in accordance with the following schedule:

$1,000 on or before August 6, 1958
$1,000 on or before February 6, 1959
$1,000 on or before August 6, 1959
$17,500 on or before February, 1960

$1,000 on or before August 6, 1960

$1,000 on or before Feburary 6 and August 6 of each and every year thereafter until and including August 6, 1973, and the sum of $8,000 on or before February 6, 1974.

(c) Each of the payments outlined in clauses (a) and (b) above shall apply as an advance against production royalties (as hereinbelow described) for the period from the date of each payment to the date of the next payment herein required.

( ) (d) If Moneta, at its sole discretion, decides to put the property described in Parcel A into commercial production, Moneta does hereby agree to pay to the Vendors from all quicksilver produced from the ore from said Parcel A a royalty, said royalty to be calculated on the gross value of the quicksilver at the point where such quicksilver must be delivered to effect such sale, less the freight cost from the property described in Parcel A to the point of sale, such value being called the selling price, at the rate of five per cent of the selling price, and from all and any other metals or minerals produced and sold, a royalty or percentage of net smelter returns to be negotiated, but not to exceed the equivalent of the above outlined royalty, until the sum of all royalties and cash payments as outlined in paragraphs 1 (a), (b), and (c) above, paid by Moneta, its heirs, successors and assigns shall amount to $55,000.00, and thereafter Moneta shall have no further obligations to the Vendors.

(e) Royalty payments shall be made not later than the end of the month following the month in which the sale of quicksilver produced hereunder has been made.

(f) Moneta may, at its sole discretion, at any time during the tenure of this agreement, pay the whole of the unpaid balance of the purchase price, and thereafter Moneta shall have no further obligations to the Vendors, provided, however, should Moneta exercise the privilege in this sub-paragraph granted, on or before February 6, 1960, then and in such event the purchase price shall be reduced by the sum of $5,000.00 making a total payment from Moneta to Vendors of the sum of $50,000.00.

(2) The purchase of the property hereinabove described as Parcel B from the [illegible] by Moneta shall be governed by the following provisions:

(a) Moneta may, at its sole discretion, purchase Parcel B during the [illegible] of this agreement, but only after paying a total of not less than $[illegible] on the purchase price of Parcel A, for cash. Upon payment by Moneta to the Vendors of the full purchase price for Parcel B, Moneta shall be entitled to a warranty deed conveying the property described in Parcel B free and clear of all encumbrances. If purchased on or before the second anniversary of the date of this agreement, the purchase price for Parcel B shall be Ten Thousand Dollars ($10,000.00), thereafter the purchase price of Parcel B shall be Fifteen Thousand Dollars ($15,000.00).

(b) Moneta shall purchase Parcel B from the Vendors, in accordance with the prices set out in (a) above, immediately upon the commencement by Moneta of commercial production by means of open-pit or glory-hole mining upon that portion of Parcel A within the Northeast quarter of the Northeast quarter of Section Twenty-one (21) or the Southeast quarter of the Northeast quarter of Section Twenty-one (21), Township Twenty-three (23) South, Range Four (4) West of the Willamette Meridian. In the event Moneta shall purchase Parcel B., Vendors may at their election remain in possession of Parcel B for a period not to exceed twelve months after Moneta's payment of the purchase price of Parcel B as aforesaid and Vendors shall pay to Moneta for such possession a monthly rental of $50.00 payable on or before the sixth day of each month for that calendar month.

(c) Vendors covenant and agree with Moneta that they will not sell, exchange or otherwise dispose of Parcel B during the continuation of Moneta's performance hereunder until such time as Moneta shall have paid the sum of $21,000.00 upon the purchase price of Parcel A as herein provided and at any time thereafter and prior to the purchase of Parcel B by Moneta in accordance with the provisions of (a) and (b) above, Vendors may, at their discretion, sell the said Parcel B to any other purchaser fifteen days after giving notice [illegible] to Moneta

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of the terms of any such intended sale, including the identity of the prospective purchaser in each case, if Moneta has not within the sa[illegible] fifteen days elected to purchase Parcel B in accordance with (a) and ( ) above. It is expressly understood and agreed that the restrictions in this paragraph provided upon Vendors to apply after the payment of $21,000.00 as aforesaid shall bind Vendors and their heirs and Bo[illegible] shall not restrict their purchasers and assigns.

(d) Vendors may, if they so desire, reserve from the sale of Parcel B to Moneta all right and title, excepting mineral rights, to a portion of the said Parcel B not to exceed 7.11 acres, lying in the extreme [illegible] end of said Parcel B, which reserved portion shall be bounded on the east by a line running north and south. All expenses concerning the division of the said portion from the balance of Parcel B, if such division occur, shall be paid by the Vendors.

(e) Should Moneta abandon its right to purchase Parcel A, prior to the payment of the full purchase price therefor, in accordance with the terms of this contract hereinafter set forth, Moneta agrees to sell to the Vendors, if the Vendors elect to purchase within fifteen days following receipt of notice by the Vendors of Moneta's abandonment of its contract to purchase Parcel A, all its right and title, including mineral rights, to said Parcel B, for the sum paid by Moneta for the said property.

(3) Moneta may at any time during the tenure of this agreement, cancel or terminate all the rights and obligations granted and agreed upon herein by giving to the Vendors written notice of Moneta's desire to cancel or terminate this agreement, provided, that such cancellation or termination shall in no way relieve Moneta of its obligations to make all payments required hereunder which are due and payable at the effective date of such cancellation or termination. In the event of termination of this agreement in accordance with this paragraph or paragraph (11), Moneta shall execute and deliver to the Vendors such releases and quit claims as may be necessary to clear Vendors title.

(4) It is agreed that if Moneta, at its own expense, purchases title insurance on Parcel A, Moneta may deduct the cost of the premium for such title insurance, issued for the purchase price of Forty Thousand Dollars ($40,000.00), from the payment due from Moneta to the Vendors by Subsection (a) hereof. It is also agreed

THAT IF Moneta exercises its rights hereunder to purchase Parcel B, the Vendors shall deliver to Moneta, with the deed to the said Parcel B, an owners policy of title insurance, issued in the amount of the purchase price of Parcel B, at the Vendors expense.

(5) The parties hereto agree that the E. O. Young and Co. Branch, Douglas County State Bank, Oakland, Oregon, be selected as the escrow agent hereto, and that said bank shall be furnished, not later than February 17, 1968, one signed copy of this agreement, together with a deed to Parcel A with instructions to said escrow agent to deliver said deed to Moneta, its heirs, successors, or assigns, upon payment in full of the amount due the Vendors under this agreement.

(6) All payments for the account of the Vendors except the first payment of Five Hundred Dollars ($500.00) which is made directly to the Vendors shall be paid to said escrow agent for the use and benefit of the Vendors in accordance with the terms and conditions set forth in this agreement. It is agreed that the fee charged by said bank for the establishment of said escrow and other charges shall be paid, one half by Moneta and one half by the Vendors.

(7) It is agreed, and the Vendors warrant that the Vendors have paid the real property taxes assessed against Parcel A for the fiscal year 1967-68 and for all previous years, and that the taxes for the fiscal year 1967-68 have been prorated between the parties hereto as of the date of this agreement. It is further agreed that Moneta shall pay all real property taxes assessed against Parcel A during the tenure of this agreement, and that in the event of termination of this agreement the real property taxes for the fiscal year in which such termination occurs shall be prorated between the parties as of the effective date of such termination.

(8) As long as this agreement shall remain in effect, and if Moneta shall make payments as set forth in Paragraphs 1 (a), 1 (b), 1 (c), 1 (d), 1 (e), and 1 (f) herein, and does not permit said payments to become delinquent, and if Moneta shall keep and perform all other agreements which under the terms hereof are to be kept by it Moneta, at its expense may:

(a) enter upon and take possession of Parcel A,

(b) examine, explore, [illegible] take said ore, make openings on the premises [illegible] so long that only waste or ore from [illegible] shall [illegible] $1,000.00 [illegible]

been paid on the purchase price of Parcel A), erect buildings, bins, tanks or other structures, install machinery, and do or construct any necessary thing which, in its opinion, may be necessary to prove or disprove the economic possibilities of said Parcel A or the operation of a mine thereon.

(9) Moneta will not do any act which would permit a lien to be filed against Parcel A or any part thereof; and if such a lien is filed on or against Parcel A for or on account of labor performed and/or materials furnished at the instance of Moneta, then Moneta shall, within forty-five (45) days, cause such lien to be satisfied of record; except and unless there be a bona fide dispute as to the legal validity upon which such lien is founded, provided, however, that Moneta shall at all times protect and save Vendors harmless from any and all liens and encumbrances placed upon the premises as a result of Moneta's activities under this agreement.

(10) The Vendors shall have the right at any and all times during the effective term of this Agreement to post on Parcel A, one or more notices in conformity with the requirements of the laws of Oregon, dealaring the non-responsibility of the Vendors on said property, or any part thereof, for labor performed or materials furnished by or at the instance of Moneta.

(11) It is mutually agreed that in the event of the default in the payment of any of the subsequent payments by Moneta to the Vendors herein required, the Vendors may give notice to Moneta of said default, and if such default is not cured within fifteen (15) days from the date of giving such notice, then the Vendors shall have the right to declare this agreement

cancelled and of no further force and effect and shall have the right to immediate and peaceful repossession of Parcel A.

(12) The Vendors, or their agents, at all reasonable times during the term of this agreement and at their own risk, shall have the right to go upon Parcel A for the purpose of inspection thereof, and to examine the records of Moneta.

(13) Moneta reserves the right at all times during the term of this agreement, and for sixty days after the effective date of termination or cancellation of the agreement to remove from Parcel A any machinery, equipment, tools, supplies or buildings placed by Moneta on said property, whether bolted or otherwise fastened to the real property described.

(14) Moneta agrees to actively engage in exploration, and to conduct all operations on Parcel A in a good and miner-like fashion with due regard for the safety of workmen, and to comply with all applicable laws covering such operations.

(15) The Vendors agree that they will not assign or transfer this Agreement without first obtaining the written permission of Moneta, and Moneta agrees that it will not unreasonably withhold such consent.

(16) Moneta agrees that the Vendors shall have full grazing privileges on the property described as Parcel A until the full purchase price has been paid, and Moneta further agrees to leave undisturbed, or to promptly repair in the event they are disturbed, all water-lines, water supply, property fences, rights of way, buildings, and cemeteries, except for reasonable and temporary dislocations caused by work in progress.

(17) In the event of the cancellation or termination [illegible]

agreement prior to the payment of the full purchase price by Moneta for Parcel A and the delivery of the deed by Vendors to Parcel A, if it shall appear that Moneta has covered or removed topsoil from Parcel A which, when valued at the rate of two-fifths of a cent (2/5¢) per square foot, has a value in excess of one half of the sum of the payments which have been made or are to be made by Moneta to the Vendors under this agreement, Moneta agrees to pay to the Vendors a sum equal to such excess.

(18) The Vendors agree that no payment made by Moneta under this agreement shall obligate Moneta to make any further payment.

(19) This agreement is binding on the parties hereto, and their heirs, successors, and assigns.

(20) Time is of the essence of this agreement.

(21) All notices to be given hereunder shall be sent by registered air mail, addressed, to the Vendors at Route 1, Box 37 A, Yoncalla, Oregon, and if to Moneta at Suite 1505, 320 Bay Street, Toronto, Ontario, and that the date of giving notice shall be presumed to commence seventy-two (72) hours after the postmark on each notice so sent. The parties hereto agree that the address of the parties hereto, their heirs, successors, or assigns, may be changed by each giving to the other notice of such change as above described.

(22) It is agreed that a memorandum of this agreement will be executed and acknowledged by the parties hereto contemporaneously with the execution hereof, and that such memorandum may be recorded in the Douglas County, Oregon, deed records by either party hereto, as they may desire.

IN WITNESS WHEREOF the parties have hereunto set their hands and seals the date and year first hereinabove set forth.

Witness: _____

Witness: "R.H. Seraphim"

VENDORS: _____
Marvin Thompson

_____
Getta-Voilet F. Thompson [illegible]
Getta-Violet F. Thompson

MONETA: Moneta Porcupine Mines Limited

Witness: "H.B. Clearihue"

By: "F.R. Burton"
President
Title

7T. Memo — 8/11/58

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AGREEMENT AND ASSIGNMENT

THIS AGREEMENT AND ASSIGNMENT made this 26th day of February, 1958, by and between GORDON I. GOULD, hereinafter called "Assignor" and MONETA PORCUPINE MINES, LIMITED, a corporation, hereinafter called "Assignee",

W I T N E S S E T H:

For and in consideration of the sum of one dollar, the receipt of which is hereby acknowledged, and of the covenants herein contained, Assignor and Assignee agree as follows:

1. Assignor hereby assigns to the Assignee all of his right, title and interest in and to that certain agreement made and entered into on the 24th day of January, 1958, by and between Elaine H. Hovey of Alton, Illinois, Ore Mines, Inc., an Oregon corporation, and Gordon I. Gould of San Francisco, California, and that certain amendment thereto executed by all of the parties to said agreement on the 24th day of January, 1958, copies of said agreements being attached hereto and made a part hereof.

2. Assignor hereby represents to the Assignee as follows:

a. That the Assignor has duly paid the sum called for in said contract upon its execution.

b. That the Assignor has not breached, or attempted to breach any of the terms, provisions or conditions contained in said contract; and

c. That the said agreement now is in full force and effect.

3. That in consideration of the Assignor executing and delivering this agreement and assignment, the Assignee

first obtaining the written consent of Assignor to said further assignment.

f. Paragraph 11 g of said contract, the subject of this assignment, provides for the cancellation or termination of said agreement by Assignor. Assignee agrees that if it should intend to exercise the rights contained in said paragraph it will first give Assignor written notice of its intention so to do at least ten (10) days before the exercise of said right, and will, upon the written request of Assignor reassign said contract to Assignor.

g. Assignee agrees to pay to Assignor, as royalty, five (5%) per cent of its annual net operating profit derived from the sale of product or products mined or extracted from said properties described in said agreement, the subject of this assignment.

"Net operating profit" is defined as that profit derived from the sale of the product or products resulting from said mining operations, less the cost of extracting, refining and marketing the product or products, and the payment of reasonable salaries to officers, superintendents and foremen. Such operating profit shall be determined after there is deducted from the same any and all federal income taxes, whether imposed in the United States, Dominion of Canada or any Province thereof, and depreciation and depletion.

Said royalty shall be payable annually, dated from the date production starts, which is defined as the date of the first sale of a product or products extracted from said property.

Assignor agrees that Assignee shall not be liable for the payment of said royalty until Assignee has first recovered

covenants with the Assignor as follows:

a. That the Assignee will duly keep, observe and perform all of the terms, conditions and provisions of said agreement that are to be kept, observed and performed by the Assignor.

b. That the Assignee will save and hold harmless the Assignor of and from any and all actions, suits, costs, damages, claims and demands whatsoever that may arise out of or in respect of the aforementioned agreement and the amendment thereto.

c. Assignee herewith acknowledges that Assignor has expended monies in obtaining the aforementioned agreement and the amendment thereto, which is the subject of this assignment, including, but not limited to the establishment of the escrow called for in said agreement, attorneys fees, title search fees, and other sundry items of expense. Assignee agrees to reimburse Assignor for said expenses upon the presentation by the Assignee of a statement or statements by Assignor setting forth said expenses.

d. Assignee agrees that before it installs or uses a plant for treatment of ores mined or extracted from the properties described in said agreement it will first obtain from Assignor his approval of the type of ore reduction plant that Assignee plans to install. Upon the approval by Assignor of the type of ore reduction plant that Assignee will install, Assignee agrees not to install said plant unless and until Assignor has had the opportunity to submit to Assignee a bid for the manufacture of such plant by Assignor.

e. Assignee will not make or suffer any further assignment of said agreement and amendment thereto without

don I. Gould
Sutter Street
San Francisco 4, California

and the date of giving notice shall be presumed to be the second day after the registry date on each notice so sent; the address of the Parties hereto, their heirs, successors, or assigns, may be changed by each giving to the others five (5) days written notice of such change in the manner prescribed above.

IN WITNESS WHEREOF, the Parties hereto have set their hands and seals on the date hereinabove set forth.

Subscribed and sworn to before me this 27 day of February 1958
"Florence M. Elliott"
Notary Public

Notary Public
in and for the City and County of San Francisco, Calif
My Commission Expires Jan. 4, 1959

"Gordon I. Gould"
Gordon I. Gould
Assignor

MONETA PORCUPINE MINES, LIMITED

By "J. R. Burton"
President

By "H. B. Clearing"
Secretary
Assignee

its pre-operation expenditures. Pre-operation expenditures are defined as expenditures incurred before the treatment of ore mined from the properties described in said agreement begins, and includes actual expenditures made by the Assignee for

1. Expenses incurred by the Assignee and the Assignor (as reimbursed by the Assignee to the Assignor) in obtaining said agreement.

2. Labor and materials, assaying, equipment and supplies purchased or rented, expended for exploration and development of the properties described in said agreement prior to treatment of any ores therefrom.

3. Local or state real and personal property taxes.

4. Defense of title to or of the properties described in said agreement so far as may be required by the Assignee.

5. Mining and treatment plant equipment purchased or contracted for prior to commencement of treatment of ores mined from the properties described in said agreement.

6. Such other reasonable expenditures, including supervision, as may be necessary to bring the property into production.

When said expenditures are recovered the royalties shall be payable from net operating profit, commencing on the date of such recovery and shall be paid on the ensuing anniversary date from the start of production as aforesaid.

h. Assignor shall have the right at all times to enter upon the property and examine the records of production and sales therefrom.

4. As a further consideration of the execution of this assignment by Assignor, Assignee further agrees as follows:

a. Assignee represents and warrants that it has heretofore on the _____ day of February, 1958, entered into a certain option agreement with Marvin Thompson and Getta Violet F. Thompson, husband and wife, of Douglas County, Oregon, wherein and whereby Assignee has certain options and rights to purchase the properties of the said Marvin Thompson and Getta Violet F. Thompson and to extract therefrom minerals and mineral products, a copy of said option agreement being attached to this assignment, and is made a part hereof.

b. Assignee agrees that if said option is exercised and it proceeds to develop and operate said properties, clauses 3d, 3e, 3g and 3h of this agreement and assignment shall also apply for the benefit of Assignor in the operation of the properties described in said option agreement by Assignee.

c. Assignee further agrees that before it cancels, terminates or intentionally violates any of the terms and provisions of said option agreement, it will first give Assignor written notice of its intention so to do at least ten (10) days before the exercise of said right.

5. This agreement is binding on the parties hereto, their heirs, successors and assigns.

6. Time is of the essence of this agreement.

7. This agreement shall be acknowledged and may be recorded in Douglas County, Oregon, by either party.

8. All notices to be given herein shall be sent by registered air mail, addressed as follows:

Moneta Porcupine Mines, Limited
Suite 1505, 320 Bay Street
Toronto 1, Ontario, Canada

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AMENDED AGREEMENT

This amended agreement made and entered into by and between Blaine H. Hovey, hereinafter referred to as "Hovey" and Ore Mines, Inc., an Oregon corporation, hereinafter referred to as "Ore Mines" and Gordon I. Gould, hereinafter referred to as "Gould",

WITNESSETH:

Whereas on the "24th" day of "January", 1958, the parties hereto signed a writing dated the "24th" day of "January", 1958, and comprising nine pages numbered from one to nine both inclusive and having certain exhibits attached thereto whereby said parties agreed, among other things, in consideration of the monies paid, and to be paid, and the agreements, conditions and covenants to be performed and kept by the parties hereto, Hovey agrees to sell to Gould and Gould agrees to purchase from Hovey, the real property hereinabove described, together with all of his right, title and interest in such personal property as is located on said premises, and Ore Mines agreed to sell, relinquish and quitclaim any right, title and interest in and to all personal property and improvements placed by it on said premises and in the hereinbefore described agreement between the Vendors and Vendees, subsequently transferred to Ore Mines, all upon the following terms and conditions;" and,

Where as the first and opening paragraph of said agreement reads as follows: This agreement, made and entered into this "24th" day of "January", 1958, by and between Blaine H. Hovey, of Alton, Illinois, hereinafter referred to as "Hovey", Ore Mines, Inc., an Oregon corporation, of North Bend, Oregon, hereinafter referred to as "Ore Mines" and Gordon I. Gould, of San Francisco,

California, hereinafter referred to as "Gould"; and,

Whereas the parties to said agreement desire to limit the right to cut timber on said described real property and Hovey desires to reserve and the other parties hereto are willing that he shall reserve the hereinafter particularly described items of personal property.

Now, therefore, in consideration of the premises, it is mutually agreed that said agreement comprising nine pages as aforesaid, shall not cover or include the right to cut any timber standing on said real property within 100 feet of any building on said real property, and, it is further agreed between the parties hereto that notwithstanding any language to the contrary contained in said agreement, and since Hovey desires to reserve from said agreement the hereinafter particularly described items of personal property, and the other parties hereto are willing that such items of personal property may be reserved, it is therefore agreed that Hovey may and he does hereby reserve from the operation of said agreement of nine pages the following items of personal property, namely: A 550 gallon stove oil tank, a Sunbeam oil stove, Hotpoint Frigidaire and electric stove, cooking utensils, dishes, a square oak dining table and about 1,500 books.

The prohibition against the cutting of timber within 100 feet from any building will cease to be of effect whenever the purchase price of $55,000.00 is paid in full; and after the purchase price is paid in full, this prohibition shall cease to be of effect.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals this "30th" day of "January", 1956 in five counterparts.

"Blaine H. Hovey"
Blaine H. Hovey

"by Wm H Hoppe Pres"
Ore Mines, Inc.

"by R M Falk Sec"
Ore Mines, Inc.

"Gordon I. Gould"
Gordon I. Gould

STATE OF ILLINOIS)
) ss.
County of Mckeson)

On this the "30" day of "January", 1958, personally appeared the above named Blaine H. Mevey and acknowledged the foregoing instrument to be his voluntary act and deed.

Before me: "Herman Jerrold"
Notary Public for Illinois
My Commission Expires: Nov 6-1960

STATE OF Oregon)
) ss.
County of Lane)

On this the "10th" day of "February", 1958, personally appeared "Wm H Hoppe Jr" and "R M Falk", both to me personally known, who being duly sworn did say he the said "Wm H Hoppe Jr" is the "President" and he the said "R M Falk" is the "Secretary" of Ore Mines, Inc., the within named corporation and the seal affixed to said instrument is the corporate seal of said corporation, and the said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors and that "Wm H. Hoppe Jr" and "R M Falk" acknowledge said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, this the day and year first in this, my certificate, written.

"Mae H. Bejm"
Notary Public for Oregon
My Commission Expires: Feb 9, 1962

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STATE OF CALIFORNIA)
) ss.
County of "San Francisco")

On this the "28th" day of "January", 1958, personally appeared the above named Gordon I. Gould and acknowledged the foregoing instrument to be his voluntary act and deed.

Before me:

"Florence M. Elliott"
Notary Public in [illegible]
My Commission Expires: [illegible]

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AGREEMENT

THIS AGREEMENT, made and entered into this 24th day of January, 1958, by and between Blaine H. Hovey, of Alton, Illinois, hereinafter referred to as "HOVEY", Ore Mines, Inc., an Oregon corporation, of North Bend, Oregon, hereinafter referred to as "ORE MINES", and Gordon I. Gould, of San Francisco, California, hereinafter referred to as GOULD,

WITNESSETH:

WHEREAS, Blaine H. Hovey and Bessie S. Hovey were husband and wife, and Bessie S. Hovey died April 11, 1957, and Bessie S. Hovey did not, at the time of her death, own any real property in her own individual name, and Bessie S. Hovey and her husband Blaine H. Hovey did not own any real property except as tenants by the entirety and consequently, upon the death of Bessie S. Hovey, all such real property became the sole property of Blaine H. Hovey, and

WHEREAS, HOVEY represents and warrants that he owns, free and clear of all encumbrances, except as hereinbelow stated, the following described premises, to-wit:

Beginning at a post in the westerly line of the new County Road running through Section 21, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section 21, from which a fir marked "SBT" 16" in diameter bears North 64° West 61 links distant, and running thence North 23° West 10.30 chains to a point from which a fir marked "SBT" 8" in diameter bears South 45° West 12 links distant and a fir 16" in diameter marked "SBT" bears east 37 links distant; thence North 67° East 2.50 chains to a post from which a fir 20" in diameter marked "SBT" bears South 62° West 23 links distant; thence North 23° W. 4.99 chains to a fir 22" in diameter, marked "S"; thence South 86° West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50° West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section 21; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said Section 21 to its

intersection with North line of said New County Road, and thence following along the north line of same in a northeasterly direction to the place of beginning, containing 31 acres, more or less. All situated in Section 21, Township 23 South Range 6 West of the Willamette Meridian, Douglas County, Oregon. These premises also are known as The Elkhead Quicksilver Mine, and

WHEREAS, there is an Agreement dated January 11, 1955, in which Blaine H. Hovey and Bessie S. Hovey, as Vendors, agreed to sell the above described property to J. D. Walling, Floyd R. Morin, Leroy H. Lucas and Wm. H. F. Ziedrich, as Vendees, which Agreement, together with all its rights, privileges and interests, was transferred by the Vendees to ORE MINES by, in the case of J. D. Walling, a Quitclaim Deed dated March 19, 1955, and, in the case of Floyd R. Morin, Leroy H. Lucas and Wm. H. F. Ziedrich, an Assignment dated June 28, 1955, copies of said Agreement, Quitclaim Deed and Assignment being attached hereto and made a part hereof as Exhibits A, B and C, respectively, and

WHEREAS, said ORE MINES has made certain payments on the purchase price for said property and expended other sums for equipment and improvements but is unable to complete the prescribed payments for the purchase of said property and is in default as to said Agreement, but is desirous of being relieved of any further obligation thereunder and is desirous of disposing of its personal property located on said premises, as set forth hereinafter, and

WHEREAS, HOVEY is desirous of selling the herein described property, and

WHEREAS, GOULD is desirous of purchasing the herein above described real property, together with the personal property and improvements located thereon and owned by HOVEY and ORE MINES, as set forth hereinafter,

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS: In consideration of the monies paid, and to be paid, and the agreements, conditions and covenants to be performed and kept by the Parties hereto, HOVEY agrees to sell to GOULD, and GOULD agrees to purchase from HOVEY, the real property hereinabove described, together with all of his right, title and interest in such personal property as is located on said premises, and ORE MINES agrees to sell, relinquish and quitclaim any right, title and interest in and to all personal property and improvements placed by it on said premises and in the hereinbefore described Agreement between the Vendors and Vendees, subsequently transferred to ORE MINES, all upon the following terms and conditions,

1. The total purchase price to be paid by GOULD to HOVEY for the property hereinabove described is Fifty-five Thousand Dollars ($55,000.00), payable in lawful money of the United States of America, in installments, with interest thereon at the rate of Five Percent (5%) per annum, as follows:

a) Five Thousand Dollars ($5,000.00) contemporaneously with the signing of these presents, receipt of which is hereby acknowledged by HOVEY, and

b) Ten Thousand Dollars ($10,000.00) on or before July 31, 1948, and

c) Twenty Thousand Dollars ($20,000.00) on or before January 31, 1949, and

d) Twenty Thousand Dollars ($20,000.00) on or before January 31, 1950, provided,

that GOULD may, at any time when he is not in default in the payment of installments or interest and is not in default in other agreements which under the terms hereof are to be performed and kept by him, at his option, pay the whole of the unpaid balance of the principal of said purchase price, plus interest accrued and unpaid up to the date of such pre-payment.

e) Whenever any payment is made, interest accrued on the whole of the then unpaid balance of the principal shall first be deducted from said payment and only the remainder of said payment shall be applied as a payment on the principal.

2) The total reimbursement to be made by GOULD to ORE MINES, for payments previously made by ORE MINES to the Vendors together with any right, title, and interest in all personal property and improvements placed by it on said premises and in the hereinbefore described Agreement between the Vendors and the Vendees, subsequently transferred to ORE MINES, is Seventy-five Thousand Dollars ($75,000.00), payable in lawful money of the United States of America, in installments, as royalties on quicksilver produced and sold by GOULD from ores mined on the said premises, and shall be paid as follows:

a) Royalty payments shall be made not later than the twentieth (20th) day of the month following the month in which the sale of quicksilver produced hereunder has been made.

b) The amount of the royalty payment shall be calculated from the gross value of each shipment of quicksilver at the point where such quicksilver must be delivered to effect a sale, less the freight cost from the Elkhead Quicksilver Mine to said point of sale; such value is the total selling price, and the rate of royalty shall be based on the average selling price per flask of each shipment, as follows:

When the selling price is $225.00 per flask, or less, 5%,
When the selling price is $225.01 to $250.00, 6%,
When the selling price is $250.01 to $275.00, 7%,
When the selling price is $275.01 to $300.00, 8%,
When the selling price is $300.01 to $325.00, 9%,
When the selling price is $325.01 per flask, or more 10%,

until the sum of all royalties paid by GOULD shall amount to Seventy-five Thousand Dollars ($75,000.00); and thereafter GOULD shall have no further obligations to ORE MINES.

3. Contemporaneously with the signing of these presents, HOVEY as Grantor, shall sign and have acknowledged a deed, naming GOULD as the Grantee, conveying the herein described property with full covenants of warranty as to title and encumbrances

4. Contemporaneously with the signing of these presents, ORE MINES shall sign and have acknowledged a Quitclaim Deed, releasing and quitclaiming unto GOULD, as Grantee, all of its right, title and interest in all personal property and improvements placed by it on said premises and in the hereinbefore described Agreement, Quitclaim Deed and Assignment, dated January 11, 1955, March 19, 1955 and June 28, 1955, respectively.

5. HOVEY will, within ninety (90) days from the date of these presents, cause to be issued to GOULD, or such party or Parties as he may indicate, a title insurance policy in the amount of ~~One Hundred Thousand Dollars ($100,000.00)~~ "Fifty Five" "55,000.00", insuring that title to the herein described property is free and clear of any and all encumbrances except for the hereinbefore described Agreement, Quitclaim Deed, and Assignment, dated January 11, 1955, March 19, 1955 and June 28, 1955, respectively, and this Agreement.

6. The First National Bank of Portland, acting by and through its Eugene Main Branch, in Eugene, Oregon, is selected by the Parties hereto to act as their escrow agent, in conformity with said Bank's escrow regulations and the following conditions and instructions:

a) The fee for the establishment of the herein contemplated escrow and all collection and other charges made by said escrow agent in connection with said escrow, shall be charged one-half to the account of HOVEY and one-half to the account of GOULD, except that all charges in connection with receiving and making royalty payments shall be charged in full to ORE MINES.

b) Contemporaneously with the signing of these presents, there shall be deposited in said escrow one signed counterpart of this Agreement, the Deed from HOVEY to GOULD described in Paragraph 3, herein, and the Quitclaim Deed from ORE MINES to GOULD described in Paragraph 4, herein; and within ninety (90) days from the date of these presents, HOVEY shall cause the title insurance policy described in Paragraph 5, herein to be deposited in said escrow.

c) All payments made by GOULD in accordance with Paragraph 1. herein, except the first payment of Five Thousand Dollars ($5,000.00) which is made directly to HOVEY, shall be applied by the escrow agent to the balance of the principal, amounting to Fifty Thousand Dollars ($50,000.00), after first subtracting the interest accrued to the respective dates of payment, and all such payments of interest and principal shall be credited to the account of HOVEY.

All payments made by GOULD in accordance with Paragraph 2. herein shall be credited to the account of ORE MINES.

d) The escrow agent shall make disposition of the instruments herein required to be deposited in said escrow, in the following manner and upon the following conditions:

1. If GOULD fails to make the payment due to HOVEY on July 31, 1958, or any payments due to HOVEY thereafter, then, the Quitclaim Deed shall be delivered to ORE MINES and all other instruments shall be delivered to HOVEY

ii. If all payments on the principal and interest due to HOVEY are made by GOULD, and all the covenants and conditions of this Agreement have been faithfully kept and performed, to said date of final payment to HOVEY, or corrected as hereinafter provided, then, the deed and the title insurance policy shall be delivered to GOULD.

iii. If royalty payments totaling Seventy-five Thousand Dollars ($75,000.00) are made by GOULD to ORE MINES, then, the Quitclaim Deed shall be delivered to GOULD.

7. HOVEY hereby holds GOULD harmless from any and all property taxes, whether real or personal, due for the fiscal year 1956-1957 and prior years, and GOULD will pay one-half of said taxes for the fiscal year 1957-1958, and all of said taxes assessed against said property in future years, or portions thereof, so long as this Agreement shall remain in effect.

8. ORE MINES agrees to hold GOULD harmless from any and all liability, claims, damages and/or expenses, of any nature whatsoever, arising out of either the tenancy and/or operations of said property by ORE MINES, or for labor, services and/or supplies performed or supplied at the instance of ORE MINES.

9. GOULD will not do any act which would permit a lien to be filed against the herein described property, or any part thereof; and if such a lien is filed on or against said property, then GOULD shall within forty-five (45) days cause such lien to be satisfied of record; unless and except there be a bona fide dispute as to the legal validity of the claim upon which such lien is founded.

10. HOVEY may, and ORE MINES may, at any and all times, post or cause to be posted, one or more notices in conformity with the laws of the State of Oregon, to the effect that neither they nor said property, nor any part thereof is liable for labor performed and/or materials furnished thereon at the instance of GOULD.

11. As long as this Agreement shall remain in effect, and if GOULD shall make payments as set forth in Paragraph 1. and 2. herein and does not permit such payments to become delinquent, and if GOULD shall keep and perform all other agreements which under the terms hereof are to be kept by him, GOULD, at his expense may:

a) enter upon and take peaceful possession of the hereinabove described property,

b) use any or all of the existing buildings, water supply, utility facilities and equipment owned by HOVEY and/or GRE MINES and located on said property,

c) examine, explore, prospect, mine and remove ore, treat said ore, make openings on the surface or underground, pile waste or stockpile material, erect buildings, bins, tanks or other structures, install machinery, and do or construct any necessary thing which, in his opinion, may be necessary to prove or disprove the economic possibilities of said property or the operation of a mine thereon,

d) cut and use any timber on said property which may be required for mining purposes,

e) remove from said property any buildings, bins, tanks, machinery, equipment, supplies or personal property which may have been placed on said property at his instance; HOVEY and GRE MINES, as far as their interests may appear, further grant to GOULD this right of removal for a period extending ninety (90) days beyond the effective date of cancellation or termination permitted to be established by GOULD in sub-paragraph g) hereunder,

f) remove from said property any samples, ore or quicksilver, either for sale, treatment, or further study,

g) cancel or terminate all the rights and obligations granted and agreed upon herein by giving to HOVEY and to GRE MINES written notice of GOULD'S desire to cancel or terminate this Agreement, provided, that such cancellation or termination shall in no way relieve GOULD of his obligations to make all payments required hereunder which are due and payable at the effective date of such cancellation or termination.

12. GOULD will conduct all operations on said property in a good and miner like fashion with due regard for the safety of workmen and in compliance with all applicable laws covering such operations.

13. In the event of default by GOULD in payment of any installment of principal or interest thereon, or any royalty payment, or default by GOULD in the performance of any

agreement which under the terms hereof is to be kept by him HOVEY and/or ORE MINES may give written notice to GOULD that if such default is not cured or corrected within thirty (30) days from such notice then HOVEY and/or ORE MINES may by written notice to GOULD declare the whole of the then unpaid balance of principal plus accrued and unpaid interest, and/or the whole of the then unpaid balance of royalties, due and payable; if GOULD shall not, within thirty (30) days from the date of such declaration to GOULD, pay said whole of the then unpaid balance of principal plus accrued and unpaid interest and/or the whole of the then unpaid balance of royalties, HOVEY and/or ORE MINES, as their respective interests may appear, shall have the right to immediate possession of the whole of said properties and may go and enter upon said property and remove GOULD therefrom.

14. In the event that HOVEY and/or ORE MINES bring suit to enforce their rights under this agreement, and obtain a final judgement in their favor in such proceedings, GOULD agrees to pay to HOVEY and/or ORE MINES such sum as the court may adjudge reasonable as attorneys' fees.

15. No Party hereto shall assign or transfer his interest in this Agreement without first obtaining the written consent of the other two Parties hereto, and no Party hereto shall unreasonably withhold such consent.

16. HOVEY and/or ORE MINES shall, at all reasonable times and until payments to either of them have been completed as set forth herein, have the right to enter upon the property and examine the records of production and sales therefrom.

17. All notices herein required to be given shall be sent by registered airmail, addressed as follows:

BLAINE M. HOVEY	ORE MINES INC.	GORDON I. GOULD
2118 Wash Avenue	Route 1, Box 707	58 Sutter Street
Alton, Illinois	North Bend, Oregon	San Francisco 4, California

and the date of giving notice shall be presumed to be the second day after the registry date on each notice so sent; the address of the Parties hereto, their heirs, successors or assigns, may be changed by each giving to the others five (5) days written notice of such change in the manner prescribed above.

18. Time, in the payment of installments of principal and interest, in the payment of royalties, and in the performance of the agreements of the Parties as herein contained, is of the essence in all particulars.

19. This Agreement shall and does bind and benefit not only the Parties hereto, but also their respective heirs, successors and assigns.

IN WITNESS WHEREOF, the Parties hereto have set their hands and seals, in five counterparts, on the date hereinabove set forth.

CRG MINES INC

Corporate Seal

"Blaine H. Hovey"
Blaine H. Hovey

Ore Mines Inc
"by Wm H. Hogge for Pres."
Ore Mines, Inc.

"by R. M. Falk Sec."
Ore Mines, Inc.

"Gordon I. Gould"
Gordon I. Gould

Subscribed [illegible]
"20th" [illegible] "January" 8
Florence McElroy
In and for the [illegible]
FLORENCE [illegible]
In and for the [illegible]
My Commission [illegible]
58 [illegible]

EXHIBIT A

AGREEMENT

THIS AGREEMENT, made and entered into on this the 11 day of January, 1955, by and between BLAINE M. HOVEY and BESSIE S. HOVEY, husband and wife, and for brevity hereinafter sometimes designated as "Vendors", and J. D. WALLING, FLOYD R. MORIN, LEROY M. LUCAS, and Wm. M. F. ZIEDRICH, hereinafter for brevity sometimes designated as "Vendees",

WITNESSETH: That;

RECITALS:

A. Vendors represent that they own free from encumbrances the following described premises, to-wit:

Beginning at a post in the westerly line of the new County Road running through Section 21, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section 21, from which a fir marked "EBT" 16" in diameter bears North 64° West 61 links distant, and running thence North 23° West 10.30 chains to a point from which a fir marked "EBT" 8" in diameter bears South 45° West 12 links distant and a fir 16" in diameter marked "EBT" bears east 37 links distant; thence North 67° East 2.50 chains to a post from which a fir 20" in diameter marked "EBT" bears South 62° West 23 links distant; thence North 23° W. 4.99 chains to a fir 22" in diameter, marked "S"; thence South 86° West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50° West 12.21 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section 21; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with the North Line of said New County Road, and thence following along the north line of same in a northeasterly direction to the place of beginning; containing 21 acres, more or less. All situated in Section 21, Township 23 South Range 4 West of the Willamette Meridian, Douglas County, Oregon.

B. Vendors have used and now occupy as their home, a dwelling

house located on the premises particularly described in Recital A above; and there are other buildings and improvements on said premises.

C. There is on a part of said premises timber, some of which is merchantable.

D. Heretofore, and prior to the time when Vendees became interested in the above described premises, mining for mercury, sometimes known as quicksilver, was carried on within the boundaries of said premises. Prior hereto, Vendees became interested in said premises and for the purpose of satisfying themselves concerning whether said premises contained mercury in sufficient quantities to justify mining operations, one of said Vendees personally made a careful examination over a period of approximately three weeks to determine whether said premises contained mercury in quantities sufficient to justify carrying on mining operations; and after such examination and based thereon, together with other information received by them, Vendees definitely concluded that the prospects revealed by such examination justified them in purchasing said premises for the price and on the terms and conditions herein set forth. The Vendees unqualifiedly declare that the conclusions reached by them concerning the possibility of obtaining mercury on said premises herein were not based upon, either wholly or in part, any statement or statements or representation or representations made by Vendors or by any one or more of them and Vendees further declare that their said conclusions were not based upon or in any way whatsoever influenced or affected by any statement or representation at any time or place made by Vendors or by any one or more of them.

AGREEMENTS:

NOW, THEREFORE, in consideration of the monies paid and to be paid and the things to be done and the covenants and stipulations of the respective parties hereto, said Vendors agree to sell to said Vendees and said Vendees agree to purchase from said Vendors, the real property particularly described in Recital A above, for the purchase price of One Hundred Thousand Dollars ($100,000.00) in lawful money of the United States of America, payable in installments with interest thereon at the rate of Five Percent (5%) per annum, and on the terms and conditions herein set forth.

1. It is agreed that the said purchase price shall be paid, and the said Vendees agree that they will pay, in installments with interest in amounts and at times as follows:

(a) Five Thousand Dollars ($5,000.00) coincidently with the signing of these presents, receipt of which is hereby acknowledged by the Vendors; and,

(b) Not less than Five Thousand Dollars ($5,000.00) on the

11th day of April, 1955, and

(c) Not less than Five Thousand Dollars ($5,000.00) on the 11th day of July, 1955; and,

(d) Not less than Ten Thousand Dollars ($10,000.00) on the 11th day of January, 1956, and,

(e) Not less than Twenty-five Thousand Dollars ($25,000.00) on the 11th day of January, 1957; and,

(f) Not less than Twenty-five Thousand Dollars ($25,000.00) on the 11th day of January, 1958; and,

(g) Not less than Twenty-five Thousand Dollars ($25,000.00) on the 11th day of January, 1959, provided, however, that Vendees may, at anytime when they are not in default in the payment of installments of principal or interest and are not in default in any other agreement which under the terms hereof are to be kept and performed by them, at their option pay the whole of the then unpaid balance of the principal of said purchase price plus interest accrued and unpaid up to the date of such pre-payment, but payment shall be made in United States Bonds.

2. It is agreed that the unpaid balance of principal of said purchase price shall bear interest at the rate of Five Percent (5%) per annum from the date of these presents; and it is further agreed that whenever any installment of principal is paid the interest accrued on the whole of the then unpaid balance of the principal shall be paid by Vendees to Vendors and Vendees agree that they will at such times pay all the accrued and unpaid interest on all the then unpaid principal.

3. Vendors agree that they will within fifteen (15) days from the date of these presents, cause to be issued to Vendees a title insurance policy insuring Vendees in the amount of Twenty-five Thousand Dollars ($25,000.00) and covering the above particularly described premises and insuring that the title of Vendors is a good and valid title, free from encumbrances except the encumbrances of this agreement; and if and when an aggregate of $25,000.00 is paid on the purchase price then and thereupon Vendors will cause the policy for $25,000.00 to be cancelled and a new policy in the amount of One Hundred Thousand Dollars ($100,000.00) to be issued to Vendees, their heirs, successors and assigns.

4. The First National Bank of Portland, acting by and through the Eugene Main Branch, in Eugene, Oregon, is hereby selected by the parties hereto as escrow agent; and it is agreed that one counterpart of these presents shall be lodged with said escrow agent, together with a deed signed and acknowledged by Vendors with full covenants of warranty as to title and encumbrances and naming Vendees as the Grantees and describing the above described premises, together with a title insurance policy naming Vendees as the insured, shall be lodged with the said escrow agent with instructions to said escrow agent to deliver said deed, together with title policy and insurance policy, to

[illegible] will be named as Grantees in said deed upon payment in full of the purchase price.

All payments made on said purchase price subsequent to said down payment of $5,000.00 shall be paid to said escrow agent for the use and benefit of Vendors, and said escrow agent, after deducting charges properly allocated to Vendors, shall place the remainder to the credit of said Vendors in their bank account in said bank.

It is agreed that the fee charged by the said bank for the establishment of said escrow shall be paid by Vendors paying one-half thereof and Vendees paying the other half thereof; and it is agreed that all collection and other charges made, in addition to said establishment fee, shall be paid by Vendors paying one-half and Vendees paying one-half.

5. Vendors represent that it is their understanding that all taxes to and including 1953-1954 taxes have been paid in full, but if it developes that any of such taxes have not been paid in full then Vendors will immediately upon learning of such non-payment, pay the said delinquent taxes in full; and it is agreed that the 1954-55 taxes shall be pro-rated with reference to the date of these presents and Vendors shall pay for the period ending with the day next preceeding the date of these presents and the Vendees shall pay the the period beginning with the date of these presents; and all taxes subsequent to 1954-55 shall be paid before delinquency by Vendees; provided, however that if the taxes for any tax year subsequent to the tax year 1954-55 aggregate more than Sixty-five Dollars ($65.00) then Vendors shall pay one-half and Vendees the other half of said taxes for such years.

6. Vendors reserve the right and it is agreed that they shall have the right to occupy the dwelling house in which they are now living on said premises and such right to continue to occupy said house shall exist so long as and until the payments on the premises of said purchase price aggregate $25,000.00; and within _____ days from the time when the payments on the purchase price aggregate $25,000.00 or more. Vendors shall vacate and surrender said dwelling house. During the period of the right of the Vendors to live in said dwelling house they shall have the right of ingress and egress thereto and the right to use any and all roads used in connection with such ingress and egress.

7. It is agreed that Vendors shall have the right at all reasonable times to go upon and examine and inspect all of said above described premises.

8. Vendees agree that they will not permit any lawful liens to be filed on or against said premises or any part thereof; and if a lien is filed on or against said premises for or on account of labor performed and materials furnished at the instance of Vendees or for labor performed or for materials furnished at the instance of Vendees, then Vendees shall within five (5) days, cause such lien to be satisfied of record

9. Vendors reserve the right at any and all times to post on said premises one or more notices in conformity with the requirements of laws of Oregon, to the effect that neither Vendors nor said premises or any part thereof is liable for labor performed or materials furnished at the instance of Vendees.

10. It is agreed that the herein contained covenants of Vendors shall be and are joint and several; and it is agreed that the covenants of the Vendees are joint and several.

11. Timber, some of which is merchantable, is standing upon part of said premises. It is agreed that Vendees shall have the right to cut and use such of said timber as Vendees desire to use for the purpose of providing supports in the work of underground mining; but it is agreed that the Vendees shall not cut any more of such timber than is reasonably required from time to time to carrying on the work of underground mining.

12. Time in the payment of installments of principal and interest of said purchase price and in the performance of the agreements of the respective parties herein contained is of the essence in all particulars.

13. In case of the default of the Vendees in the payment of any installment of principal of said purchase price or default in the payment of interest on said purchase price, Vendors may give to the Vendees a notice in writing to the effect that if such default is not cured within 30 days from the giving of such notice, then Vendors will declare that the whole of the then unpaid balance of the principal of said purchase price, together with accrued and unpaid interest thereon, shall be immediately due and payable; and if Vendees default in the performance of any agreement other than the payment of said purchase price, which is to be kept and performed by them, the Vendors may at their option, give to Vendees a written notice to the effect that such default exists and if the default is not cured and corrected within 30 days from the giving of such notice then and thereupon Vendors will declare the whole of the then unpaid purchase price immediately due and payable and Vendors shall have the right to the immediate possession of the whole of said premises and may go and enter upon said premises and remove the Vendees, forcibly if necessary, and if such deliquency or such default is not cured by payment

or performance within said period of 30 days, then at the end of such period of 30 days all the balance of said purchase price, principal and interest, shall become and be immediately due and payable.

14. In the event of a foreclosure of these presents Vendees agree that they will pay to the Vendors such sum as the court may adjudge reasonable as attorneys fees in any suit or other proceeding to foreclose this contract.

15. It is agreed that Vendees shall not and the Vendees agree that they will not, assign or transfer their interest in the contract or in said premises without first obtaining the written consent of the Vendors; but Vendors agree that they will not unreasonably withhold consent.

In this connection it is understood that Vendees plan to organize a corporation under the laws of Oregon, for the purpose of taking over the interests of the Vendees in these presents and in the above described premises; and it is agreed between the parties hereto that Vendees may, if they desire so to do, assign and transfer to any corporation so organized, provided the Vendees are stockholders in such corporation and provided further that said Vendees and each of them continue to be such stockholders.

It is agreed that if Vendees assign their interest in this contract and in the premises covered by this contract, such assignment shall not operate to release the Vendees from liability to pay the then unpaid balance of the purchase price required to be paid under the terms of this contract and that such assignee or assignees shall also be liable for the payment of said balance o the purchase price.

16. It is agreed that so long as Vendees make the payments on the purchase price, principal and interest, as required herein, and do not permit any installment of principal or interest to become delinquent and so long as Vendees keep and perform all other agreements which under the terms hereof are to be kept and performed by them, the said Vendees shall have:

(a) The exclusive right to the possession of said premises described in Recital A above, subject only to the heretofore reserved rights of Vendors to live in said dwelling house and the said right of ingress and egress, and the right to use the aforesaid roads as hereinabove prescribed; and

(b) The right to sink shafts and run tunnels in said premises and to mine and extract from said premises mercury and other minerals; and,

(c) The right to extract and remove from said premises ores containing mercury and other minerals; and,

(d) The right either on or off said premises to do the work of extracting ore otherwise taking mercury and/or other minerals from ores mined and taken from the above described premises; and,

(e) The right to retain as the absolute property of Vendees, free from any and all claims of Vendors, any and all mercury and other minerals extracted from ores taken by Vendees from said premises; and,

(f) The right to dump on the surface of said premises ores and other materials found in place and removed from beneath the surface of said premises; and,

(g) The right to go through the surface of said premises and sink shafts and run tunnels.

17. It is agreed that Vendees shall and Vendees agree that they will do all the work of mining with reasonable care and in conformity with accepted methods.

18. The surface of the above described premises includes parts of two hills. A part of the surface of the Northwest portion of one of the hills was removed in previous operations. It is believed that the mineral area is between a hanging wall which is on the above described premises and a foot wall which is East thereof but outside the boundary of the above described premises. The Vendees contemplate removing a considerable part of the surface of that portion of the mineral area which is located within the boundaries of the above described premises. It is believed that the present improvements are not within the mineral area on the above described premises; and, therefor, if such belief as to the location of the mineral area is correct then it will not be necessary to disturb any of the buildings or other improvements now on the above described premises; and consequently, it is agreed between the parties hereto that the Vendees shall have the right to disturb and remove or otherwise deal with any of the surface within the aforesaid believed mineral area which is within the above described premises.

19. If Vendees default in the payment of any installment of principal or interest or default in the performance of any other agreement or covenant or stipulation which under the terms hereof is to be kept and performed by the Vendees and if Vendees fail to cure and remedy any delinquency or default within the period after notice as required hereinabove, then upon the expiration of the period within which default or delinquency is by the terms hereof required to be cured and performed, Vendors may go and enter upon said premises and take possession thereof and remove Vendees, forcibly if necessary, and Vendors may commence and prosecute to degree or judgment a suit to foreclose this contract or make use of any other action, suit or

proceeding which may be available to them.

20. It is agreed that these presents shall and do bind and benefit not only the respective parties hereto, but also their respective heirs, administrators, executors, legal representatives and assigns.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals in three counterparts on this 11 day of January, 1955.

/s/ Bessie S. Hovey (SEAL)
Vendor

/s/ Blaine H. Hovey (SEAL)
Vendor

/s/ J. D. Walling (SEAL)
Vendee

/s/ Floyd R. Merin (SEAL)
Vendee

/s/ Leroy H. Lucas (SEAL)
Vendee

/s/ Wm. H. F. Ziedrich (SEAL)
Vendee

STATE OF OREGON)
COUNTY OF LANE) ss

On this the 11th day of January, 1955, personally appeared the above named J. D. Walling Floyd R. Merin, Leroy H. Lucas and Wm. H. F. Ziedrich, and acknowledged the foregoing instrument to be their voluntary act and deed

/s/ Maree H. Byrom
Notary Public for Oregon
My commission expires: Feb. 9, 1958

STATE OF OREGON)
COUNTY OF LANE) ss

On this the 11th day of January, 1955, personally appeared the above named Blaine H. Hovey and Bessie S. Hovey and acknowledged the foregoing instrument to be their voluntary act and deed.

/s/ Maree H. Byrom
Notary Public for Oregon
My commission expires: Feb. 9, 1958

EXHIBIT B

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENTS, that JESS D. WALLING and LOIS A. WALLING, husband and wife, in consideration of One and No/100th ($1.00) Dollars, and other good and valuable consideration to them paid by ORE MINES, INC., an Oregon Corporation do hereby remise, release and forever QUITCLAIM unto the said Ore Mines, Inc. and unto its heirs and assigns all their right, title and interest in and to the following described real property, with the tenements, hereditaments and appurtenances, situated in the County of Douglas, State of Oregon, bounded and described as follows, to-wit:

That certain property known as the Elkhead Mine located in the Northeast 1/4 of Section 21, Township 23 South, Range 4 West, Willamette Meridian, Douglas County, Oregon, the legal title of which is presently in B. H. Hovey and B. Hovey.

To Have and to Hold the same unto the said ORE MINES, INC., its heirs and assigns forever.

Witness our hands and seals this 19th day of March, 1955.

/s/ Jess D. Walling (Seal)
/s/ Lois A. Walling (Seal)

STATE OF OREGON,)
County of Douglas) ss On this 19th day of March, 1955, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Jess D. Walling and Lois A. Walling who are known to me to be the identical individuals described in and who executed the within instrument, and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written

/s/ Sp. W. Yates
Notary Public for Oregon
My commission expires
May 21, 1957

OFFICIAL RECORDS
DNEA
RECEIVED APR 09 1958

DATE	INITIAL

EXHIBIT C

ASSIGNMENT

FOR VALUE RECEIVED, we the undersigned hereby assign, transfer and set over to Ore Mines, Inc., an Oregon corporation, all of our right, title and interest in and to a certain Agreement dated January 11, 1955, by and between Blaine H. Hovey and Bessie S. Hovey, husband and wife, designated as Vendors, and Floyd R. Morin, Leroy H. Lucas and Wm. H. F. Ziedrich, designated as Vendees, concerning certain mining property known as the Elkhead Mine and described as follows:

> Beginning at a post in the westerly line of the new County Road running through Section 21, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of Section 21, from which a fir marked "SBT" 16" in diameter bears North 64° West 61 links distant, and running thence North 23° West 10.30 chains to a point from which a fir marked "SBT" 8" in diameter bears South 45° West 12 links distant and a fir 16" in diameter marked "SBT" bears east 37 links distant; thence North 67° East 2.50 chains to a post from which a fir 20" in diameter marked "SBT" bears South 62° West 23 links distant; thence North 23° W. 4.99 chains to a fir 22" in diameter, marked "S"; thence South 86° West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50° West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section 21; thence East 6.48 chains; thence South on East Line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with the North line of said New County Road, and then following along the north line of same in a northeasterly direction to the place of beginning. All situated in Section 21, Township 23 South Range 4 West of the Willamette Meridian, Douglas County, Oregon.

OREGON
BMEA
RECEIVED JUN 28 1955
DATE | INITIAL | CODE
June 28 1955.

and to the property therein described with the same to be effective as of

/s/ Floyd R. Morin
Floyd R. Morin

/s/ Wm. H. F. Ziedrich
Wm. H. F. Ziedrich

/s/ Leroy H. Lucas
Leroy H. Lucas

William H. Hoppe

STATE OF OREGON)
) ss.
County of [illegible])

BE IT REMEMBERED that on this 21st day of November, 1955 before me [illegible] Notary Public in and for said County and State, personally appeared the within named Floyd R. Morin, Wm. H. F. Ziedrich, Leroy H. [illegible] who are known to me to be the identical individuals described in and who executed the within instrument, and acknowledged to me that they executed the same freely and voluntarily

IN TESTIMONY WHEREOF I have hereunto set my hand and official seal the day and year last above written.

/ s/ William D. Green Jr.
Notary Public for Oregon
My commission expires: 1/4/58

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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
So. 157 Howard Street
Spokane 4, Washington

March 5, 1958

ORIGINAL FILE COPY
DMEA
RECEIVED MAR 10 1958
DATE | INITIALS | CODE

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: New Application (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

Dear Mr. Selfridge:

Enclosed are an original and two copies of an application for DMEA assistance to explore for mercury in Douglas County, Oregon.

The applicant, Moneta Porcupine Mines, Ltd. of Ontario, Canada, proposes to explore by surface trenching, drifting and crosscutting, a total of 650 feet and drilling 2,640 feet of long holes at an estimated total cost of $44,550 of which the Government's share would be $22,275.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

Enclosures

cc: USBM (2)
Albee

MONETA PORCUPINE MINES, LIMITED

(NO PERSONAL LIABILITY)

SUITE 1505 - 320 BAY STREET

TORONTO 1, ONT.

Telephone: EMpire 6-5665 *Please Refer File:*

February 28th, 1958

ORIGINAL FILE COPY
DMEA
RECEIVED MAR 10 1958
DATE INITIALS CODE

Defense Minerals Exploration Administration,
So. 157 Howard Street,
SPOKANE 4, Wash., U.S.A.

Attention: Mr. A. E. Weissenborn, Exec.Officer,
U. S. Geological Survey

Dear Mr. Weissenborn:

I enclose Application for a D.M.E.A. loan on a mercury property at Yoncalla, Oregon. I believe that our Dr. R. H. Seraphim was in touch with you about this matter. I expect that Dr. Seraphim will be going away for a short holiday in the near future, and if you have any questions and are unable to reach him, would you please telephone me collect at the above telephone number here in Toronto.

Yours very truly,

F. R. Burton

F. R. Burton,
President.

/A
Encls.
C/c Dr. R. H. Seraphim

RECEIVED
MAR 3 1958
U. S. G. S.
SPOKANE, WASH

Form MF–103
Revised Oct. 1957

UNITED STATES
DEPARTMENT OF THE INTERIOR

Budget Bureau No. 42–R1035.3
Approval expires June 30, 1958

DEFENSE MINERALS EXPLORATION ADMINISTRATION

APPLICATION FOR AID IN AN EXPLORATION PROJECT

PURSUANT TO DMEA ORDER I, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

NAME OF APPLICANT (Full legal name and mailing address as it should appear on contract if one is executed)

Moneta Porcupine Mines, Limited
1505 - 320 Bay Street,
Toronto 1, Ontario.

RECEIVED
MAR 10 1958
D.M.E.A.

RECEIVED
MAR 24 1958
U. S. G. S.
SPOKANE, WASH.

APPLICANT NOT TO USE THIS BLOCK

Docket Number	4953
Date Received	3-10-58
Government Participation %	50
Region	I
Division Code	400

BUSINESS ORGANIZATION (Check one)

- Individual [ ]
- Corporation [X]
- Partnership [ ]
- Other (Specify) [ ]

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

Name	Address	Title
See attached list of officers and directors		

State in which firm is organized: Moneta is incorporated under the laws of Ontario, Canada

Mineral(s) for which you wish to explore: Mercury

Estimated Cost of Project: $ 44,130

LOCATION OF PROPERTY

Name	County	State
Elkhead	Douglas	Oregon

GENERAL INSTRUCTIONS

Before filling out this application, please read DMEA Order–I, Revised, "Government Aid in Defense Exploration Projects." To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit four copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 1, existing mine workings and geology in item 2, and the proposed exploration project in item 4. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 2(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals,* of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest DMEA Field Office.*

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.

MONETA PORCUPINE MINES, LIMITED

February 28th, 1958
Dated

F. R. Burton
BY *(Signature)*

President
Title

A wilfully false statement or certification to any Department or Agency of the United States Government is a criminal offense. U. S. Code, Title 18, Sec. 1001.

INFORMATION REQUIRED WITH THIS APPLICATION

1. *Applicant's Property Rights:*

(a) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all land adjacent to the proposed project area which you own or control. Describe any part of the project land or workings which should not be subject to Government lien for royalty payments. If the land consists of unpatented claims, state the book and page number for each recorded location notice, including amended locations, and the place where recorded (courthouse, recorder's office, county, and state).

(b) State all the names by which you know the property.

(c) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise. If you are not the owner, submit with this application one exact copy of the lease, contract, or other document (with address of owner) under which you control the property.

(d) Describe all liens, mortgages, or other encumbrances on the property.

2. *Physical Description:*

(a) Describe in detail and illustrate with maps or sketches all mining or exploration operations which you know have been or are being conducted upon the lands, including existing mine workings. Describe all production facilities.

(b) State your interest, if any, in operations stated in 2*(a)*.

(c) State, as far as you know, the past and current production, supporting your statement with copies of settlement sheets, mine records, or published data if available.

(d) Describe known ore reserves on the property giving quantities and grades and sampling methods used, supporting your statement with copies of assay certificates and assay maps if available.

(e) Describe by narrative and maps or sketches the geologic features of the property, including ore minerals, geologic formations if known, and type of deposit (vein, bedded, etc.).

(f) State your reasons for expecting to find ore, and if you have sampled the area you propose to explore, show where the samples were taken, describe sampling methods used, and provide copies of assay certificates.

(g) Send with your application at least *two* copies of all geologic or engineering reports, assay maps, or technologic information which you may have, indicating on each whether you require its return to you.

3. *Accessibility of Project:*

(a) To aid DMEA representatives who may be required to examine the property, state the name and address of the person who will meet the DMEA representative; give directions for reaching the property; and describe accessibility of the property including the mine workings.

(b) Name the shipping and supply points and places where employees reside and state the distances between them and the property.

4. *The Exploration Project:*

(a) Describe fully the proposed exploration project giving individual footages and sizes of openings *for each item of work.* Use narrative, maps, plans, and longitudinal and cross sections as necessary. Show the location of the proposed work as related to geologic features such as veins, ore-bearing beds, contacts of rock formations, etc. Show also the relation of the proposed work to any existing mine workings and to *property boundaries* or to the closest identifiable corner.

(b) If an access road to the project must be built, show the location on the property map and state the length, type, and construction methods proposed.

(c) In the event that an exploration contract with DMEA is executed, how soon will the work start and how many months will be required to complete it? State your anticipated average daily or monthly rate of progress for each type of work.

5. *Experience:*

State your operating experience and background with relation to your ability to carry out this exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of Costs:*

Furnish detailed estimates of the costs *for each item of the work proposed in 4(a)* under the headings listed below with a total for each heading and the estimated total cost of the project. Costs for any work to be performed by an independent contractor should be shown separately under category *(a)* below. Costs for any work that is not to be performed by an independent contractor should be given in detail under categories *(b)* through *(g)*.

(a) Independent contracts. State the cost of any proposed independent contract for the performance of all or any part of the work, expressed in units of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved. Cost estimates should be supported by bids from three contractors if possible. *(Note* – If none of the work is to be contracted, write "none" after this item.)

(b) Personal services. For necessary supervision, engineering and geological services, and labor, include an itemized schedule of numbers, classes, rates of wages, salaries or fees, and periods of employment. State whether these technicians and employees are available.

(c) Operating materials and supplies. List items of material and supplies with their cost. Include under this heading power, water, and fuel, and units of equipment and tools costing less than $50 each.

(d) Operating equipment. List items of operating equipment to be used giving specifications and indicating how each item is to be acquired – i.e., rented, purchased, or provided by the applicant. If it is rented or purchased, state the estimated rental or purchase price. If it is to be furnished by the applicant, give its present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of necessary *initial* rehabilitation or repair of existing buildings, fixtures, installations (exclusive of mine workings), and movable operating equipment now owned by the applicant, which will be used on the exploration project.

(f) New buildings, fixtures, installations. Describe each building, fixed improvement, and installation to be purchased, constructed, or installed for the exploration project stating specifications and cost including labor, materials and supervision.

(g) Miscellaneous. For the operating equipment listed in 6*(d)*, describe the type and estimate the cost of repairs and maintenance expected during project operations. Do not repeat initial repairs listed in 6*(e)*. Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories.

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)* State whether you are prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation stated in Sec. 7 of DMEA Order–I, Revised.

(b) Explain to what extent you propose to furnish your share of the costs by providing money, by use of equipment owned by you, or otherwise.

* * * * *

INT.-DUP. SEC., WASH., D.C. 25960

FORM MF-103
Revised October 1957.

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DMEA
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DATE | INITIALS | CODE

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

Application of Moneta Porcupine Mines, Limited,
1505-320 Bay Street, Toronto, Ontario.

LIST OF CORPORATE OFFICERS:

Officers: C.C. Calvin, Chairman, 36 Toronto Street, Toronto 1, Ontario.
F.R. Burton, President & Managing Director, 1505-320 Bay St., Toronto.
A. Cockshutt, Vice-President, 906 - 357 Bay Street, Toronto, Ont.
P.H. Taylor, Assistant General Manager, 1505-320 Bay St., Toronto, Ont.
H.B. Clearihue, Secretary-Treasurer, 1505-320 Bay St., Toronto, Ont.
E.E. Ritchie, Assistant Secretary-Treasurer, 1505-320 Bay St., Toronto.

Directors: B.S.W. Buffam, Suite 1505-320 Bay St., Toronto 1, Ontario.
R.L. Segsworth, 1001 - 85 Richmond St. W., Toronto, Ontario.
J.D. Barrington, 2810 - 25 King St. W., Toronto, Ontario.
C.C. Calvin, 36 Toronto Street, Toronto, Ontario.
F.R. Burton, Suite 1505-320 Bay Street, Toronto, Ontario.
A. Cockshutt, 906 - 357 Bay Street, Toronto, Ontario.

1. (a).

BLOCK 1

Beginning at a post in the westerly line of the new County Road running through Section 21, leading from Yoncallatto Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section 21, from which a fir marked "SBT" 16" in diameter bears North 64° West 61links distant, and running thence North 23° West 10.30 chains to a point from which a fir marked "SBT" 8" in diameter bears South 45° West 12 links distant and a fir 16" in diameter marked "SBT" bears east 37 links distant; thence North 67° East 2.50 chains to a post from which

Application of Moneta Porcupine Mines, Limited,
1505-320 Bay Street, Toronto, Ontario.

a fir 20" in diameter marked "SBT" bears South 62° West 23 links distant; thence North 23° W. 4.99 chains to a fir 22" in diameter, marked "S"; thence South 86° West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50° West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of the said Section 21; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with North line of said New County Road, and thence following along the north line of same in a northeasterly direction to the place of beginning; containing 31 acres, more or less. All situated in Section 21, Township 23 South Range 4 West of the Willamette Meridian, Douglas County, Oregon.

BLOCK 2

The Southwest Fourth of the Southwest quarter (SW 1/4 SW 1/4) of Section Fifteen (15): the South half of the Southeast quarter (S 1/2 SE 1/4) of Section Sixteen (16): the North half of the Northeast quarter (N 1/2 NE 1/4) and the Southeast fourth of the Northeast quarter (SE 1/4 NE 1/4) of Section Twenty-one (21) and the Southwest fourth of the Northwest quarter (SW 1/4 NW 1/4) of Section Twenty-two (22); all in Township Twenty-three (23) south, Range Four (4) West of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, State of Oregon, excepting and reserving Block 1 described above and excepting and reserving however the following described tract or parcel of land, being a portion of said Sections twenty-one and twenty-two, to wit:
That portion southeast of said new county road, said portion containing 47.11 acres.

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Revised October 1957.

Applica tion of Moneta Porcupine Mines, Limited,
1505-320 Bay Street, Toronto, Ontario

1. (b)

Block 1 is know as the Elkhead mine or property. Block 2 is a portion of Marvin Thompson's ranch.

1. (c)

Both Block 1 and Block 2 are controlled by a combination of option and royalty lease agreements. Copies of these will be sent to you as soon as they are available.

1. (d).

Title to Block 2 (part of Marvin Thompson's ranch) has beempassed as insurable by local title insurance companies after preliminary title report by an Abstract Company. Title insurance on Block 1 (Elkhead mine or property) is being requested.

2. (a).

No records of the operations conducted formerly on the property are available. According to local residents, the property had been know since about 1870. Some of the old workings are caved. The accessible workings are shown on the attached maps - (item 2g).

The surface workings include two glory-holes. The East Glory-Hole is roughly fifteen feet deep, one hundred feet long, and thirty feet wide. The West Glory-Hole averages about fifteen feet deep, one hundred and fifty feet long, and fifty feet in width.

Accessible underground workings include the Glory-Hole Tunnel,

roughly one hundred feet in elevation below the floors of the glory-holes. This tunnel was obviously used to extract ore from the glory-holes. Raises from near the faces of the two branches of this tunnel are now completely plugged with muck and debris. The contact between the basalt and breccia does not show in either branch, and the branches should be extended to reach it.

The Stopes Tunnel is about 300 feet southeast of the Glory-Hole Tunnel, and twenty feet higher in elevation. The face of this tunnel also does not reach the basalt contact. A raise from the tunnel is open to surface. No ore has been extracted from the tunnel except that from a few small, flat stopes, covering about 3,000 square feet in plan, and averaging about five feet thick, located near the portal.

Old dumps and caved portals show the location of several other tunnels, some of which may be opened during the exploration.

A twenty-ton rotary furnace was installed on the property by Ore Mines Inc. It produced only six flasks of quicksilver. It is too small and inefficient to be economic.

2. (b).

Moneta Porcupine Mines Ltd. had no interest in the operations described in 2. (a).

2. (c).

Except for the above mentioned six flasks, production records are either non-available or non-existent. Judging from old workings and hearsay, the property has produced about 10,000 tons of ore containing about 4 lbs. of quicksilver per ton.

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Application of Moneta Porcupine Mines Limited,
1505 - 320 Bay Street, Toronto, Ontario

2. (d).

The property contains no know ore reserves. An assay map showing results of samples taken during preliminary examination in June 1957 is included, (item 2 g). Unless otherwise indicated on the map, all were channel samples. Each sample weighed about eight pounds. Copies of the assay certificates are also included (item 2g).

2. (e).

A geologic map is attached (item 2 g). Regionally, the area is underlain by basalt, shale, and arkosic sandstone, Tertiary in age. These rocks are moderately folded with north-easterly to easterly trending axes. Locally, the mineralized zone lies in arkosic sandstone and shale. It is bounded on the north (footwall) by basalt, dipping 70 degrees southerly. On the south it is bounded, at least in part, by a fault dipping 60 degrees north-westerly. This fault appears to be 'horse-tailing' out in the area near the portal of the Stopes Tunnel.

Vulcanism, followed by hydrothermal alteration, has disrupted and altered the structure. Basalt bodies, possibly in part, dykes, but more likely breccia blocks, are particularly abundant near the basalt footwall, and diminish in size and number to the south. The basalt bodies, and bodies of arkose and shale range in diameter from a few inches to several feet; most are about one foot. Bedding in arkose and shale blocks is not consistent from block to block. The blocks in the entire zone of brecciation are cemented by hard limonite, perhaps originally siderite.

Brecciation becomes negligible at more than three hundred feet south of the basalt contact. No basalt bodies are found, and the arkose is well bedded,

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Application of Moneta Porcupine Mines Limited,
1505-320 Bay Street, Toronto Ontario.

dipping gently easterly. A few thin limonite stringers cut this bedded zone.

Cinnabar is sparsely disseminated throughout the entire brecciated zone, and in the bedded arkose. The cinnabar is more abundant near some of the stronger faults, and is disseminated throughout the rock as well as on fracture surfaces. In the bedded zone a purplish color, and white bleaching appear to indicate higher percentages of cinnabar. These higher grade zones follow the bedding to some extent but appear to lie in echelon rather that to follow any one bed consistently.

2. (f)

The results of our sampling show that in the broad area south from the basalt contact there are disseminated cinnabar and some local concentrations of it near faults. Please see assay plan and assay certificates, item 2 (g). Our proposed exploration program will test this broad area in the expectation that we shall outline a large enough zone of ore carrying 3 to 4 pounds of mercury per ton to permit an open-pit operation. In the event that the ore is marginal, we presently propose to purchase the property and hold it as a low-grade metal reserve which might be economic in times of emergency.

2. (g).

Four copies of the following documents are enclosed. None of these need to be returned.

Geological Plan of Elkhead Scale 1 " = 50'

Assay Plan of Elkhead Scale 1" = 50'

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Application of Moneta Porcupine Mines, Limited,
1505-320 Bay Street, Toronto, Ontario.

Plan showing Present Workings and

Proposed Exploration Scale 1" = 50'

Assay Certificate Abbot A. Hanks
Sample Laboratory Nos. 16811 to 16855 incl.

Assay Certificate, Bennetts Chemical
Laboratory, Inc.
Samples S-1, G-1, to G-7, incl.,
T 17 to % 29, incl., H-1 to H-6 incl.

Sheet giving results of the above samples
and explanatory notes.

3. (a).

Mr. Frank S. James, our foreman, resides at the property. The address is Route 1, Box 37, Yoncalla, Oregon, and the phone number is Victor 92377. The property lies near the community of Elkhead, which is about five miles by road southeast of Yoncalla and Elkhead cut-offs from Highway 99. The nearest small town is Yoncalla, which lies about three miles southwest of the cut-off from Highway 99. The property lies a few hundred yards up the turn-off to London Springs from the Elkhead road. Fair roads exist to within a few hundred feet of all workings. Mr. Floyd Morin, who is also well acquainted with the property, resides at the property.

3. (b).

The shipping point for the property is Yoncalla, and the supply point is Sutherlin.

Employees non-resident on the property drive from nearby farms and small towns.

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Application of Moneta Porcupine Mines Limited,
1505 - 320 Bay Street, Toronto, Ontario.

4. (a).

A plan of the proposed underground work is shown on the accompanying sketch (item 2 g). The Glory-Hole Tunnel requires only a few days labour to put it in usable condition. The new workings will be driven in roughly the order shown. A and B will pick up the basalt contact in order to give direction to C, G, and H. D and E will again determine the position of the basalt footwall and the shear zone respectively, and thus give direction to F. Thus the positions of the workings, except A and B, may be somewhat changed. The lengths of D and E also are subject to change, depending on where the structures are found, and the results obtained.

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Application of Moneta Porcupine Mines, Limited,
1505 - 320 Bay Street, Toronto, Ontario.

It may be noted that D and E may be useful also in exploring the strong and mineralized shear zone found in the Stopes tunnel, and which projects along strike into the area near the proposed D and E.

The total footage of proposed tunnel shown is 650 feet. The size planned is 5 by 7 ft.

Long-hole drilling is planned at 25-foot intervals, as shown on the sketch. A couple of holes drilled in the same position as, and prior to driving D and E, will be useful in checking assays from long-hole sludges versus those obtained from channel and muck samples. Forty-four long-holes at 60 feet each are planned, giving a total of 2640 feet.

The new tunnel will require channel sampling; 450 feet of drift at 5-foot intervals, and 200 feet of crosscut at 5-foot channels total 130 samples, plus muck samples for each 5 feet of drift and crosscut, 130 samples. The 2640 feet of long-holing, with samples each 5 feet, will give 528 samples. The underground work thus gives about 805 samples, including a few checks.

Surface trenching at approximately 150-foot intervals for a strike length of 1500 feet is planned. The trenches will need to be 300 to 400 feet long to crosscut the mineralized zone. This will necessitate about 3000 feet of trenches. The bottoms of these trenches should be cleaned to solid bedrock before sampling. The sections that pan cinnabar estimated at greater than one or two pounds Hg per ton should be sampled. The number of samples is thus not subject to estimate, but 50 should be allowed for.

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Application of Moneta Porcupine Mines, Limited,
1505 - 320 Bay Street, Toronto, Ontario.

Almost all the underground work will be on the Elkhead property, but at least half the trenches will be on the Thompson property. The boundaries between Thompson and Elkhead are shown on the accompanying maps (item 2g). The surface trenching will extend to close to the outside boundaries of Thompson ground. These boundaries are known but not yet mapped.

4.(b) No access roads are required.

4(c). Work will commence immediately and be completed before July 31, 1958. The average estimated monthly rate for drifting and crosscutting is about 150 feet.

5. Moneta Porcupine Mines, Limited operated a 200-ton per day gold mine in the Porcupine district of Ontario for six years until the ore bodies were mined out. Since then, the Company has operated mainly as an exploration and holding company. Moneta operated Buffalo Ankerite Gold Mines Limited in the Porcupine district of Ontario, a mine with milling capacity in excess of 1000 tons per day. This gold-mining property is now closed down owing to the conditions peculiar to that industry at the present time. The President and Managing Director of Moneta acted as President and General Manager of Buffalo Ankerite and was directly responsible for operating the mine.

Moneta initiated and managed Milnet Mines Limited, for which assistance was obtained from the DMPA of the United States Government under Contract No. DMP-30. This property operated at a maximum of 600 tons per day. The applicant would refer you to Mr. John Ford, formerly Acting, Director, Materials Division, Emergency Procurement Service, General Services Administration

FORM MF-103,
Revised October 1957.

APPLICATION of Moneta Porcupine Mines, Limited,
1505 - 320 Bay St., Toronto, Ontario.

who could give you an independent opinion on the manner in which Milnet was operated. I believe the operation was carried out to the satisfaction of D.M.P.A. The President and Managing Director of Moneta acted as President of Milnet and was directly responsible for the operation.

Moneta obtained assistance from the D.M.E.A. of the United States Government under Contract No. Idm-E857 (Docket No. D.M.E.A.-3831,mercury) for the exploration of the Red Top mercury property in the Bristol Bay Recording District in the Third Division of the Territory of Alaska. This assistance was obtained for work done in the summers of 1955 and 1956. Mr. S. H. Lorrain, then Executive Officer D.M.E.A., and R. S. Velikanje, then of the Field Team, would be familiar with this work.

Mr. Frank James was in charge of this work at the property during 1956, and Dr. Robert H. Seraphim was the general supervisor under Dr. F. R. Burton.

Mr. Frank James will be in charge at the Elkhead property under the general supervision of Dr. R. H. Seraphim and Dr. F. R. Burton.

Mr. Frank James, apart from being in charge of the operation at Red Top in 1956 and 1957 has had several years'experience in mercury and other mines in the western United States.

Dr. Robert H. Seraphim, apart from the Red Top, has had approximately 12 years' experience on all phases of exploration and development in mining in British Columbia.

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Revised October 1957

APPLICATION of Moneta Porcupine Mines, Limited,
1505 - 320 Bay Street, Toronto, Ontario.

6.(a). The surface trenching will be done under contract estimated as:

Caterpillar rental - 200 hrs. @ $10.00		2,000

6.(b) Personal Services

Engineer 5 mos. @ $500.00		2,500
Foreman 5 mos. @ $600.00		3,000
General Supervision - 2 examinations @ $660.00 per trip for salary and expenses		1,320

The men for the above work are available.

6.(c) Estimated Tunnel costs per foot
(basis: 650' of drifts and crosscuts)

Powder @ 9 lbs. per foot	2.00	
Caps	.30	
Fuse	.50	
Labour	15.00	
Track, plates, bolts, etc.	4.00	
Ties @ $50/1000 b.f.	.10	
Pipe and fittings	2.15	
Mucking machine @ $300/mos. rental	3.00	
Compressor @ $320/Mos. rental	3.00	
Mine car purchase ($400)	.50	
Gas and oil	1.15	
Mis. supplies (pumps, carbide, small tools, etc.)	2.00	
Drill and steel	2.50	
Trucking and automobile	.50	
Insurance and office overhead	3.50	
650 feet at	40.20	26,130

Items include freight

FORM MF-103
Revised October 1957.

APPLICATION OF Moneta Porcupine Mines, Limited,
1505 - 320 Bay Street, Toronto, Ontario.

Long hole drilling 2640 ft. @ $1.50	3,360
Labour cleaning surface cuts, panning, etc.- 10 cuts at 15 man-days ea. = 150 @ $16.00	2,400
ASSAYS: 130 muck car samples	
147 tunnel channels (including checks)	
528 long-hole	
50 surface cuts	
855 @ $4.00 (includes freight)	3,420
Total Applicable costs	$44,130.00

6.(d) Caterpillar tractor (bulldozer), Eimco 12 'B' Rockershovel, compressor, and mine car, to be acquired on approximate terms as noted in item 6.(c).

6.(e) Nil

6.(f) Nil

6.(g) Repairs and maintenance of operating equipment is included in the costs itemized in item 6. (c).

Accounting per month	$200.00
Workmen's Compensation, employees' liability insurance, payroll taxes, etc., per month estimated	$250.00

7.(a). The applicant is prepared to furnish its share of the cost of the proposed project in accordance with the regulations on Government participation.

7.(b). Its share would be furnished in money. Moneta Porcupine Mines, Limited is thoroughly capable financially of handling any project of this nature. A copy of Moneta's latest Annual Report is enclosed.

Albert A. Hanks
6 [illegible] Sansome St.
San Francisco 4, Calif.

[illegible]
1505 - 320 Bay [illegible]
Toronto, Ontario

Item 2. (g) need not be [illegible]

July 8, 1957

Mosseta Porcupine Mines
Gordon I. Gould
58 Sutter Street
San Francisco, California

ORE		MERCURY
16811	E-1	0.06 %
12	E-2	0.03
13	E-3	0.03
14	E-4	0.06
15	T-1	0.06
16	T-2	0.11
17	T-3	0.12
18	T-4	0.15
19	T-5	0.04
20	T-6	0.03
21	T-7	0.01
22	T-8	0.01
23	T-9	0.02
24	T-10	0.06
25	T-11	0.09
26	T-12	0.01
27	T-13	0.02
28	T-14	0.02

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bob

Item 2. [illegible]

July 8, 19[illegible]
Moneta Porcupine Mines
Gordon L. Gould
58 Sutter Street
San Francisco, Calif[illegible]

ORE

16829	T-15	0.02
30	T-16	0.03
31	11276	0.10
32	11277	0.28
33	11278	0.42
34	11279	0.09
35	11280	0.09
36	11281	0.06
37	11282	0.18
38	11283	0.26
39	11284	0.05
40	11285	0.43
41	11286	0.18
42	11287	0.06
43	11288	0.05
44	11289	0.04
45	11290	0.04
46	11291	0.04

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Moneta Porcupine Mines Ltd.,
1105 - 320 Bay Street,
Toronto, Ontario

Item 2. (g) need not be returned

July 3, 1937
Moneta Porcupine Mines
Gordon I. Gould
38 Sutter Street
San Francisco, California

ORE		MERCURY
47	11292	0.03 %
48	11293	0.07
49	11294	0.03
50	11295	0.03
51	11296	0.13
52	11297	0.07
53	11298	0.03
54	11299	0.02
55	11300	0.04

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bmb

BENN[illegible] CHEMICAL LABORATOR[illegible] INC.

ANALYTICAL AND CONSULTING
CHEMISTS, ASSAYERS AND METALLURGISTS

[illegible] SOUTH 9TH PHONE BROADWAY [illegible] TACOMA [illegible], WASHINGTON

Moneta Porcupine Mines Ltd
1505 - 320 Bay Street
Toronto, Ontario

Item 2. (e) Need not be returned

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REPORT OF ANALYSIS

June 30, 1957

[illegible] analysis of the sample of Ore

Moneta Porcupine Mines, Ltd. (Mr. [illegible] Seraphim)

As below:

Sample	% Mercury	Pounds per Ton
S-1	0.17	3.4
[illegible]	0.05	1.0
[illegible]	0.07	1.4
[illegible]	0.18	3.6
[illegible]	0.06	1.2
[illegible]	0.11	2.2
[illegible]	0.11	2.2
[illegible]	0.08	1.6
[illegible]	0.07	1.4
[illegible]	0.08	[illegible]
[illegible]	0.14	[illegible]
[illegible]	0.17	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

Yours very truly,

[illegible] CHEMICAL LABORATORY, INC.

[illegible]

[illegible]

[illegible]

To: Moneta Porcupine Mines, Ltd.
Room [illegible] West [illegible] St.
Vancouver, B. C.

BENNETTS CHEMICAL LABORATORY, Inc.

By

Samples held for 90 days

Item 2. (g) next page

ELKHEAD MINE, Douglas Co., Oregon

Results of sampling by Robert Seraphim, June 16-23, 1957. Total of 72 samples

No.	Lgth.	#/T
T-1	10'	1.2
2	10	2.2
3	10	2.4
4	10	3.0
5	10	0.8
6	10	0.6
7	10	0.2
8	10	0.2
9	10	0.4
10	10	1.2
11	10	1.8
12	10	0.2
13	10	0.4
14	10	0.4
15	10	0.4
16	10	0.6
17	10	1.4
18	10	1.2
19	10	2.8
20	10	3.4
21	10	1.4
22	10	2.6
23	7	1.8
24	7	1.0
25	7	0.8
26	7	0.4
27	7	1.6
28	7	1.6
29	7	0.0
S-1	3.5	3.4
E-1	19	1.2
2	13	0.6
3	9	0.6
4	6	1.2

No.	Lgth.	#/T
11276	100'	2.0
7	5	5.6
8	5	8.4
9	5	1.8
280	5	1.8
1	5	1.2
2	5	3.6
3	5	5.2
4	5	1.0
5	5	8.6
6	5	3.6
7	5	1.2
8	6	1.0
9	5	0.8
290	5	0.8
1	5	0.8
2	5	0.6
3	6	1.4
4	5	1.0
5	7	1.0
6	5	2.6
7	5	1.4
8	5	1.0
9	5	0.6
11300	10	0.8
G-1	5	1.0
2	10	1.4
3	10	3.6
4	10	1.2
5	10	2.2
6	10	2.2
7	10	1.6

No.	Lgth.	#/T
H-1	10	4.[illegible]
2	10	1.[illegible]
3		2.[illegible]
4	20	1.[illegible]
6	20	2.[illegible]
7	20	1.[illegible]

NOTES:

Samples T-1 to T-22 are horizontal channels; T-23 to T-29 are vertical channels.

Sample S-1 is composite of 3' vertical channels in lower stope; average width 3.5'.

Sample 11276 is chips over 100'

Samples 11277 to 11288 are in west face of gloryhole; 11289 to 11295 in east center of gloryhole 11296 to 11300 are at east end of gloryhole.

Samples run by Abbott A. Hanks of San Francisco:
11276 - 11300, E1-E4, T1-T16

Samples run by Bennett of Tacoma:
T17 -T29, S1, G1 -G7, H1 -H7

LA Form 7
(2-56)

[redacted]

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Date	Surname	Code
2/17	Holt	400
2/17	Martin	400
		120
		110

February 17, 1959

MEMORANDUM

To: Acting Director, Office of Minerals Exploration

From: Division of Iron and Ferro-Alloys, OME

Subject: General Summary of Contract and Results Obtained
Docket No. DMEA 4953 - Mercury
Moneta Porcupine Mines, Ltd.
Elkhead mine
Douglas County, Oregon
Contract No. Idm-E1216

Operator:
Moneta Porcupine Mines, Ltd., Suite 1505 - 320 Bay Street, Toronto 1, Ontario, Canada.

Operator's Property Rights:

The Operator controls two parcels of land, Block 1, area about 31 acres, situated in sec. 21, and Block 2, area 202 acres, more or less, situated in secs. 15, 16, 21 and 22, both blocks in T. 23 S., R. 4 W., Willamette Meridian, Douglas County, Oregon, and more particularly described in Annex I, and illustrated in Figure 2, attached to the contract.

Block 1 is controlled by the Operator through an Assignment by Gordon I. Gould, 58 Sutter Street, San Francisco 4, California, of an Agreement by Blaine H. Hovey, 2118 Washington Street, Alton, Illinois, and Ore Mines, Inc. Ore Mines, Inc. quitclaimed its interest in Block 1 to Gould.

Block 2 is controlled by the Operator through an Option Agreement executed by Marvin H. Thompson and his wife Getta-Violet Thompson, both of Yoncalla, Oregon.

Contract:
(a) Executed June 20, 1958, on Short Form, MF-200A (Rev. April 1956).
(b) Completion period: Work to be started on or before June 20, 1958, and to be completed within 6 months from the date of the contract, (or before December 20, 1958).
(c) Work authorized:

8623

FIXED UNIT COSTS

Bulldozing trenches, 80 hrs. @ $15.00/hr.	$1,200.00	
Drifting, 300 feet @ $26.75/ft.	8,025.00	
Timbering drift, 30 feet @ $5.00/ft.	150.00	
Slabbing for long-hole drilling, 28 feet @ $26.75/ft.	749.00	
Long-hole drilling, 2,400 feet @ $1.25/ft.	3,000.00	
Assaying, 400 samples for Hg @ $4.00/each	1,600.00	
Geologist-engineer, 12 days @ $75.00/day	900.00	
Estimated total cost of the project		$15,624.00
Government participation @ 50%		7,812.00

Amendment No. 1, executed October 3, 1958, effective as of the date of the contract, authorized use of a TD-14 bulldozer at $11.00/hr. instead of a D-8 Caterpillar bulldozer @ $15.00/hr. changed the limitation of length of long-holes from a maximum of 60 feet to a maximum of 100 feet, and changed the estimated cost of the contract to the following:

Bulldozing trenches, 63 hrs. @ $11.00/hr.	$ 693.00	
Long-hole drilling, 1,534 feet @ $1.25/ft.	1,917.50	
Assaying, 422 samples for Hg @ $4.00/each	1,688.00	
Geologist-engineer, 12 days @ $75.00/day	900.00	
Estimated total cost of the project		$5,198.50
Government participation @ 50%		2,599.25

(d) Work completed:

FIXED UNIT COSTS

Bulldozing trenches, 63 hours @ $11.00/hr.	$ 693.00	
Long-hole drilling, 1,534 ft. @ $1.25/ft.	1,917.50	
Assaying, 324 samples for Hg @ $4.00/each	1,296.00	
Geologist-engineer, 12 days @ $75.00/day	900.00	
Total accepted cost of the contract		$4,806.50
Government participation @ 50%		2,403.25

Work under the contract started June 20, 1958, and was completed August 6, 1958.

Audits:

A review in lieu of final audit, dated November 3, 1958, was received November 6, 1958.

Reports:

The Operator's undated Final Report, transmitted with its letter of August 7, 1958, was received in the Field Office August 8, 1958, and in this office August 25, 1958. The Final Report of the Field Team is in preparation.

Past Production:

Production from the property since its discovery about 1870 is reported to have totalled $30,000 in mercury from open-pit operations. Since 1903 to the date of the contract production of 22 flasks of mercury from intermittent operations has been recorded.

Present Production:

No mercury is reported to have been produced from the property since the date of the contract, and no royalty has been paid or is presently due the Government.

Certification:

No certification is recommended.

Comments:

The standard of work performed under the contract is good. The Operator did a thorough job of sampling.

The project was established to explore for mercury on the Elkhead mine property, where it occurs in the form of cinnabar disseminated in volcanic tuff and fault breccia along and near an easterly-trending fault and shear zone, bounded on the north by basalt, on the south by a zone of shearing within the breccia. Both the basalt and the tuff are of Tertiary age.

No reserve of minable mercury ore was discovered by project work. The Field Team examiners state "The grade of ore is too low for a successful big mining operation, and there appears to be no high grade concentration of ore that would interest small lessees; therefore, no production is expected in the foreseeable future. A certification of discovery will not be recommended."

This Division, agreeing with the conclusions and recommendations of the Field Team, recommends that no certification of discovery or development be issued, and that a letter of non-discovery, or "closing letter", be sent to the Operator.

SPHOLT:foc
2-17-59
cc to: Docket
Code 400
Director's Read. File

W S Martin

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

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

March 9, 1959

Memorandum

To: W. S. Martin, Office of Minerals Exploration

From: Assistant Chief, Branch of Base Metals

Subject: Field Team final report, Docket No. DMEA-4953 (mercury) Moneta Porcupine Mines, Ltd., Elkhead Mine, Douglas County, Oregon. Contract No. Idm-E1216

The Field Team final report describing the exploration of the Elkhead mine has been reviewed and found satisfactory.

I concur with the recommendation that no Certificate of Discovery or Development be made.

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
F. D. Lamb
Thor Kiilsgaard, U.S.G.S.
F i l e s

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3/11	C	220
3/11	WSM	400

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
February 27, 1959

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3/4	2B	130
"	FH	110
3/10	2B	130
3/11	C	220
3/11	WSM	400

Mr. George C. Selfridge, Chairman
Operating Committee, OME
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1216

Dear Mr. Selfridge:

Enclosed are three copies of a Field Team final report on this project prepared by R. D. Sample, Geologist, U. S. Geological Survey, and Eric G. Erickson, Mining Engineer, U. S. Bureau of Mines.

The Operator started exploration work on his own account shortly after submitting his application for DMEA aid and by the time he signed the contract had completed most of the approved work. Under the contract he completed 4 bulldozer trenches totaling 825 feet, 1,534 feet of long-hole drilling, and the assaying of 324 samples for mercury at a total cost of $4,806.50, of which the Government's share was $2,403.25.

? See section on "Applicant's Proposal" on pages 6, 7, & 8 of Report & related maps WSM

Although a fairly large volume of rock was found to contain mercury, the grade was too low for any large-scale mining operation. There are no apparent high-grade concentrations which might interest small-scale lessors; therefore, it is recommended that no discovery be certified.

By Field Team, Region I

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew

Wing G. Agnew, Member
U. S. Bureau of Mines

Reviewed by
OME OPERATING COMMITTEE
3-10-59
(date)

Enclosures
cc: USBM(2)
USGS(SRO)
Sample

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O. M. E.
RECEIVED MAR 5 1959

DATE	INITIALS	CODE
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		220

FT's FINAL RPT

DEPARTMENT OF THE INTERIOR

OFFICE OF MINERALS EXPLORATION

FIELD TEAM, REGION I

FINAL REPORT

Contract Idn-E1216

by

Eric G. Erickson
Mining Engineer
U. S. Bureau of Mines

R. D. Sample
Geologist
U. S. Geological Survey

MONETA PORCUPINE MINES, LIMITED
Suite 1505--320 Bay Street
Toronto 1, Ontario
Canada

Docket No.:	DMEA-4953
Commodity:	Mercury
Contract date:	June 20, 1958
Completion date:	August 6, 1958

Reviewed by
OME OPERATING COMMITTEE
3-10-59
(date)

ELKHEAD MINE
Elkhead-Black Butte Mining District
Douglas County, Oregon

Spokane, Washington

February 1959

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GEOLOGY	4
Regional Geology	4
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Ore Reserves	8
Exploitation Possibilities	8
Summary of Factual Data	9
Discussion of Conclusions	10

ILLUSTRATIONS

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Plate 1.	Geologic map of Elkhead mine area	In pocket
2.	Map showing proposed program	In pocket
3.	Assay map	In pocket
4.	Geologic map showing surface and underground workings	In pocket
5.	Geology and assay map of underground workings	In pocket
6.	Applicant's proposed exploration map	In pocket
Figure 1.	Location map	In pocket
2.	Property map	In pocket

FINAL REPORT

MONETA PORCUPINE MINES, LIMITED
Elkhead Mine
Douglas County, Oregon

Contract Idm-E1216

* * * *

INTRODUCTION

This report describes an exploration project, conducted jointly by Moneta Porcupine Mines, Limited, and the Defense Minerals Exploration Administration, to explore for mercury at the Elkhead mine and portions of the adjacent Thompson farm land, Douglas County, Oregon.

Summary

The purpose of the project was to explore a shear zone between basalt and tuffaceous shale and thus to extend, both vertically and laterally, a known mercury deposit by exploring a structurally and stratigraphically favorable area of volcanic breccia and tuff. If sufficient commercial ore were indicated, the applicant planned to start an open-pit mining operation.

Work completed under the contract included 4 bulldozer trenches, having a total length of about 825 feet, 1,534 feet of long-hole drilling, and 324 assays for mercury. The total cost of the approved project work, including engineering and geologic fees, was $4,806.50, and the Government participation was 50 percent or $2,403.25.

Mercury mineralization was found sparsely scattered throughout the shear zone, but the grade was too low for any large, economical mining operation. There do not appear to be any high-grade concentrations which would interest small lessors; therefore, no production is expected in the foreseeable future.

Recommendations

Based on the results of the work done under the contract, it is recommended that no Certification of Discovery or Development be made.

Government participation in further exploration is not warranted at this time as only submarginal reserves of mercury ore were indicated by the project work. If at some future time it can be proved that a higher tenor of mercury ore exists at greater depths or that the mineralized zone continues laterally for a greater distance, further assistance by the Government may be justified.

As far as is known, the company plans no further exploration of the property, and it is unlikely that any open-pit or underground mining operations will be undertaken by smaller lessors.

LOCATION AND ACCESSIBILITY

The Elkhead mine may be reached from Yoncalla, Oregon, by traveling eastward over a graveled road about 3 miles to the Elkhead turnoff, thence southeasterly over a partly blacktop and partly graveled road for about 5 miles to the northeastward turnoff to London Springs, thence about 0.3 mile to the mine entrance on the north (fig. 1 and pl. 1). Roads are well maintained, and the property is accessible throughout the year. The climate is relatively moderate, except for seasonal rains and light snowfall, and would allow year-round open-pit operations.

The area lies mostly in the foothills of the Coast Range where the relief is moderate. The valleys are open and the ridges are steep but not precipitous. Most of the hills are covered by evergreen trees or thick brush. Mine timber is available locally.

Power lines are connected to the mine buildings and sufficient water is developed on or near the property to maintain mining and milling operations. Yoncalla, 8 miles to the west, is the nearest rail center. Supplies are available either in Eugene, about 48 miles to the north, or Sutherlin, 17 miles to the south.

Farming, mostly in the broad parts of the stream valleys, is the chief industry. Mine employees are obtained from the nearby farms and small towns.

PROPERTY

The Elkhead mine and adjacent property are described as Blocks 1 and 2 (fig. 2). Block 1 comprises the original mine and mine property and Block 2 consists of the adjoining farm land

of Marvin Thompson. Block 1 comprises approximately 31 acres in the NE¼ sec. 21, T. 23 S., R. 4 W., Willamette meridian. Block 2 joins Block 1 on the north and east and contains about 280 acres lying partly in secs. 15, 16, 21, and 22.

The Operator was in possession of Block 1 pursuant to the provisions of an "Agreement and Assignment" dated February 26, 1958, whereby Gordon I. Gould assigned all his right, title and interest in Block 1 to Moneta Porcupine Mines, Limited.

The Operator was in possession of Block 2 pursuant to the provisions of an "Option Agreement" executed February 6, 1958, by Marvin Thompson and Getta-Violet F. Thompson, his wife, owners of both the surface and mineral rights to Block 2.

History, Production, and Facilities

The deposit was discovered about 1870, and for many years the ore was mined from an open pit and retorted in primitive furnaces. In 1895 a 10-ton Scott furnace was built. D. H. Newland (Mineral Industry, v. 12, p. 311, 1904) states that the mine had yielded $30,000 worth of quicksilver up to 1903. Since 1903 the mine has been leased and operated intermittently; however, 22 flasks of mercury is all the recorded production.

The mine has been developed by numerous open cuts, at least 4 adits with an accumulative length of over 1,000 feet, and 4 raises totaling 500 feet. In addition, there are several caved adits of unknown length. There are 2 surface glory holes, the east one measuring 100 feet long by 30 feet wide by 15 feet deep, and the west one measuring 150 feet long by 50 feet wide by 15 feet deep (pl. 4).

Prior to the date of the contract the Operator extended the Glory Hole tunnel workings (pl. 5) about 650 feet. The drifts and crosscuts were driven without support.

The workings are ventilated by natural flow of air supplemented by use of compressed air.

A 20-ton Gould rotary furnace was installed on the property by the former operator, Ore Mines, Inc. Other equipment includes a jaw crusher, conveyor belts in the mill, a 210 cfm compressor, Eimco 12-B loader, mine cars, and a jeep at the mine. There are several cabins, a mess hall, and a "dry" or change room for the miners.

GEOLOGY

Regional Geology

Geologic formations exposed in the Elkhead mine area are all of Tertiary age. The oldest and most extensive of these is the thick series of Eocene marine sandstones, shales, conglomerates, and intercalated basalt flows that make up the Umpqua formation. At the base of this formation lies a thick series of amygdaloidal basalt flows which grade upward to shale and sandstone of the typical Umpqua formation. The higher sandstones become progressively more arkosic and thicker while the shales become thin partings between the arkose layers.

After the Umpqua sedimentary rocks and interbedded lava flows were laid down, they were gently folded into broad anticlines and synclines. Following erosion of these folds, a thick series of heterogeneous materials, including conglomerate, tuff, breccia, and lava flows were laid down. This mass of dissimilar rocks which in places is over 5,000 feet thick, has been called, locally, the Calapooya formation. In many places a series of dikes, sills, and necks ranging in composition from gabbro to norite have intruded both the Umpqua and Calapooya formations (pl. 1). These bodies are relatively resistant to erosion and form some of the higher peaks of the region. A report by Francis G. Wells and Aaron C. Waters entitled "Quicksilver Deposits of Southwestern Oregon" (U. S. Geol. Survey Bull. 850, p. 1-58, 1934) describes these various rock formations in considerable detail.

Local Geology

The Elkhead mine is in an area of basaltic, brecciated, shaly, and tuffaceous rocks of Tertiary age (pls. 4 and 5). These rocks are moderately folded with northeasterly to easterly trending axes. The host rock for mercury mineralization is altered brecciated material in a fault zone which lies between tuffaceous shaly rocks and amygdaloidal basalt. The fault bounding the mineralized zone on the north is normal, strikes about N. 70° E., and dips from 50° to 70° to the south. From 40 to 60 feet south of the main fault, the mineralized zone appears to be bounded on the south by a strong shear zone with strike and dip similar to the main fault (pl. 4).

Although sparsely disseminated cinnabar is found in the tuffaceous, shaly rocks south of the shear zone, the major concentration of mercury ore is in the altered, tuffaceous, volcanic breccia zone between the main fault and the shear zone. The entire zone of breccia and tuff has been greatly affected by hydrothermal alteration. Basalt bodies and breccia blocks are particularly abundant near the footwall of the main fault, but they diminish in

size and number to the south. The brecciated zone afforded a place for the deposition of the ore, partly because of the fractures that were developed along it and partly because the basalt to the north and the shale to the south formed impermeable barriers. Ascending hydrothermal solutions apparently followed the narrow fractures along the fault until they reached the more permeable breccia zone where they were able to spread out and concentrate into small ore bodies. Therefore, the best ore has been found in the brecciated rock along or near the main fault. As far as is known, there has been no post-ore faulting at the Elkhead mine.

Sampling by the applicant and later sampling by the DMEA field examiners showed that the best mercury mineralization was in the brecciated zone especially near the main fault. Diamond drilling also indicated that cinnabar is more abundant in the brecciated zone especially near fault and fracture surfaces (pl. 5). According to the applicant, the long-hole assays, averaged together with the car grab samples, established 21 sample intervals across the brecciated zone which averaged 0.99 pound of mercury per ton. A smaller area, along the basalt contact, which was averaged separately, contained 1.71 pounds of mercury per ton, thus confirming the belief that higher concentrations of mercury are near the faults and fractures and that they gradually feather out into the brecciated, permeable rock formations on either side.

Chemical and physical factors have hastened rock weathering and most of the area adjacent to the mine is covered with a thick mantle of residual soil. Unaltered, fresh outcrops are rare.

THE PROJECT

Geologic justification of the proposed project was based primarily upon the results of sampling by the applicant, field examination and sampling by the DMEA Field Team, and the general geological setting of the mine. These results all indicated that there was a good possibility of finding a low-grade body of mercury in the tuff and breccia of the Tertiary Umpqua formation. The applicant submitted assays of 71 channel samples taken from the old workings and stopes and 1 assay of a chip sample 100 feet long taken from a surface trench. The width of the channel samples averaged about 8 feet and the assays ranged from 0 to 8.6 pounds of mercury per ton. The chip sample assayed 2.0 pounds of mercury per ton. In addition, the applicant submitted assays of 42 muck car samples, 1 for every 5 feet of new workings driven after the application was filed and before an examination could be made. Assays of these samples ranged from 0 to 4.0 pounds of mercury per ton.

The DMEA examining team took 18 channel samples and 1 muck sample from the old and new workings. The width of the channel samples averaged about 7 feet and the assays ranged from a trace to 8.4 pounds of mercury per ton. The muck sample assayed 2.0 pounds of mercury per ton; thus a thorough job of sampling the property was done before the DMEA contract was approved.

Mercury has been produced from open pits at the crest of the hill over a period of many years. Hydrothermal solutions followed the shears and joints into the tuffaceous beds and deposited mercury minerals in scattered bodies near the surface. Some of these small deposits were worked sporadically for many years, depending upon economic conditions and the price of the mercury; however, the total reported production has an estimated value of about $35,000. An exploration program to determine the vertical and lateral extent of these deposits was considered to be justified.

Applicant's Proposal

The applicant proposed to drift northeast 100 feet and southwest 300 feet plus a 50-foot drift northeast from the main crosscut to facilitate long-hole drilling. He also proposed 3 crosscuts 50 feet long to find the basalt contact and a 50-foot crosscut to intersect the projection of a structure cut by the Stopes Tunnel. Long-hole sampling, both northerly and southerly, on 25-foot centers was proposed. The 44 long holes would have an accumulative length of 2,640 feet (pl. 6).

On the surface 10 trenches totaling 3,000 feet to crosscut the mineralized contact were planned. A total of 855 samples were to be taken from underground and surface workings and assayed for mercury.

The program recommended by the field engineers was essentially the same as proposed by the applicant except for the number and distribution of work units. The changes were made for the most part because work was in progress during the field examination and a number of the units would be completed before the contract could be processed.

The recommended program included extending the northeasterly and southwesterly drifts 100 feet and 380 feet, respectively; four 60-foot crosscuts to locate the basalt contact; 14 drill stations; 40 long holes aggregating 2,400 feet; 5 dozer trenches; 855 chemical assays for mercury; 30 feet of timbering; and an allowance for supervision, engineering, and geologic consultants.

The recommended program was modified by the Washington office of DMEA and resulted in the following work items being included in the contract:

1. Bulldoze 5 trenches, approximately 200 feet long, 80 hours.

2. Drifting, 300 feet.

3. Drill stations, slabbing equivalent to drifting, 28 feet.

4. Long-hole drilling, 2,400 feet.

5. Timbering drifts, 30 feet.

6. Assaying, 400 samples for mercury.

7. Geologist-Engineer, 12 days.

The contract was dated June 20, 1958; however, the Operator had completed all the drifting and 15 long holes before June 20, 1958. The contract was amended to allow the use of a smaller bulldozer than was specified in the contract and the amendment also reduced the work items resulting in the following authorized units of work:

1. Bulldozing, 4 trenches, 63 hours.

2. Long-hole drilling, 1,534 feet.

3. Assay, 422 samples for mercury.

4. Geologist-Engineer, 12 days.

All of the above work items were completed; however, only 324 assays for mercury could be approved because the contract allowed for sampling long holes at a minimum of 5-foot sections and did not allow check sampling or sampling of work not participated in by the Government. There were no interruptions of the project work and the program was completed in July 1958.

The location of the four trenches, the geology, and the sample locations and assays are shown on plate 4. The trenches were 200-265 feet in length, about 12 feet in width and excavated several feet into bedrock with the aid of drilling and blasting.

The long holes and sludge assay data as well as the general underground geology are plotted on plate 5.

The drifting performed by the Operator prior to the date of the contract, and the corresponding sampling and assay data are shown on mine "Assay Map," plate 3.

Ore Reserves

Assays of sludge from long-hole drilling and assays of car samples indicated a block in the breccia zone above the adit level that contained an estimated 580,000 tons of submarginal mercury ore averaging about 1 pound of mercury per ton. The block measured roughly about 550 feet long, 90 feet wide, and 150 feet high. This breccia zone is apparently narrowing in depth. Due to the submarginal character of the deposit no reserves have been estimated below the adit level.

Exploitation Possibilities

The entire ore reserve is considered submarginal for the present and foreseeable future. The Operator had hoped to develop a significant reserve containing 2 pounds (plus) of mercury per ton that could be mined by an open-pit operation.

Summary of Factual Data

Work units authorized and completed under the contract as amended were:

Item	Authorized	Completed	Fixed unit cost	Total cost
Bulldozing	80 hrs.	63	$11.00/hr.	$ 693.00
Long-hole drilling	1,534 ft.	1,534 ft.	1.25/ft.	1,917.50
Assays	422 ea.	324 ea.	4.00 ea.	1,296.00
Geologist-Engineer	12 days	12 days	75.00/day	900.00
Total cost of project				$ 4,806.50

Total amount of contract (as amended)	$5,198.50
Government's share at 50 percent	2,599.25
Total amount expended	$4,806.50
Government's participation	2,403.25
Total amount unexpended	$ 392.00
Government's share unexpended	196.00
Net value of production during contract period	none
Royalty payments due	none

The Government has no equity in equipment used on the project.

Discussion of Conclusions

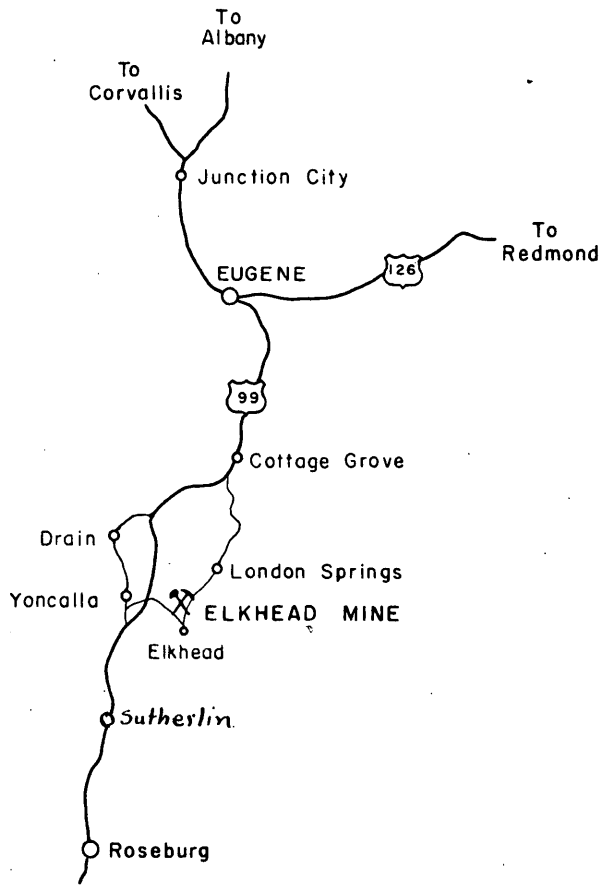
The Operator was very competent both administratively and financially. Contract work was performed in an efficient and minerlike manner; the rate of progress was exceptionally good. The Operator was very cooperative with Government representatives, and the engineering, geologic, and bookkeeping records were well kept.

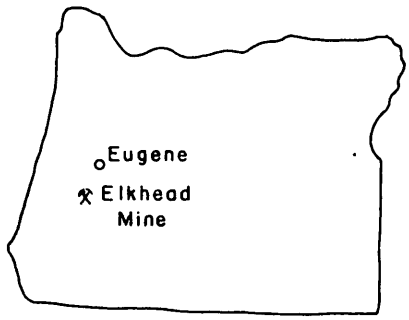
No unusual difficulties were encountered during the performance of the contract work except in attempting to drill inclined long holes.

Although the contract called for only dozing the surface trenches to bedrock, the Operator employed a driller, drill equipment and compressor to blast the bottoms of the trenches, thus exposing the bedrock several feet in depth to allow better evaluation and sampling.

Results of the exploration further confirm the long established theory that ascending, mercury-bearing, hydrothermal solutions greatly alter whatever rocks they enter and deposit mercury in scattered amounts in the small cracks and fractures, but not all highly altered rocks of this type contain mercury of commercial grade.

Enclosures
Distribution:
- OME(3)
- USEM(5)
- USGS(SRO)
- Docket
- Sample





Location map, ELKHEAD MINE

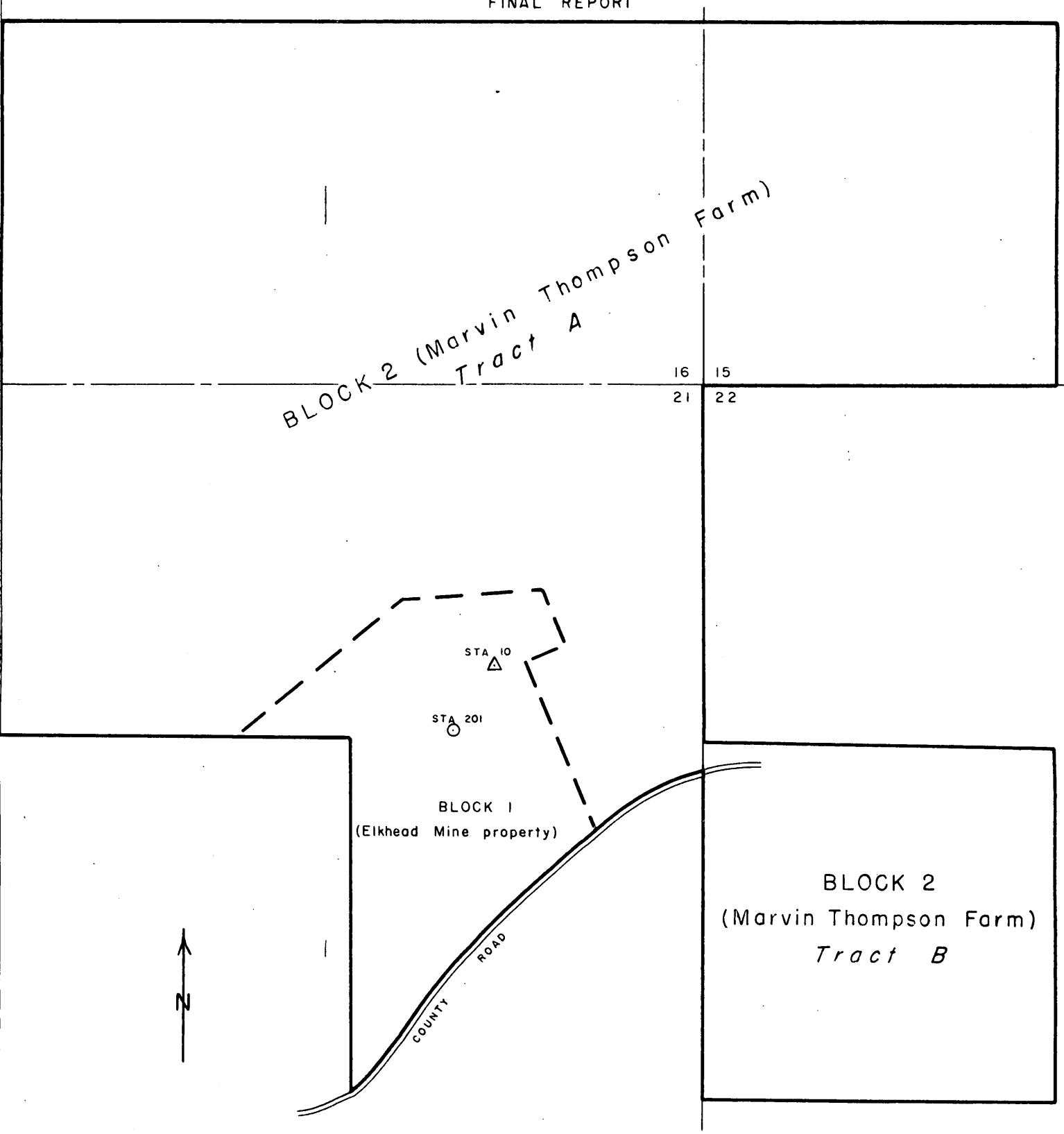
MONETA PORCUPINE MINES LTD.

Douglas County, Oregon

H.F. ALBEE

Nov. 1958

Fig. 1



Property Map, ELKHEAD MINE

Moneta Porcupine Mines, Ltd.

T. 23 S., R. 4 W., Willamette Meridian

Douglas County, Oregon

500 250 0 500 FEET

H.F. ALBEE

Nov. 1958

Fig. 2

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 5 1959

DATE	INITIALS	CODE

MONETA PORCUPINE MINES, LIMITED

SUITE 1505 · 320 BAY STREET
TORONTO 1, ONTARIO

Telephone: EMpire 6-5665

Please Refer File:

February 25, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 9 1959

DATE	INITIALS	CODE
3-9	C	220
3/9	WSM	400

Mr. Frank E. Johnson,
Acting Director,
United States Department of the Interior,
Office of Minerals Exploration,
~~So. 157 Howard Steet,~~
~~SPOKANE 4, Washington.~~
Wn. D.C.

Dear Mr. Johnson:

Re: Docket No. DMEA 4953 - Mercury
Elkhead Mine, Douglas County, Oregon,
Contract No. Idm-E1216

I acknowledge with thanks your letter of the 19th instant, and we appreciate your prompt reply to our inquiry.

Yours very truly,

F. R. Burton

F. R. Burton,
President.

FRB/sms

3-10-59
Docket turned over to
MMH 3/13/59
foe

RECEIVED
MAR 2 1959
U. S. G. S.
SPOKANE, WASH.

So. 157 Howard Street
Spokane 4, Washington

February 24, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 27 1959

DATE	INITIALS	CODE
2/27	C	220
2/27	[illegible]	800
2/27	WSM	400

Mr. F. R. Burton, President
Moneta Porcupine Mines, Ltd.
Suite 1505 - 320 Bay Street
Toronto 1, Ontario, Canada

5

Re: Docket No. DMEA-4943 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine, Douglas Co., Ore.
Contract No. Idm-E1216

Dear Mr. Burton:

The question in your letter of February 17, 1959, concerning your company's liability in connection with the DMEA loan to conduct exploration at the Elkhead Mine has been answered by Mr. Johnson's letter to you of February 19, copies of which we received in the mail this morning. However, if you have any other questions, please do not hesitate to write us again.

Sincerely yours,

A. E. Weissenborn
Executive Officer, OME
Field Team Region I

cc: OME (2)
USBM (2)
USBM(AD)

MONETA PORCUPINE MINES, LIMITED

SUITE 1505 320 BAY STREET
TORONTO 1, ONTARIO

Telephone: EMpire 6-5665

EXTRA COPY
O. M. E.
RECEIVED FEB 27 1958

DATE	INITIALS	CODE
	Please Refer File:	

February 17, 1958.

Mr. A. E. Weissenborn,
Executive Office, U. S. Geological Survey,
United States Department of the Interior,
Office of Minerals Exploration,
So. 157 Howard Street,
SPOKANE 4, Washington.

Dear Mr. Weissenborn: Re: Docket No. DMEA-4943 (Mercury)
Elkhead Mine, Douglas County,
Oregon. Contract No. Idm-E1216

Our auditors have just completed the annual audit of the Company's books, and the question came up of our liability in connection with the DMEA loan on the Elkhead Mine. It is my understanding that, in the event of a person obtaining a DMEA loan and then failing to make a discovery with the work done under the loan, then there is no further liability to the United States Government. This is an interpretation that has been given to me by a friend of mine who is a United States citizen and I would appreciate it very much if you could confirm the statement so that I can advise our auditors accordingly.

Yours very truly,

F. R. Burton,
President.

FRB/mms

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
2/17	Holt	400
2/17	Martin	400
2-17	Chamberlin	800
2/19	Selfridge	120
		110
		~~105~~
2/19	C	225
		400

Itentical letters to:

Mr. Blaine H. Hovey
Alton, Illinois

FEB 19 1959

Mr. & Mrs. M. H. Thompson
Yoncalla, Oregon

Mr. Gordon I. Gould
58 Sutter Street
San Francisco 4, California

Re: Docket No. DMEA 4953 - Mercury
Moneta Porcupine Mines, Ltd.
Elkhead mine
Douglas County, Oregon
Contract No. Idm-E1216

Dear Mr. Gould:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the above-cited contract.

This refers to the Consent to Lien and Subordination Agreement signed by you on May 28, 1958, under the DMEA program. which has now been succeeded by the Office of Minerals Exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON (fh)
Acting Director

Enclosure

SPHOLT:foc
2-17-59
cc to: Code 400 & 800
Director's Read. File
FT. REG. I
J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

43683

OFFICIAL FILE COPY O. M. E. RECEIVED DEC 16 1958		
DATE	INITIALS	CODE
12/16	C	220
12/16	[illegible]	800
12/16	WSA	400

So. 157 Howard Street
Spokane 4, Washington

December 9, 1958

Miss E. E. Ritchie
Assistant Secretary-Treasurer
Moneta Porcupine Mines, Limited
Suite 1505 - 320 Bay Street
Toronto 1, Ontario

Re: Docket No. DMEA-4953 (Mercury)
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1216

Dear Miss Ritchie:

This is in reply to your letter of November 25, 1958, in which you request further information as to why only 324 assays were allowed. To better explain it, it will be necessary to go into a bit of the history of the project.

Exhibit "A" of the original contract stipulated that bulldozing was to be done with a D-8 or equivalent caterpillar bulldozer, and that the long holes should not exceed 60 feet in depth. The dozing was done with an International TD-14 tractor and because of a change in the strike and/or dip of the contact, it was necessary to exceed the 60-feet maximum in 8 holes. Therefore, in order to approve payment for the trenching and long holing it was necessary to amend the contract.

Amendment No. 1 revised Exhibit "A" in its entirety and was written to authorize the work that had actually been completed. The amended Exhibit "A" limited the long-hole drilling to a total of 1,534 feet. Although it allowed sampling of 422 samples, those taken in the long holes were authorized at 5- and 10-foot intervals and those in the trenches at 5-foot intervals in the mineralized zones. Dividing 1,534 feet of long hole (the maximum authorized) by 5 (the minimum authorized distance between samples), 307 samples is the maximum that could be taken from the authorized long holes. Seventeen samples taken in the trenches were assayed. Thus, under the terms of the contract, only 324 assays could be approved for payment.

307
17
324

By Field Team Region I

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: ✓ONE (2) w/incoming; USBM (2) w/incoming; USBM(AD) w/incoming

MONETA PORCUPINE MINES, LIMITED

SUITE 1505 · 320 BAY STREET
TORONTO 1, ONTARIO

Telephone: EMpire 6-5065

Please Refer File:

November 25, 1958.

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 16 1958

DATE	INITIALS	CODE

United States Department of the Interior,
Office of Minerals Exploration,
Sc. 157 Howard Street,
Spokane 4, Washington.

Dear Sirs: Re: Docket No. DMEA-4053 (Mercury)
Moneta Porcupine Mines, Ltd.
Kilkhead Mine,
Douglas County, Oregon
Contract No. Idm-K1216

Thank you for your letter of November 20th re the above. The cheque mentioned in your letter was received the same day.

We are not sure how you arrive at the number of assays allowed. An application was prepared by our superintendent, Mr. R. N. Roby, who is no longer in our employ. We realize that the maximum number under the contract was 400 but we would appreciate further information as to why only 324 have been allowed. We do not like to bother you with this small point and hope it is not too much trouble to you.

Yours very truly,

Miss E. E. Ritchie/sms

Assistant Secretary-Treasurer.

cc - Mr. R.N.Roby
Dr. R.N.Sorophin

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O. M. E.
RECEIVED NOV 24 1958

DATE	INITIALS	CODE
11/24	C	220
11/24	[illegible]	800
11/29	WSD	400

So. 157 Howard Street
Spokane 4, Washington

November 20, 1958

Monarch Porcupine Mines, Ltd.
Suite 1505 - 320 Bay Street
Toronto 1, Ontario, Canada

Re: Docket No. DMEA-4953 (Mercury)
Monarch Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E121[illegible]

Gentlemen:

Enclosed for your information and files is a copy of a Report of Review dated November 3, 1958, for the months of June and July 1958, covering a project for the exploration of mercury at the Elkhead Mine.

The audit discloses that there is a balance due your company of $2,403.25. This amount has been scheduled for payment and you should receive a check in a few days.

Sincerely yours,

A. E. Weissenborn
Executive Officer, OME
Field Team Region I

Enclosure

cc: OME (3)
USBM (2)
USBM(AD)

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 20 1958

DATE	INITIALS	CODE
11/20	C	220
11/20	[illegible]	800
11/20	[illegible]	400

1201 N. Division St.
Spokane 2, Washington

November 17, 1958

Mrs. Dorothy Long, Certifying Officer
OME Field Team, Region I
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-4953 (mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Contract No. Idm-E1216

Dear Mrs. Long:

The work authorized under the referenced contract was completed by August 6, 1958. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

The Government has no interest in supplies or equipment purchased for use on the project.

A Certification of Discovery will not be recommended by the Field Team.

A final Report of Review dated November 3, 1958 by OME Auditor George Mavor has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the Operator be made.

Sincerely yours,

A. E. Weissenborn, Exec. Officer
OME Field Team, Region I

cc: OME (2)
USGS (2)
Contract Admin. & Audit Div. (2)
Docket

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
11/7	G McCarthy	~~800~~
11/7	Talbutt	800
11/7	C	220
11/10	WSY	400

Mr. George Mavor
OME Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

NOV 7 1958

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Contract No. Idm-E1216

Dear Mr. Mavor:

Your Report of Review on the above-cited project is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

GMcCarthy/GMcC
November 7, 1958

cc: Docket
Director's Reading File
Mr. Chambers

8623

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 3 1958
DATE | INITIALS | COPY
11/3 | C | 220
11/3 | WSay | 400

1208 N. Division St.
Spokane 2, Washington

October 28, 1958

Mr. George Mayer, OME Auditor
Room 420, Custom House
555 Battery Street
San Francisco 11, Calif.

Re: Docket No. [illegible]-1953 (mercury)
Nonesta Porcupine Mines, Ltd.
Kirkland Mine
Douglas County, Oregon
Contract No. [illegible]-61216

Dear Mr. Mayer:

The work authorized under the referenced contract was completed by August 6, 1958.

The number of units of work satisfactorily completed by the Operator and accepted by the Field Team are:

	Unit cost	Authorized	Completed
Bulldozing trenches	$11.00/hr.	63 hrs.	63 hrs.
Long hole drilling	1.25/ft.	1,534 ft.	1,534 ft.
Assays	4.00	422	324
Engineer-geologist	75.00/day	12 days	12 days

The Operator's final engineering and geological report was received on August 8, 1958. This report meets the requirements of Article 5(c) of the contract.

A Certification of Discovery will not be recommended.

No payments have been made to the Operator.

A Report of Review in lieu of a final audit is in order and requested.

By Field Team, Region I

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Ming G. Agnew, Member
U. S. Bureau of Mines

cc: Mr. Chambers
OME (2)
USBM (AD)
USGS (2)

1231 N. Division St.
Spokane 2, Washington

October 28, 1958

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 3 1958

DATE	INITIALS	
11/3	C	220
11/3	WSay	400

CERTIFIED MAIL

Mr. George Mavor, OME Auditor
Room 420, Custom House
555 Battery Street
San Francisco, California

Re: Docket No. DMEA-4953 (mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Contract No. Idm-E1216

Dear Mr. Mavor:

We are enclosing herewith memorandum from Field Team, Region I, requesting final audit of the above-named account. In addition, we are transmitting the following material which you will need to complete your audit:

1. Contract and Correspondence File
   (Includes Annex I, Exhibit "A", and Amendment No. 1)
2. Voucher File
   (Mf-104's and 104A's, with attachments)
3. File of pre-audit papers prepared by Mr. C. A. Turner.

There have been no payments made to the Operator to date.

Sincerely,

Dorothy F. Long
Authorized Certifying Officer

Enclosures

cc: Mr. Chambers
OME (2)
USGS (2)
USBM (AD)

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington

October 24, 1958

Mr. George C. Selfridge, Chairman
Operating Committee, OME
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1216

Dear Mr. Selfridge:

Enclosed are the Government and Audit copies of Amendment No. 1 to the above contract. Since Exhibit "A" is entirely rewritten and the work and costs in Amendment No. 1 are exactly as was accomplished under the contract, it is assumed that a termination agreement will not be required as asked for in our letter of August 11 and mentioned in your letter of August 19. ?

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, OME
Field Team Region I

Correctly so
WSM
11/20/58

cc: USBM (2)
USBM(AD)
Sample

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 28 1958

DATE	INITIALS	CODE
10/28	C	220
10/29	B	215
10/25	WSM	400

So. 157 Howard Street
Spokane 4, Washington

October 13, 1958

Mr. F. R. Burton, President
Moneta Porcupine Mines, Ltd.
Suite 1505 - 320 Bay Street
Toronto 1, Ontario
Canada

Re: Docket No. DMEA-4953 (mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-K1216

Dear Mr. Burton:

Enclosed are the original and four copies of a proposed Amendment No. 1 to your DMEA contract, which provides for use of a TD-14 bulldozer in lieu of the D-8 specified in the contract, and reducing the number of trenches from 5 to 4. Provision is also made to drill long holes to a depth not to exceed 100 feet in lieu of the 60-foot maximum presently specified. Provision for drifting and slabbing for long hole drill stations has been deleted as these items were completed before the effective date of the contract.

If the terms and conditions of this proposed amendment are satisfactory to you, please sign all copies, retain that copy marked for the Operator, and return the others to this office. If it does not meet with your approval, please return all copies, unsigned, with your comments. The Office of Minerals Exploration mentioned in the amendment is the successor agency to DMEA.

Sincerely yours,

A. E. Weissenborn
Executive Officer, OME
Field Team Region I

10/20 C
10/20
10/21 WSM

220
800
400

Enclosure

cc: OME (2)
USBM (2)
USBM(AD)
Sample

The red underlining on the last page looks like COM's handiwork, but the question mark looks like Chambers', maybe, although Joy did not initial this.

George says not his, probably Mitt's, though the question mark looks not like Mitt's.

S.P.H.
10.23.58

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

1201 N. Division St.
Spokane 2, Washington

September 4, 1958

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 7 1958

DATE	INITIALS	CODE
10/7	C	220
7	[illegible]	100
8	[illegible]	110
10/8	[illegible]	800
10/9	WSM	400

MEMORANDUM

To: DMEA Field Team, Region I

From: E. G. Erickson, Mining Engineer, U. S. Bureau of Mines, and R. D. Sample, Geologist, U. S. Geological Survey

Subject: Final inspection, Docket No. DMEA-4953 (mercury), Moneta Porcupine Mines, Elkhead Mine, Douglas County, Oregon, Contract No. Idm-E1216

Final inspection of the property was made August 14 and 15, 1958. The Operator had moved off and there was no one at the property at the time of the inspection.

The four dozer trenches were examined and found to be as shown on the Operator's surface map dated July 22, 1958, which accompanied his final report. The Operator reported assays from 17 channel samples taken in the trenches and his sampling is considered adequate. The channels from which the samples were cut were for the most part still visible.

The only cinnabar noted was in trench No. 3 and except for a few blebs it was necessary to use a hand lens to distinguish the sparsely disseminated cinnabar. Because of the insignificant amounts of cinnabar and the extensive sampling by the Operator, check sampling did not seem warranted. However, a 180-pound sample was taken from the east wall of the main adit crosscut between the approximate mine map coordinates 5405N, 5065E and 5420N, 5060E. This sample was sent to the U. S. Bureau of Mines at Albany, Oregon, for metallurgical testing and research study.

The Operator was able to doze the trenches 6-12 feet below the overburden by drilling and blasting the hard sections of rock. Each bulldozer cut exposed the potential ore-bearing zone in the volcanic breccia and tuff and the contact between it and the amygdaloidal basalt.

The Operator's reports show that a total of 40 long holes were drilled of which 15 were reported drilled prior to June 20, 1958, the date of the contract. Holes No. 1-26 were not drilled in consecutive order and hole No. 18 was reported at the time of initial inspection as the last hole drilled prior to June 20, 1958, although only 15 holes had been completed at that time. Therefore, the second sentence in the second paragraph in the Initial Inspection Report by H. F. Albee and

D. R. MacLaren, Geologists, U. S. Geological Survey, and E. G. Erickson, Mining Engineer, U. S. Bureau of Mines, dated July 23, 1958, should be clarified by changing it to read as follows: "At the date of the contract the Operator had completed about 550 feet of drifts and crosscuts and 15 long holes."

A total of 25 holes were drilled under the contract, aggregating 1,534 feet of drilling. Several of the drill holes exceeded the 60-foot maximum set forth in the contract; however, because the values persisted beyond 60 feet and it was necessary to drill longer holes to reach the contact, the Field Team has recommended amending the contract to allow 100-foot holes.

The long holes were sampled at 5-foot intervals, making a total of 307 long hole samples in the 1,534 feet drilled. A total of 17 channel samples were cut in the four trenches.

The Operator did a thorough job of sampling. He had a total of 635 assays for mercury which included samples from drifts, crosscuts, long holes, and trenches, and an estimated 50 check assays by a different assay firm. Both channel and muck samples were taken in the crosscuts and drifts. Only the cost of assays of the samples taken from work participated in by the Government was allowed. The cost of assays of samples from the drifts and crosscuts and the long holes drilled before the date of the contract was not allowed.

The drift, crosscut, and long hole samples taken by the Operator averaged one pound of mercury per ton, and the Operator estimates that the block explored has an indicated reserve of 577,000 tons above the adit level.

Splits of all samples taken by the Operator were placed in 1-quart size cylindrical ice cream containers, and were labeled and stored in the change house on the property.

The standard of work was good.

The status of the contract is:

Date of contract: June 20, 1958
Termination date: December 20, 1958
Contract amount: $15,624.00
Amount spent: 4,806.50 (subject to audit)

	Authorized	Completed 1/
Bulldozing trenches	80 hrs.	63 hrs.
Drifting	300 ft. 2/	none
Timbering	30 ft.	none
Slabbing for long hole drill sites	28 ft. 2/	none
Long hole drilling	2400 ft.	1534 ft. 3/
Assays	400	324
Supervision and technical services	$900	$900

1/ Amounts completed under the contract.
2/ Completed before date of contract.
3/ 15-holes completed before date of contract.

The Government acquired no equity in operating equipment, materials, or supplies.

The grade of ore is too low for a successful, big mining operation and there appears to be no high grade concentration of ore that would interest small lessees; therefore, no production is expected in the foreseeable future. A Certification of Discovery will not be recommended.

E. G. Erickson
R. D. Sample

Distribution:
DMEA (4)
USGS (2)
USBM (AD)
Docket
Erickson
Turner

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9.17	Hopkins	400
9-17	Martin	400
10-2	Chambers	800
10/3	GCS	130
"	Johnson	110
"	Rutherford	108
10/6	C	220
10/6	B	215
		480

OCT 6 1958

Mr. A. E. Weissenborn, Executive Officer
OME Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 4953 - Mercury
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1216

Dear Mr. Weissenborn:

Enclosed are the original and four copies of a proposed Amendment No. 1 to the above-referenced contract, signed by the Acting Director for the Government. Two extra copies are enclosed for use of the Field Team.

If the terms and conditions of this proposed amendment are satisfactory to you and the Operator, all five copies should be signed by the Operator and the usual distribution made.

If any part of the proposed amendment does not have your approval or that of the Operator 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.

Sincerely yours,

Enclosures

George C. Selfridge

APPROVED:

Richard H. Mote (GHB)
Member, Bureau of Mines

ACTING Chairman, Operating Committee (GHB)

N. E. Nelson (GHB)
Member, Geological Survey

JHOPKINS.dlm 9-17-58
cc to: Code 400
Admr. R. File
Oper. Comm.
REGION I
Messrs. J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9-5	Martin	400
9-5	Chapman	400
		140
		140

September 5, 1958

MEMORANDUM

To: Associate Solicitor, Division of Mineral Resources

From: Division of Iron and Ferro-Alloys, DMEA

Subject: Preparation of Amendment No. 1 and Termination Agreement
Docket No. DMEA 4953 - Mercury
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1212

Attached are rough drafts of Amendment No. 1 and Termination Agreement for your use in preparing them in final form.

W. S. MARTIN

W. S. Martin, Director
Division of Iron and Ferro-Alloys

Attachment

TLCHAPMAN:foc
9-5-58
cc to: Docket
Chron. File

8623

EXPLORATION PROJECT CONTRACT
MONETA PORCUPINE MINES, LTD.
DOCKET NO. DMEA 4953

AMENDMENT NO. 1

It is agreed this _____ day of _____, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Moneta Porcupine Mines, Ltd., that Exploration Project Contract No. Idm-E1216 (Docket No. DMEA-4953), dated June 20, 1958, is amended effective as of date of Contract as follows:

Under Exhibit A, "Description of the Work", delete paragraphs 2, 3, 4, 5 and 6 and substitute the following:

Bulldoze 4 trenches to bedrock, each trench to be approximately 200 feet long. The work shall be performed with a TD-14 bulldozer. Location of trenches to be agreed upon by the Government and the Operator.

Drill approximately 25 long holes at points on the courses and inclinations indicated on Plate 2. Each hole shall not exceed 100 feet in length and the total drilled shall not exceed 1,534 feet.

Sample long holes in mineralized zones at 5 and 10 foot intervals; and sample trenches in mineralized zones at 5 foot intervals. The total samples shall not exceed 422, to be assayed for mercury.

Under "Estimated Cost of the Project" (Fixed Unit Costs) delete costs of bulldozing trenches, drifting, timbering, slabbing for long hole drilling, long hole drilling and assaying and substitute the following:

Bulldozing trenches, 63 hours at $11.00 per hour	$ 693.00
Long hole drilling, 1,534 feet at $1.25 per foot	1,917.50

Assay 422 samples for mercury at $4.00 each, includes sacks and transportation	$1,688.00
A Geological-Engineer, 12 days at $75.00 per day	900.00
Estimated cost of the project	$5,198.50
Government participation 50 percent	$2,599.25

The Government shall contribute on the basis of fixed unit costs as set forth above, as they acrue, for the units of work actually performed. The total cost of the project shall be changed from the cost as set forth in the Contract, $15,684.00, Government participation 50 percent, $7,812.00 to $5,198.50, Government participation 50 percent $2,599.25.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Administrator

MONETA PORCUPINE MINES, LTD.

By_____

Title_____

TERMINATION AGREEMENT

It is agreed this _____ day of _____, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government", and Moneta Porcupine Mines, Ltd. hereinafter called the "Operator", parties to that certain Exploration Project Contract No. Idm-E1216 (Docket No. DMEA-4953) dated June 20, 1958, hereinafter called the "Contract", that:

1. No work or operation provided for in said contract shall be performed after July 31, 1958.

2. The Government shall contribute only to the agreed unit cost of work performed prior to August 1, 1958.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including rendering of final report and final account.

4. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided for in this Termination Agreement.

5. All rights of the Government respecting certification of discovery or development, percentage royalty and liens to secure the payment thereof, reports (including the preservation of Operator's records), accounts, audits, and the right to recover any overpayment, are hereby preserved.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first written.

THE UNITED STATES OF AMERICA

By_____
Administrator, Defense Minerals Exploration Administration

MONETA PORCUPINE MINES, LTD.

By_____

Title_____

EXPLORATION PROJECT CONTRACT
MONETA PORCUPINE MINES, LTD.
DOCKET NO. IMEA 4953

AMENDMENT NO. 1

Justification

Because the position of the basalt contact on the tunnel level was determined by drilling to be different from that estimated when preparing the contract, and because of the indefinite limit of the mineralized zone to the south, it was necessary to exceed the authorized depth in some of the drill holes in order to reach their objective. Fourteen of the 40 holes authorized were drilled at the Operator's expense prior to the signing of the contract.

The contract as written specified that a D-8 Caterpillar bulldozer or equivalent of another make be used for excavating trenches and preparing access roads and drill sites, and its use to be paid for at the rate of $15.00 per hour. At the time when a dozer was needed no D-8 Caterpillar was readily available, so the Operator substituted a TD-14 bulldozer, at the rate of $11.00 per hour. The trenching was done with the smaller TD-14 dozer in a satisfactory manner, with a considerable saving to the Government.

In accordance with the recommendations of the Field Team, in its memoranda of August 11 and 28, 1958, Amendment No. 1 has been prepared to authorize drilling 25 long-holes, length of each not to exceed 100 feet, and total aggregate length of all holes not to exceed 1,534 feet, and to authorize use of a TD-14 bulldozer at $11.00/hr. instead of a D-8 at $15.00/hr. Total aggregate length of drilling is reduced from 2,400 feet to 1,534 feet, total estimated cost of the contract from $15,624.00 to $5,198.50, and Government participation from $7,812.00 to $2,599.25.

The full number of shifts for consultants is allowed, because, although all work authorized under the contract was not completed, the consultant was employed for the total time allowed, to appraise the work that was done, and the geologic probability of making a significant discovery, and to prepare the Operator's final report, which includes geologic maps and ore reserve estimates.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

So. 157 Howard Street
Spokane 4, Washington

August 28, 1958

DMEA
RECEIVED SEP 2
DATE | INITIALS
9/2 | C | 220
9/2 | WSM | 400

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4958 ~~(Mercury)~~
Moneta Porcupine Mines
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1212

Dear Mr. Selfridge:

When we wrote our letter of August 12, requesting an amendment to change the type of bulldozer used, we had just received the Operator's MF-104's for June and July and had not noted that eight of the long holes exceeded the maximum depth of 60 feet per hole as provided in Exhibit "A" of the contract.

Because the strike of the basalt contact on the tunnel level changed from southwesterly to westerly and because of the indefinite limit of the mineralized zone to the south, it was necessary to exceed the authorized maximum depth in some of the holes. Fourteen of the authorized 40 holes were completed at the Operator's expense prior to the signing of the contract.

We therefore recommend that the final paragraph on page 1 of Exhibit "A" be amended to authorize a maximum depth of 100 feet for any hole and that the authorized aggregate drilling be reduced from 2,400 feet to 1,534 feet.

By Field Team, Region I

Wing G. Agnew, Acting Exec. Officer
U. S. Bureau of Mines

D. R. MacLaren, Acting Member
U. S. Geological Survey

cc: USBM (2)
USBM (AD)
Albee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

1201 N. Division St.
Spokane 2, Washington

August 26, 1958

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1216

Dear Mr. Selfridge:

As requested in your letter of August 19, we are enclosing a copy of form MF-104A for the above contract for the months of June and July 1958 with accompanying narratives.

The Operator's final report on the project was sent to you on August 20, 1958. Rec'd 8/28/58.

Sincerely yours,

Wing G. Agnew
Acting Executive Officer
DMEA Field Team, Region I

Enclosures

cc: USGS (2)
USBM (AD)

8/28 C 220
8/28 WSAY 400

Form MF-10[illegible] (Rev.) (April 1[illegible])

Budget Bureau No. 42-R1036.5

RECEIVED NOV 24 1958 O.M.E.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1958 Docket No. DMEA 4953 Contract No. Idm B 1216

Operator's Name Kancta Porcupine Mines, Ltd. Minerals Mercury

Address Suite 1505 320 Bay St., Toronto, Ontario

Contract Amount, $ 15,624.00 Government Participation: 50 % Amount, $ 7,812.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY (WS04 11/25/58): Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling Longhole	$ 362.50	$1,555.00	$1,917.50	362.50	1555.00	1917.50
Bulldozing	693.00	None	693.00	693.00	-	693.00
Crosscutting Accaya	1,008.00	288.00	1,296.00	1008.00	288.00	1296.00
Drifting						
Engr.-Geologist	900.00	None	900.00	900.00	-	900.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$ 3,325.50	$1,843.00	$5,168.50	2963.50	1843.00	4806.50

I certify that the above bill is correct and just and that payment therefor has not been received.

Date August 6, 1958 Payee Kancta Porcupine Mines, Ltd.

Per F. R. Burton Title President

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

1481.75

$ 1481.75

Signature Dorothy F. Long (Authorized Certifying Officer)

Date 11/17/58 Vou. No. 2250

(See other side)

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—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.

(Instructions on reverse)

MF-104A with Narrative to Work. 8/25/58

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E1216 in accordance with the terms of the contract.

Signature /s/ Eric H. Erickson Title Mining Engr. Date 8/11/58

APPROVAL BY ~~DMEA~~ DME EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ A. E. Weissenborn Title Exec. Officer Date Nov 17, 1958

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1958 Docket No. DMEA 4953 Contract No. Idn E 1216

Operator's Name Moneta Porcupine Mines, Ltd. Minerals Mercury

Address Suite 1505 320 Bay St., Toronto, Ontario

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts: Assays	Each	$1,400.00	350	$1,688.00	422	$4.00		
Winzes								
Drilling: Core Longhole	Foot	362.50	290	1,917.50	1,534	1.25		
Churn								
Auger								
Stripping								
Trenching (Bulldozing)	Hour	693.00	63	693.00	63	11.00		
Test Pits								
Roads and Trails								
Engr-Geologist	Day	900.00	12	900.00	12	75.00		
TOTAL DISTRIBUTED COSTS		$3,355.50		$5,198.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$3,355.50		$5,198.50				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date August 6, 1958 Operator Moneta Porcupine Mines, Ltd.

Per F. R. Burton Title President

REMARKS:

NOTE.—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.

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

Elkhead Mine, Douglas County, Oregon

July Narrative

During July Longholes 37-40, Inc. were drilled. The lengths and dates drilled are as follows:

Hole No.	Date Drilled	Length, Ft.
37	July 1	100
38	2	50
39	2	100
40	3	40
	TOTAL FOR MONTH	290

Surface trenching on Block 2, the Thompson property was started on July 7. On July 16 four trenches had been completed. This work required 63 hours with an International Model TD14 tractor with angle dozer blade.

The four trenches totaled 825 feet in length and ranged from 190 to 230 feet.

The brecciated Arkosic sandstone zone was exposed in all four trenches. It averaged 55 feet in width in the four trenches. Seventeen channel samples across the brecciated zone totalling 229 feet were cut and assayed. The average of these samples is 0.56 pounds of mercury per ton.

The fifth proposed trench on the Elkhead property, Block 1 was not excavated.

In view of the indicated low mercury content of the trench samples as well as those from the longholes and car grabs as shown on the enclosed assay maps, officials of Moneta Porcupine Mines, Ltd. are not desireous of continuing exploration at the Elkhead-Thompson properties and are requesting permission to stop the project.

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED NOV 24 1958 O.M.E.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June 1958 Docket No. DMEA 4953 Contract No. Idm B 1216

Operator's Name Moneta Porcupine Mines, Ltd. Minerals Mercury

Address Suite 1505 320 Bay St., Toronto, Ontario

Contract Amount, $ 15,624.00 Government Participation: 50 % Amount, $ 7,812.00

WSM 11/25/58

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling: Longhole	$1,555.00	None	$1,555.00	1555.00	—	1555.00
Bulldozing						
Crosscutting						
Drifting						
Assays	288.00	None	288.00	288.00	—	288.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$1,843.00	None	$1,843.00	1843.00	—	1843.00

I certify that the above bill is correct and just and that payment therefor has not been received.

Date Aug 6/58 *Payee Moneta Porcupine Mines, Ltd.

Per F. R. Burton Title President

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

921.50

$ 921.50

Signature Dorothy F. Lacey (Authorized Certifying Officer)

Date 11/12/58 Vou. No. 2250

(See other side)

1 cy Mg-104A + Narrative to Wash. 8/25/58

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 61216 in accordance with the terms of the contract.

Signature /s/ Eric G. Erickson Title Mining Engr. Date 8/11/58

APPROVAL BY ~~DMEA~~ OME EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ A. G. Weissenborn Title Exec. Officer Date Nov. 17, 1958

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

-104A
(952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1958 Docket No. DMEA 4953 Contract No. Idm E 1216
Operator's Name Moneta Porcupine Mines, Ltd. Minerals Mercury
Address Suite 1505 320 Bay St., Toronto, Ontario

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
~~Shaft~~ Assays	Each	$ 288.00	72	$ 288.00	72	$ 4.00		
Winzes								
Drilling ~~Core~~ Longhole	Foot	1,555.00	1,244	1,555.00	1,244	1.25		
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		$1,843.00		$ 1,843.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1,843		$ 1,843.00				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date Aug 6/58 Operator Moneta Porcupine Mines, Ltd.

Per F. R. Burton Title President

REMARKS:

NOTE.—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.

(Instructions on reverse)

(For Government use only)

AUG 8 1958 D.M.E.A.

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

D[illegible]o. 4953 Contract No. Idm E 1216 Moneta Porcupine Mines, Ltd.

Elk Head Mine, Douglas County, Oregon

June Narrative

On the 20th of June, the date that D. M. E. A. Contract No. Idm E 1216 was signed, much of the work of the proposed project had been completed. The northeast drift was advanced beyond the objective indicated on plate 2 and the southwest drift was well advanced, although some cross cutting had been done that was not called for in the contract.

Fourteen longholes were completed before the contract was signed. On June 20 longhole drilling was resumed and on June 30 twenty one additional holes were completed. These were as follows:

Hole No.	Date Drilled	Length, Ft.
21	June 20	65
22	20	60
23	21	90
24	21	40
10	23	85
11	23	50
9	24	50
7	24	50
25	25	50
26	25	47.5
5	25	45
27	26	60
28	26	81.5
29	27	50
30	27	50
31	28	60
32	28	55
33	29	40
34	30	65
35	30	100
36	30	50
Total Footage for month		1,244

Cuttings from each 5-ft. interval were collected from the hole through a "T" and a 1-1/2 inch hose attached to a 2-inch standpipe. The hose delivered the cuttings to a sample box 2.75 ft. long, 1-ft. wide, and 9 inches deep. The box was equipped with 3 baffels to assist in settling the cuttings. Water was decanted from the sample box and the cuttings and remaining water was pored into a 5-gallon can and allowed to settle until more clear water could be pored off. Finally the wet sample was placed in a flour sack and dried in the sun or in the air stream from the air compressor fan.

The dried sample averaged about 1-1/4 gallon in size—a 1/4 split usually more than filled a 1-quart icecream container. A 5-pound split was sent in for assay.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

So. 157 Howard Street
Spokane 4, Washington

August 20, 1958

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 25 1958

DATE	INITIAL	CC
8/25	C	220
8/26	EEF	800
8/26	WSM	400

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1216

Dear Mr. Selfridge:

Enclosed are the original and one copy of the Operator's final report on this project which is acceptable to the Field Team.

Rec'd Spokane Aug 8, 1958

The Operator estimates that the area explored comprises 105,000 tons of rock containing 1.71 pounds mercury per ton and 577,000 tons of rock containing 0.99 pounds mercury per ton. This would indicate a total of 682,000 tons of rock with an average content of 1.1 pounds mercury per ton. At $230 per flask this material would be worth only about $3.30 per ton and it is too low grade to be mined and retorted in the foreseeable future. Therefore, as we stated in our letter of August 11, 1958, the Field Team recommends that no Certification of Discovery or Development be made.

By Field Team, Region I

D.R. MacLaren

D. R. MacLaren, Alt. Acting
Executive Officer
U. S. Geological Survey

T E Howard

T. E. Howard, Acting Member
U. S. Bureau of Mines

Oper.'s Final Report

Enclosures

cc: USBM (2)
USBM (AD)
Albee

RECEIVED
BUREAU OF MINES
AUG 8 - 1958
SPOKANE, WASH.

MONETA PORCUPINE MINES, LIMITED

(NO PERSONAL LIABILITY)

SUITE 1505 - 320 BAY STREET

TORONTO 1, ONT.

Telephone: EMpire 6-5665 *Please Refer File:*

August 7th, 1958

RECEIVED AUG 25
DATE INITIALS

DMEA Field Team, Region I,
United States Department of the Interior,
Defense Minerals Exploration Administration,
So. 157 Howard Street,
SPOKANE 4, Washington, U.S.A.

Attention: Mr. A. E. Weissenborn,
Executive Officer

Dear Mr. Weissenborn: Re: Docket No. DMEA-4953(Mercury)
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1218

We enclose reports for June and July and the final report. They have been prepared by Mr. Neil Roby, and I trust that you will find them in order. Further to and confirming my conversation at the property on July 15th with your Mr. MacLaren, our work has failed to disclose any ore and we do not believe that further work on the property is justified. In view of these results, we request that our D.M.E.A. contract be terminated.

I would like to take this opportunity of thanking you for your assistance in this project.

Yours very truly,

F. R. Burton

F. R. Burton,
President.

/A
Encls.
C/c Dr. R. H. Seraphim
Mr. N. Roby

DMEA No. 4953
RECEIVED
BUREAU OF MINES
AUG 8 - 1
SPOKANE

Contract Idm E 1216

Moneta Porcupine Mines, Ltd.

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DMEA
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DATE | INITIALS | CODE

ELKHEAD MINE

Douglas County, Oregon

Final Report

Exploration at the Elkhead mine by Moneta Porcupine Mines, Ltd. began in the spring of 1958. A Defense Minerals Exploration Administration loan was applied for. However, work was started on Company account at once. The DMEA loan was approved and part of the work was covered by it.

The first work consisted of drifting and cross cutting. Later a large part of the mineralized area of the property was explored by horizontal long holes drilled with a Jack leg drill from the walls of the drifts. A summary of the units of work completed follows:

Drift bottom taken up	160 ft.
Cross cut driven	179 "
Drift Driven	470 "
Long hole drilled	2,281 "
4 Dozer trenches, total length	825 "
Samples analized for mercury	635

The Elkhead property is underlain by basalt, shale, and arkosic sandstone. These rocks are moderately folded with north-easterly to easterly trending axes. The mineralized zone lies in brecciated arkosic sandstone and shale. It is bounded on the north by basalt dipping 70 degrees southerly, and on the south by a fault dipping 60 degrees north-westerly.

Vulcanism followed by hot-spring type mineralization, has disrupted and altered the structure. Basalt bodies, possibly in part, dikes, but more likely breccia blocks, are particularly abundant near the basalt footwall, and diminish in size and number to the south. Blocks range in diameter from a few inches to several feet, most are about one foot. Bedding in arkose blocks does not remain consistent from block to block. This fact, coupled with the presence of basalt blocks, shows differential movement in the brecciated area. Since basalt blocks are found several hundred feet from the basalt contact, the amount of this movement is large, suggesting that the zone is a volcanic vent. The breccia is cemented by hard limonite, locally called "iron rib"; it probably was siderite.

Brecciation becomes negligible at more than three hundred feet south of the basalt contact; no basalt bodies are found, and the arkose is well bedded, dipping about 15 degrees easterly. A few thin limonite stringers cut this bedded zone.

Cinnabar grains are sparsely disseminated throughout the breccia zone and in the bedded arkose. None has been found in the unaltered footwall basalt or in the shale beyond the south fault. Cinnabar is more abundant on fractures and shear zones and also in purplish or white (bleaching) alteration of arkose and basalt. In the brecciated zone, Cinnabar appears more abundant inside the limonite cemented blocks than in the limonite. In the bedded area, higher grade zones follow the bedding to some extent, but appear to lie en echelon rather than to follow any one

Oper's Final Report

bed consistently. Also there appears to be more mercury close to the basalt contact. However, the largest controlling factor seems to be shearing and fracturing in the breccia.

Car grab samples were taken during drifting and cross cutting. A small shovel full of broken rock was taken from each 1,500-lb. car trammed from the mine. Care was taken to get a representative sample of both the fine and coarse material. In this manner a sample ranging in weight from 100 to 125 pounds was obtained from a 5-foot face advance. The sample was air dried and crushed to approximately 1/2-inch through a laboratory crusher. The material was then split through a "Jones" splitter. A 5-pound fraction was sent in for assay.

The long hole drilling was done with a Model R H 659-4W Copco Pacific Rock Drill using a 51-inch feed jack leg and 7/8-inch Hex steel. Water was fed through a water swivel on the drill steel shank so that it did not pass through the machine. The holes were drilled with 1-21/32-inch bits using 5-foot rods with one 2-1/2 foot rod for change. The holes were collared and drilled to a depth of 18 inches with a 2-3/8-inch bit, which permitted a 2-inch standpipe to be driven in the hole with a tight fit. Cuttings from the hole were conveyed to the sludge boxes through a "Tee" on the standpipe and a 1-1/2-inch hose. A 2-1/2-inch "Tee" was used on the 2-inch standpipe. The "Tee" was bushed down to take the 1-1/2-inch hose and also had a 1-1/2-inch by 2-1/2-inch bushing for the drill steel to pass through. This large "Tee" with bushings reduced to a minimum the return water loss from the collar of the hole.

Cuttings and water from the holes was caught in sludge boxes 2.75 feet long, 1-foot wide and nine inches deep. Three removable baffles, one extending up from the bottom of the box 6 inches and two down 6 inches from above the water surface, aided in settling the cuttings during the drilling cycle. Two boxes were in service and after a 5-foot interval was drilled and the hole was washed for about 5 minutes, or until the cuttings stopped coming from the hole, the baffles were removed and the cuttings were allowed to settle. During the washing cycle, the drill runner rotated the steel in the hole with a wrench or with the machine in a slow idling speed.

Clear water was decanted off the box and the remaining water and cuttings was placed in a 5-gallon bucket. Additional settling time allowed most of the remaining water to be decanted from the bucket, after which cuttings were poured into flour sacks. The cuttings were dried in the sun or hung on the side of the portable air compressor so that they were in the path of warm air from the fan. In this manner, samples would dry in about 24 hours.

Cuttings recovery from the holes was good. On the average about one gallon of dried cuttings was recovered from a 5-foot interval. A one quarter split usually filled a 1-quart icecream carton. Assuming a 50 percent increase in volume for fine cuttings, the above recovery would be about 119 percent of theoretical from a 1-21/32-inch hole 5 feet deep. This is accounted for by the fact that the hole is larger than the size of the drill. A split of each interval was retained at the property and about a

5-pound split was sent in for assay.

All of the long hole assays were averaged together with the car grab samples to establish 21 sample intervals across the brecciated zone. The final weighted average of the entire zone is 0.99 pounds of mercury per ton. This block represents an area 94 feet wide by 540 feet long. With an assumed specific gravity of 2.6, the block contains 4,120 tons per vertical foot. This would indicate about 577,000 tons above the adit level.

A smaller area along the basalt contact was averaged separately. This smaller area is 290 feet long by 30 feet wide; it contains 1.71 pounds of mercury per ton based on the underground samples. If four sample groups cut earlier in the open cut on surface are averaged in with the underground samples then the smaller block averages 2.02 pounds of mercury per ton. The tonnage is the smaller area above the adit level would be 105,000 tons.

RECEIVED
BUREAU OF MINES
AUG 8 - 1958
SPOKANE, WASH.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8-15	Holt	400
8-15	Chapman	400
8/19	[illegible]	130
"	[illegible]	110
"	[illegible]	120
8/20	[illegible]	220
		400

AUG 19 1958

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 4953 - Mercury
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1216

Dear Mr. Weissenborn:

We have at hand your letters of August 11 and 12, 1958, pertaining to the results of work completed on the above-noted contract and recommending that the contract be terminated and no certification of discovery or development be issued, and that an amendment be written to change the type of bulldozer used. Also enclosed was a copy of letter from Dr. R. H. Seraphim of the Moneta Porcupine Mines, Ltd., requesting termination of the project.

We are writing an amendment as per your request, but it will be necessary to have the MF-104's and narrative of the work accomplished before we can write a termination.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (24B)

APPROVED:

P. F. Yopes (24B)
Member, Bureau of Mines

N. E. Nelson (24B)
Member, Geological Survey

TLCHAPMAN:foc 8-15-58
cc to: Code 400
Admr. R. File
Oper. Comm.
FT. REG. I
Messrs. J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

8623

FT Mems 8/12

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

1201 N. Division St.
Spokane 2, Washington

FILE COPY
DMEA
RECEIVED AUG 14 1958

DATE		CODE
8/14	W.G.	225
8/14	RLC	130
		400

August 12, 1958

Air Mail

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (mercury)
Moneta Porcupine Mines
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1216

Dear Mr. Selfridge:

The Operator under the cited contract used an International TD-14 tractor with dozer in place of a D-8 or equivalent as specified in the contract. The Operator paid $11.00 an hour, fully operated, for the TD-14.

The rental rate on a TD-14 with blade and controls is $10.50 per hour; this does not include operator and fuel.

In order that we can reimburse the Operator for the trenching we recommend that an amendment be written authorizing 63 hours of dozing with a TD-14 at $11.00 an hour, fully operated.

By Field Team, Region I

A. E. Weissenborn

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: USGS (2)
USBM (AD)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
So. 157 Howard Street
Spokane 4, Washington
August 11, 1958

RECEIVED AUG 14 1958

DATE	INITIALS	CODE
8/14	A.G.	225
8/14	RB	130
		400

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1216

Dear Mr. Selfridge:

Enclosed are three copies of a letter, dated July 24, 1958, from Dr. R. H. Seraphim, chief geologist for this company, requesting that their DMEA contract be terminated by mutual consent.

All of the drifting and nearly half of the long-hole drilling was completed by the Operator prior to signing the contract. Since signing the contract, all of the flat long holes, one of the up-holes, and all of the surface trenches to the east have been completed. The assays of the samples have been consistently too low to justify any further work.

The Field Team recommends that the contract be terminated and that no Certification of Discovery or Development be made.

By Field Team, Region I

A. E. Weissenborn

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wm. C. Agnew

Wm. C. Agnew, Member
U. S. Bureau of Mines

Enclosures
cc: USBM(2)
USBM(AD)
Albee

MONETA PORCUPINE MINES LIMITED

(NO PERSONAL LIABILITY)

ROOM 513-402 W PENDER ST

VANCOUVER 2, B.C

Telephone: Pacific 9721

al
mee
ahe
USM
DMEA

cc w/cy map

July 24, 1958.

Please Refer File:

Re: Docket No DMEA 4953
(Mercury)

OFFICIAL COPY
DMEA
RECEIVED AUG 14 1958

DATE	INITIALS	CODE

U.S. Department of the Interior,
D.M.E.A.,
South 157 Howard St.,
Spokane 4, Washington.

Attention: Mr. Weissenburn
Mr. McLaren

Dear Sirs:

I enclose ~~the~~ Neil Roby's map showing the assays from the ~~trenches on the~~ Thompson property. You will note that except for one assay, mercury content is very low.

Except for a few feet of drifting and one trench on Elkhead ground, this substantially completes the exploration program approved by D.M.E.A. We wish to obtain official termination of the contract without completion of the above mentioned drifting and trench, as we do not believe the results obtained to date warrant further work.

Yours sincerely,

Dr. R.H. Seraphim.

RHS:dm

cc: F.R.Burton
Neil Roby
Gordon L. Gould.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

So. 157 Howard Street
Spokane 4, Washington

July 25, 1958

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 4 1958
CODE
8/4 J.G. 225
4 100
110
8/5 800
8/5 WSM 400

MEMORANDUM

To: DMEA Field Team, Region I

From: H. F. Albee and D. R. MacLaren, Geologists, U. S. Geological Survey, and E. G. Erickson, Mining Engineer, U. S. Bureau of Mines

Subject: Initial inspection report, Docket No. DMEA-4953 (mercury), Moneta Porcupine Mines, Elkhead Mine, Douglas County, Oregon, Contract No. Idm-E1216

The project was inspected July 15, 1958, accompanied by Neil Roby, project engineer for the company. Dr. R. H. Seraphim, company geologist, Dr. F. R. Burton, company president, and Gordon Gould arrived at the property during the inspection. The project was discussed with them.

The contract authorizes 300 feet of drifting, 2400 feet of long hole drilling, and 80 hours of bulldozer work. At the date of the contract the Operator had completed about 550 feet of drifts and cross-cuts and was drilling the 18th long hole. The dozer trenches, however, had not been started.

and 15 longholes

See final inspection report 9.4.58

On the date of the inspection 3 dozer cuts were in and work was being done on the 4th. The cuts exposed the breccia zone along its contact with the basalt, and in places mercury was visible. Panning, however, indicated that the grade was low. There had been no assay returns on samples from the cuts.

A thorough program of sampling was done by the Operator on the underground work, the results of which are discouraging. The average grade is well below the minimum of 2.0 pounds of mercury per ton that the Operator was hoping for.

If the assay results are low from the 4 dozer cuts on the east side of the property, then the Operator indicated he would request termination of the contract. Under these circumstances termination is recommended without dozing the trench on the west side of the property, as drifting and longholing have tested the ground beneath that location.

The Operator has notified the owners of the property that they are terminating their option agreement on the property.

Final inspection of the project will be made about the middle of August 1958.

The status of the contract is:

Date of contract: June 20, 1958
Termination date: December 20, 1958
Amount of contract: $15,624.00
Amount spent: none

	Authorized	Completed
Bulldozing trenches	80 hrs.	80% (estimated)
Drifting	300 feet	1/
Timbering	30 feet	1/ and 2/
Slabbing (drill stations)	28 feet	1/
Long hole drilling	2400 feet	3/
Assays	400	4/
Geologist-Engineer	12 days	80% (estimated)

1/ Completed before date of contract.
2/ Assumed timbering, if any, was concurrent with drifting.
3/ Part of drilling done prior to date of contract. Records necessary to determine footage drilled under the contract not readily available; footage will be determined during final inspection.
4/ Drift sampling and sampling of drilling completed prior to date of contract are not covered by the contract. Complete assay results of sampling allowed by contract not available at time of inspection.

H. F. Albee
E. G. Erickson

Distribution:
DMEA (4)
USBM (2)
USBM (AD)
Docket
Albee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
So. 157 Howard Street
Spokane 4, Washington
June 27, 1958

DMEA
RECEIVED JUN 30 1958

DATE	INITIALS	CODE
6/30	C	220
6/30	G	215
	OC	400

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1216

Dear Mr. Selfridge:

Enclosed are the Government and Audit copies of a short form contract to the above-referenced project. Also enclosed are two copies of a letter, dated June 26, 1958, from F. R. Burton, president of the company, returning this contract to us. You will note that Mr. Burton states that work was in progress on June 20, 1958 and this date has been inserted in Article 1, line 5.

By copy of this letter, other copies of this contract are being distributed.

Sincerely yours,

for D R MacLaren
Wing G. Agnew
Acting Executive Officer
DMEA Field Team, Region

Enclosures
cc: USBM(2) w/cys incoming
USBM(AD) w/cy contract and cy incoming
Albee w/cy incoming

MONETA PORCUPINE MINES, LIMITED.
(NO PERSONAL LIABILITY)

SUITE 1505 - 320 BAY STREET
TORONTO 1, ONT.

Telephone: EMpire 6-5665

Please Refer File:

June 26th, 1958

REGISTERED AIRMAIL

United States Department of the Interior,
Defense Minerals Exploration Administration,
So. 157 Howard St.,
SPOKANE 4, Washington, U.S.A.

Dear Mr. Weissenborn: Re: Docket No.DMEA-4953(Mercury)
Elkhead Mine
Douglas County, Oregon

I acknowledge receipt of your letter of the 23rd instant, together with the original and 5 copies of the contract. We have executed all 6 copies and return 5 to you herewith. Your letter stated that there were only 5 copies to be signed and 4 returned to you; if this 5th copy which we are returning is a spare one, we would appreciate receiving it back because we have had to send our copy to our B.C. engineer, Dr. R. H. Seraphim.

The work was in progress on June 20th, so in paragraph 1(a) I have filled in "June 20, 1958". I have spoken to our engineer on the telephone, and he assures me that the drift faces as of June 20th have been marked, and it is my understanding that this advise has already been forwarded to you.

I would like to confirm that all of our option agreements whereby we hold these 2 properties have been submitted to you and that you are fully aware of the terms under which we hold the properties.

Would you please forward to us the necessary forms for reporting to you per article 5(b).

Should mention Royalty etc

I would like to take this opportunity of thanking you for your co-operation in our exploration program for this property.

Yours very truly,

2:15 p.m.
JUN 26 1958

/A
Encls.
C/c Dr. R. H. Seraphim

F. R. Burton,
President

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 26 1958

DATE	INITIALS	CODE
6-26	H.G.	225
	WSM	400

So. 157 Howard Street
Spokane 4, Washington
June 23, 1958

Air Mail - Special Delivery

Mr. F. R. Burton, President
Moneta Porcupine Mines, Ltd.
Suite 1505, 320 Bay Street
Toronto 1, Canada

Re: Docket No. DMEA-4953 (Mercury)
Elkhead Mine
Douglas County, Oregon

Dear Mr. Burton:

Enclosed are the original and four copies of a proposed short form contract, signed by the Administrator for the Government, together with Annex I (2 pages), 3 Consents to Lien and Subordination Agreements, Exhibit A (2 pages), and 4 maps.

If the terms and conditions of this proposed contract are satisfactory, you should sign all five copies, retain the one marked "Operator's Copy", and return the other four copies to this office. The envelope returning the contract to this office must be postmarked prior to midnight June 30, 1958, or the contract will automatically become invalid.

Please note that on line 5 of Article I(a) the date on or before which work shall begin has been left blank. Please fill in this date, allowing yourself sufficient time. Work may be started any time after the date of the contract, June 20, 1958, but must be started on or before the date you insert in line 5. If the contract is signed, it becomes valid as of June 20, the "effective date" of the contract. If work was in progress on June 20, 1958, the face of the drifts as of that date should be marked.

If any part of the proposed contract is not satisfactory, you should return all five copies unsigned to this office with your proposed changes for consideration.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

Enclosures
cc: DMEA(2) DMEM(2)
DMRH(2) Altec

Mr. Mittendorf -

George has not surnamed the attached contract, mainly because of the poor potential and very low grade of the ore.

It is a small amount and is endorsed by the Field Team and Commodity Specialists, although Kiilsgaard modifies his approval by suggesting termination, if initial work proves unrewarding.

FEJohnson

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/16	Chapman	400
6/16	Martin	400
6-17	Chambers	800
6/20	[illegible]	130
"	[illegible]	110
"	[illegible]	100
6/23	[illegible]	220
		400

JUN 20 1958

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 4953 - Mercury
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

Dear Mr. Weissenborn:

Enclosed are the original and four copies of a proposed short form contract for an exploration program at the above-referenced project, signed by the Administrator for the Government, together with Annex I (2 pages), 3 Consents to Lien and Subordination Agreements, Exhibit A (2 pages), and 4 maps. Two extra copies are enclosed for the use of the Field Team.

Please note that we have allowed somewhat less work than the Field Team recommended. The lease indicates that 47.11 acres in sections 21 and 22 have been excluded, but map shows approximately 20 acres in section 21 excluded but does not exclude approximately 27 acres in section 22. We have shown this correction in green on maps.

If the terms and conditions of this proposed contract are satisfactory to you and the Operator, all five copies should be signed by the Operator and the usual distribution made.

If any part of the proposed contract does not have your approval or that of the Operator 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.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GHB)

Enclosures

APPROVED:

Frank D. Lamb (GHB)
Member, Bureau of Mines

N. E. Nelson (GHB)
Member, Geological Survey

P.S. Contract must be executed, complete with all attachments, by June 30, 1958. If mailed by Operator it must be postmarked prior to midnight June 30, 1958.

cc to: FT. REG. I
J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

TLCHAPMAN:foc 6/16/58
cc to: Code 400
Admr. 3. File
Oper. Comm.

8623

MEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6-9	Chapman	400
6-9	Martin	400
		140

June 9, 1958

MEMORANDUM

To: Associate Solicitor, Division of Mineral Resources

From: Division of Iron and Ferro-Alloys, DMEA

Subject: Preparation of Contract
Docket No. DMEA 4953 - Mercury
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

INTERIOR DEPT.
JUN 9 - 1958
SOLICITOR

RECEIVED
JUN 9 1958
ASSOC. SOLICITOR
MINERAL RESOURCES

Attached is a rough draft of a proposed contract for your use in preparing it in final form.

W. S. MARTIN

W. S. Martin, Director
Division of Iron and Ferro-Alloys

Attachment

TLCHAPMAN/dlm 6-9-58
cc to: Docket

8623

EXPLORATION PROJECT CONTRACT
MONETA PORCUPINE MINES, LTD.
DOCKET NO. DMEA-4953

ANNEX NO. I

The land referred to in Article 2 of the contract form as outlined on Fig. 2, Property Map, Elkhead Mine, Douglas County, Oregon. The property held by Moneta Porcupine Mines, Ltd., is divided into two parcels, designated as Block 1 and Block 2 outlined as follows:

Block 1,

Beginning at a post in the westerly line of the New County Road running through section 21, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said section 21, from which a fir marked "SBT" 16" in diameter bears North 64° West 41 links distant, and running thence North 29° West 10.30 chains to a point from which a fir marked "SBT" 8" in diameter bears bears South 45° West 12 links distant and a fir 16" in diameter marked "SBT" bears East 37 links distant; thence North 67° East 2.50 chains to a post from which a fir 20" in diameter marked "SBT" bears South 42° West 23 links distant; thence North 23° West 4.95 chains to a fir 22" in diameter, marked "B"; thence South 86° West 7.93 chains to a fir 40" in diameter marked "B"; thence South 50° West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said section 21; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said section 21 to the intersection with North line of the New County Road, and thence following along the North line of same in a Northeasterly direction to the place of beginning; containing 32 acres; more or less. All situated in section 21, T. 23 S., R. 6 W., of the Willamette Meridian, Douglas County, Oregon.

Block 2

The Southwest fourth of the Southwest quarter (SW¼-SW¼) of section 15; the South half of the Southeast quarter (S½-SE¼) of section 16: The North half of the Northeast quarter (N½-NE¼) and the Southeast fourth

of the Northeast quarter (SE¼-NE¼) of section 21; and the Southwest fourth of the Northwest quarter (SW¼-NW¼) of section 22, all in T. 23 S., R. 4 W., of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, Oregon, excepting and reserving Block 1 described above and excepting and reserving however the the following reserved tract or parcel of land, being a portion of said section 21 and 22, to wit: That portion Southeast of New County Road, said portion containing 47.11 acres

Elaine H. Hovey owner of Block 1 of the Elkhead mine on January 24, 1958, entered into an Agreement with Ore Mines, Inc., and Gordon I Gould to lease and option Block 1. The Ore Mines et al which held a former lease dated January 11, 1955, being in default assigned and quit claimed all rights on the property to Elaine H. Hovey.

On January 24, 1958, an Amended Agreement Hovey agreed to lease and option land to Gordon I. Gould, and Ore Mines, Inc. agreed to sell personal property on land to Gordon I. Gould. On the 26th day of February 1958, the aforesaid agreements were assigned to Remote Porcupine Mines, Ltd.

Marvin Thompson and Gatta Veilet F. Thompson owners of Block 2, known as the Thompson Ranch, entered into an Option-Agreement on February 6, 1958, to sell said land to Remote Porcupine Mines, Ltd.

EXPLORATION PROJECT CONTRACT
MONETA PORCUPINE MINES, LTD.
DOCKET NO. DMEA-4953

EXHIBIT A

Description of the Work

Attached maps are as follows:

Fig. 1, Location Map, Elkhead mine. Douglas County, Oregon

Fig. 2, Property Map, Elkhead Mine, Douglas County, Oregon

Plate 2, Map Showing Proposed Program, Elkhead Mine, Douglas County, Oregon

Plate 3, Assay Map. Elkhead Mine. Douglas County, Oregon.

The work shall consist of trenching, drifting, slabbing for drill stations and long hole drilling. All work to be carried on concurrently.

The work shall consist of 5 bulldozer trenches, each about 200 feet long and to bedrock. The work shall be done with a D-6 bulldozer or equivalent of another make. 1 trench shall be at the southwest end as indicated on Plate 2, and 4 trenches to the northeast as indicated on Plate 2.

Drift southwesterly 200 feet in drift B, from point indicated on Plate 2, and 200 feet northeasterly IN DRIFT A from point indicated on Plate 2. Drifts shall be a minimum of 5 feet by 7 feet in the clear and timbered as necessary.

For long holes slab the drifts at 14 points, each to be equivalent to about 2 foot of drifting or a total of 28 feet. Plate 2.

Drill 40 long holes at points indicated on Plate 2and on courses, inclinations and lengths indicated. The lengths of each hole shall not exceed 60 feet and the total shall not exceed 2,400 feet.

Channel sample the drifts at 5 feet intervals (40 samples). Sample long holes in mineralized zones at 5 or 10 feet intervals (200 samples). Sample trenches in mineralized zones at 5 foot intervals (60 samples). Assay all samples for mercury.

An Engineer-Geologist shall inspect property and sampling, study geology and map the property for about 12 days during the operation.

ESTIMATED COST OF THE PROJECT
Fixed Unit Costs.

Bulldozing trenches, 80 hours at $15.00/hr.	$1,200.00	
Drifting 300 feet at $26.75/ft.	8,025.00	
Timbering 30 feet at $5.00/ft.	150.00	
Slabbing for long hole drilling. 28 feet at $26.75/ft.	749.00	
Long hole drilling, 2400 feet at $1.25/ft.	3,000.00	
Assay 400 samples for mercury at $4.00 each. Includes sacks and transportation.	1,600.00	
A geologist-Engineer, 12 days at $75.00/day	900.00	
Total estimated cost of project.		15,624.00
Government participatio, 50 percent		7,812.00

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
So. 157 Howard Street
Spokane 4, Washington

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 5 1958

DATE	INITIALS	CODE
6/5	C	220
	WSM	400

Air Mail

June 3, 1958

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

Dear Mr. Selfridge:

Enclosed are two copies of a letter dated May 28, 1958 from Gordon I. Gould enclosing copies of a Consent to Lien and Subordination Agreement.

As soon as we receive the Consents from Mr. Hovey, we will forward them.

Sincerely yours,

for D H Macharen
A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

Enclosures

cc: USBM (2)
Albee

P. S. We are also enclosing two copies of a letter dated June 2, 1958 from Gordon I. Gould and three copies of a Consent from Hovey which we have just received. We hope this Consent is satisfactory.

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 5 1958
DATE | INITIAL | CODE

May 28, 1958

Defense Minerals Exploration Administration
South 157 Howard Street
Spokane 4, Washington

Attention: Mr. D. R. MacLaren
Re: Docket No. DMEA-4953(Mercury)
Elkhead Mine
Douglas County, Oregon

Dear Mr. MacLaren:

At the request of Dr. R. H. Seraphim of Moneta Porcupine Mines, Limited, I am enclosing herewith three copies of "Consent to Lien and Subordination Agreement" covering my interest in the above properties.

As you have been advised, I am having some difficulty obtaining the signature of Mr. Hovey of Alton, Illinois but I am hopeful that I will receive his forms in the next few days. I am fully aware of the importance of time in this matter and assure you that I will forward them to you as promptly as possible.

Very truly yours,

GORDON I. GOULD

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 5 1958
DATE | INITIALS | CODE

June 2, 1958

Mr. A. E. Weissenborn, Executive Officer DMEA
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-4953 (Mercury)
Elkhead Mine
Douglas County, Oregon

Dear Mr. Weissenborn:

Thank you for copy of your letter of May 28th addressed to Dr. R. H. Seraphim in explanation of the necessity of having from me the Consent to Lien and Subordination Agreement covering both the Thompson Property and the Hovey (Elkhead) Property. I have already forwarded these forms to you.

I have now received from Mr. Hovey, and enclose herewith, three copies of his Consent to Lien and Subordination forms. I note the brief property description set forth by Mr. Hovey on these forms and trust that these forms can be "pinned together" with my forms which have the complete description of each of the properties.

I regret the delay in obtaining these forms from Mr. Hovey but hope that processing of the application will hereby be expedited.

Very truly yours,

GORDON I. GOULD

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 2 1958

DATE	INITIALS	CODE
6/2	C	220
	WSM	400

So. 157 Howard Street
Spokane 4, Washington

Air Mail

May 28, 1958

Dr. R. H. Seraphim
Moneta Porcupine Mines, Ltd.
Room 408
402 W. Pender Street
Vancouver 2, B. C.

Re: Docket No. DMEA-4953 (Mercury)
Elkhead Mine
Douglas County, Oregon

Dear Dr. Seraphim:

Thank you for your letter of May 26, 1958, regarding your telephone conversation of that date with Mr. MacLaren.

We have forwarded to Washington the copies of the Quitclaim Deed from Ore Mines, Inc. in favor of Mr. Gould and the Consents to Mr. Gould's assignment from both Hovey and Ore Mines, Inc., which Miss Archer sent us. We also referred to Washington for their opinion the question of whether or not Consents would be necessary from Ore Mines, Inc. in view of the Quitclaim Deed.

As Mr. MacLaren explained to you, the Consent to Lien and Subordination Agreement is required from each party or parties to whom control of the ground subject to DMEA royalty might revert. In this case DMEA has been advised by the Office of the Solicitor, U. S. Department of the Interior, that Consent forms from Mr. Gould are required for both the Thompson property and the Hovey (Elkhead) property. Although, as you describe it, Mr. Gould currently has no control of either Thompson or Elkhead ground, he could acquire such if Moneta Porcupine Mines should decide to give up its lease. The Consent would then protect the Government's interest should Mr. Gould decide to produce ore from the property.

In accordance with paragraph 1(c) of your letter, we are sending a copy of this letter to Mr. Gould.

Thank you for your cooperation.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

cc: F. R. Burton
Suite 1505
320 Bay St.
Toronto 1, Ontario

Gordon I. Gould
58 Sutter St.
San Francisco, Calif.

DMEA (2)
USBM (2)
Albee

MONETA PORCUPINE MINES, LIMITED

(NO PERSONAL LIABILITY)

Office: 408 Room 408 W PENDER ST
VANCOUVER 2, B.C.
MUtual 1-9721
Telephone: XXXXXXX

RECEIVED JUN 2 1958

DATE	INITIALS	CODE

Please Refer File:

Re: Elkhead
Docket No.D.M.E.A.4953
(mercury)

May 26, 1958

Mae
ae
YAM
DMEA

U. S. Dept. of the Interior
D. M. E. A.
South 157 Howard St.
SPOKANE 4, Wash.
U.S.A.

DMER

Attention Mr. McLaren

Dear Sir:

This letter is pursuant to correspondence of May 22 from you and from Miss Archer of Moneta; and subsequent to telephone conversations with you and Mr. Gould on May 26.

(1) Regarding the consents to lien and subordination agreements

(a) Mr. Gould is still attempting to obtain the one required from Mr. Hovey.

(b) Miss Archer has sent you a copy of the quit-claim deed from Ore Mines, which should obviate your requirement of 'Ore Mines' consent to lien

(c) Since Mr. Gould currently has neither ownership nor option on either Thompson or Elkhead ground, he can hardly consent to your lien on these. However, if the property is not put into production it reverts to Gould, and if either Elkhead or Thompson do produce he is entitled to part of the production profits. I presume he can consent to your lien on these, which appear covered by the wording in Clause 3 on your 'Consent to lien and subordination agreement' form. I am sending more forms

to Mr. Gould, who said he would sign them if we can explain the reason you need them. If more explanation is in order I would appreciate your providing him with it. He realizes his consent is to cover both Thompson and Elkhead property.

(2) Miss Archer has sent you copies of the consents to Gould's assignment from both Hovey and Ore Mines Inc.

(3) As we discussed this morning, none of the proposed exploration will be on Parcel B of Thompson ground, so we do not currently need Thompson's permission to explore on said Parcel B. (South of the county road).

Yours sincerely,

RHS/lp

Dr. R. H. Seraphim

cc: F. R. Burton
Gordon I. Gould (58 Sutter St., San Francisco)

RECEIVED
MAY 28 1958
U.S.G.S.
SPOKANE, WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
So. 157 Howard Street
Spokane 4, Washington

OFFICIAL FILE COPY
DMEA
RECEIVED
DATE
6/2 C 220
WSM 400

May 27, 1958

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

Dear Mr. Selfridge:

This is in reply to your letter of May 16, 1958, with which you enclosed thermofax copies of a memorandum of May 12, 1958, to the Administrator from the Associate Solicitor, Division of Mineral Resources, pointing out the need for certain legal instruments as follows:

1. Consents of Hovey and Ore Mines, Inc. to the assignment of the Agreement dated January 24, 1958 by Gordon I. Gould.

2. Consent to Lien and Subordination Agreement forms from Blaine H. Hovey, Ore Mines, Inc., and Gordon I. Gould covering the Elkhead Mine property.

3. Consent to Lien and Subordination Agreement forms from Marvin and Getta-Voilet Thompson, and Gordon I. Gould covering the ground included in an Option Agreement dated February 6, 1958.

4. Special evidence of the right of Moneta Porcupine Mines, Inc. to explore on Tract B of the Thompson property if exploration on Tract B is to be included in a DMEA contract.

Enclosed are two thermofax copies each of instruments from Hovey and from Ore Mines, Inc. consenting to assignment of the Agreement dated January 24, 1958. Also enclosed are two thermofax copies of a Quitclaim Deed from Ore Mines, Inc. in favor of Gordon I. Gould.

Mr. Seraphim telephoned us May 26, 1958, in response to our second request for Consents to Lien to advise us that they had sent the necessary forms to Hovey and Gould. They do not expect any delay

in securing the Consents from Gould but both Hovey and his lawyer are elderly and slow. Seraphim realizes the need for securing the Consents promptly and hopes to be able to get the Consents from Hovey without too much delay. Seraphim also asked if, in view of the Quitclaim Deed, Consents were still necessary from Ore Mines, Inc. We told him that under the circumstances we did not think so, but we are referring this to you for your opinion.

The original and four copies of Consent to Lien and Subordination Agreement forms signed by the Thompsons were sent to you with our letter of May 19, 1958. Seraphim has also asked Gould to submit similar forms covering the Thompson ground as requested by the Associate Solicitor.

Enclosed are three copies of an amended property map showing the relation between Tracts A and B of the Thompson property referred to in the Option Agreement dated February 6, 1958. Tract B lies entirely south of the county road and no exploration is presently proposed or recommended on this tract.

The Operator was advised that the request for these instruments in no way implied that a contract would be approved but that they would be necessary if a contract were made.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

Enclosures

cc: USBM (2)
Albee

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 2 1958
DATE
COPY

CONSENT TO ASSIGNMENT

BLAINE H. HOVEY, of Alton, Illinois, hereby consents to the assignment and transfer by GORDON I. GOULD of all his right, title and interest in and to that certain Agreement dated the "24" day of "January", 1958, by and between Blaine H. Hovey, Ore Mines, Inc., an Oregon corporation, and Gordon I. Gould.

This consent shall expire and be withdrawn six (6) months from the date hereof.

Dated: "Jan 24" 1958

"Blaine H. Hovey"
Blaine H. Hovey

State of Ill.
County of Madison
Signed before
me this 24th
day of January 1958
Gordon C Kerr
Notary Public"

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 2 1958

DATE	INITIALS	CODE

CONSENT TO ASSIGNMENT

ORE MINES, INC., a corporation, hereby consents to the assignment and transfer by Gordon L. Gould of all his right, title and interest in and to that certain agreement dated the "24" day of "Jan" 1958, by and between Elaine M. Mavey, Ore Mines, Inc., a corporation and Gordon L. Gould.

This consent shall expire and be withdrawn six (6) months from the date hereof.

Dated: "Feb. 10" 1958.

ORE MINES, INC., a corporation

Corporate Seal

"Wm. H. Hoppe Jr. Pres."

"R. M. Falk Sec."

STATE OF OREGON)
County of Lane) SS

On this 10th day of February, 1958, personally appeared Wm. H. Hoppe, Jr., and R.M.Falk, both to me personally known, who being duly sworn, did say he the said Wm.H.Hoppe,Jr. is the President and he the said R.M.Falk is the Secretary of Ore Mines, Inc., the within named corporation and the seal affixed to said instrument is the corporate seal of said corporation, and the said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors and that Wm.H.Hoppe,Jr. and R.M.Falk acknowledge said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, this the day and year first in this, my certificate, written.

Maree H. Byrom
Notary Public for Oregon
My commission expires: Feb. 9, 1962

(Seal)

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 2 1958
DATE | INITIALS

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENTS, that Ore Mines, Inc., an Oregon corporation, in consideration of Ten Dollars ($10.00), and other good and valuable consideration to it paid by Gordon I. Gould, does hereby remise, release and forever QUITCLAIM unto the said Gordon I. Gould and unto his heirs and assigns all its right, title and interest in and to the following described real and personal property, with the tenements, hereditaments and appurtenances, situated in the County of Douglas, State of Oregon, bounded and described as follows, to-wit:

> Beginning at a post in the westerly line of the new County Road running through Section 21, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section 21, from which a fir marked "SBT" 16" in diameter bears North 64° West 61 links distant, and running thence North 23° West 10.30 chains to a point from which a fir marked "SBT" 8" in diameter bears South 45° West 12 links distant and a fir 16" in diameter marked "SBT" bears east 37 links distant; thence North 67° East 2.50 chains to a post from which a fir 20" in diameter marked "SBT" bears South 62° West 23 links distant; thence North 23° W. 4.99 chains to a fir 22" in diameter, marked "S"; thence South 86° West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50° West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest Fourth of the Northeast quarter of said Section 21; thence E 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with North line of said New County Road, and thence following along the north line of same in a northeasterly direction to the place of beginning; containing 31 acres, more or less. All situated in Section 21, Township 23 South Range 4 West of the Willamette Meridian, Douglas County, Oregon, the legal title of which is presently in Elaine M. Hovey together with, but not limited to, the following:

[illegible] hopper, [illegible] with 18 x [illegible]

1-30 x 10' shaking screen on steel frame, with [illegible]

1 Dump truck

1-International UD-18 Diesel engine, Serial No. 4814

1-Star Electric Motor Co., Generator, Serial No. 2[illegible] with exciter

1-20 x 50' Conveyor belt on steel frame, with motor and [illegible]

1-12' x 12' x 6' Steel Fine Ore Bin

1-16 x 33' Conveyor belt on steel frame, with motor and dri[illegible]

1-Steel oil storage tank, 9'x 9' x 4-1/2'

1-Screw feeder, with gear reduction unit, chains and sprocke[illegible]

1-30 x 16' Rotary Kiln, with steel frame, fire hood, ride and drive mechanism

1-Ray, Size 1, Oil burner, Serial No. 77503

1-Steel condensing system, including 9 stands of 13'x12 pipe, with connections

1-Dust Collector and 1-Exhaust fan

1-2 Pipe retort and oil burner

and mining equipment, including:

1-Ingersoll-Rand Portable Air Compressor with Waukesha gasoline engine

To Have and to Hold the same unto the said Gordon I. Gould, his heirs and assigns forever.

Witness our hands and seal this "24" day of "Jan." 1958

Corporate Seal

s/ Wm H. Hoppe Jr. Pres.

s/ R. M. Falk Sec.

Ore Mines, Inc

STATE OF OREGON)
County of Douglas) ss

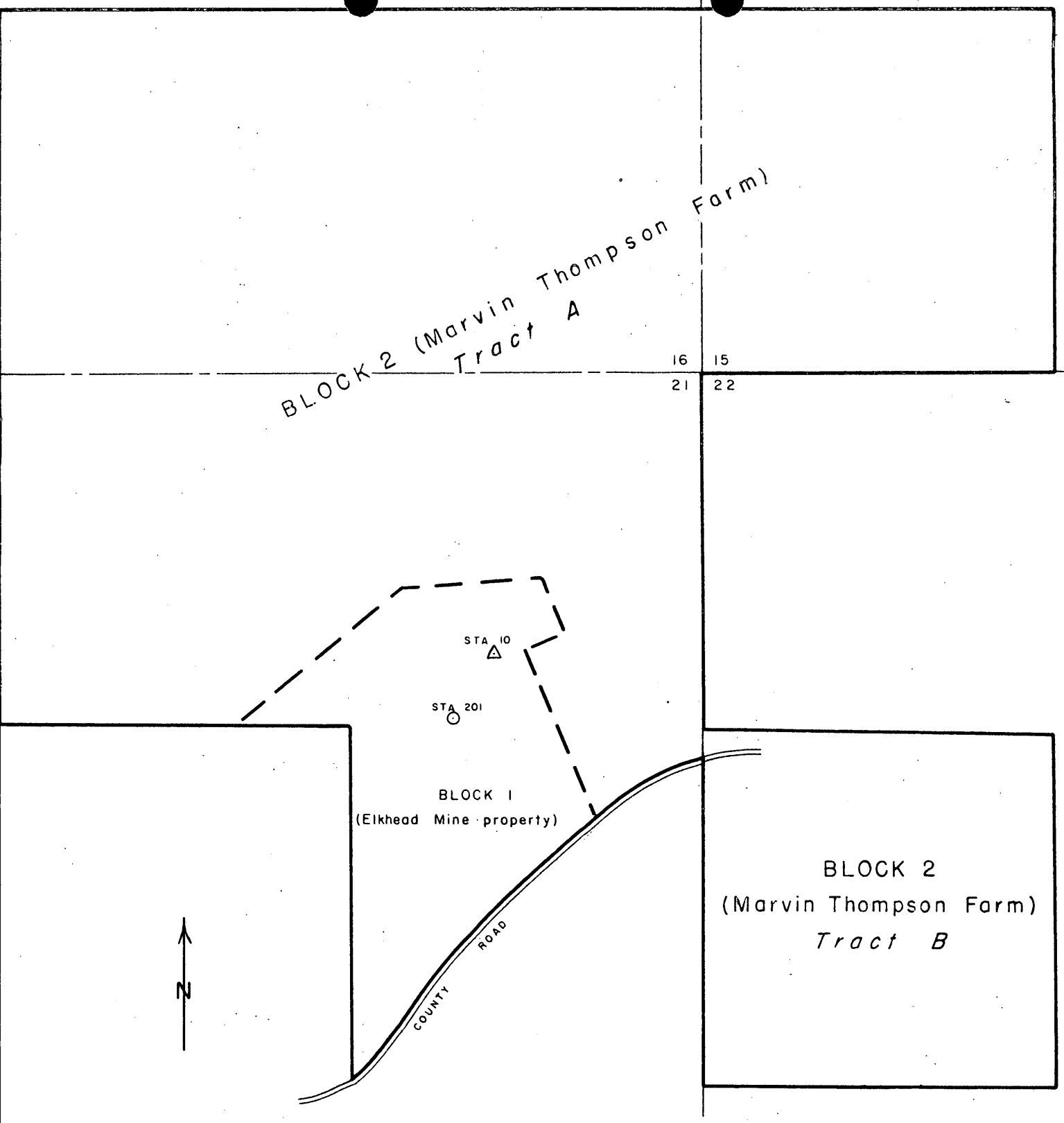
On this "10th" day of Feb, 1958, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Wm H Hoppe Jr and R M Falk who are known to me to be the identical individuals described in and who executed the within instrument, and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

s/ Mina H Byron

Notary Public for Oregon

My commission expires Feb 9 1962



Property Map, ELKHEAD MINE

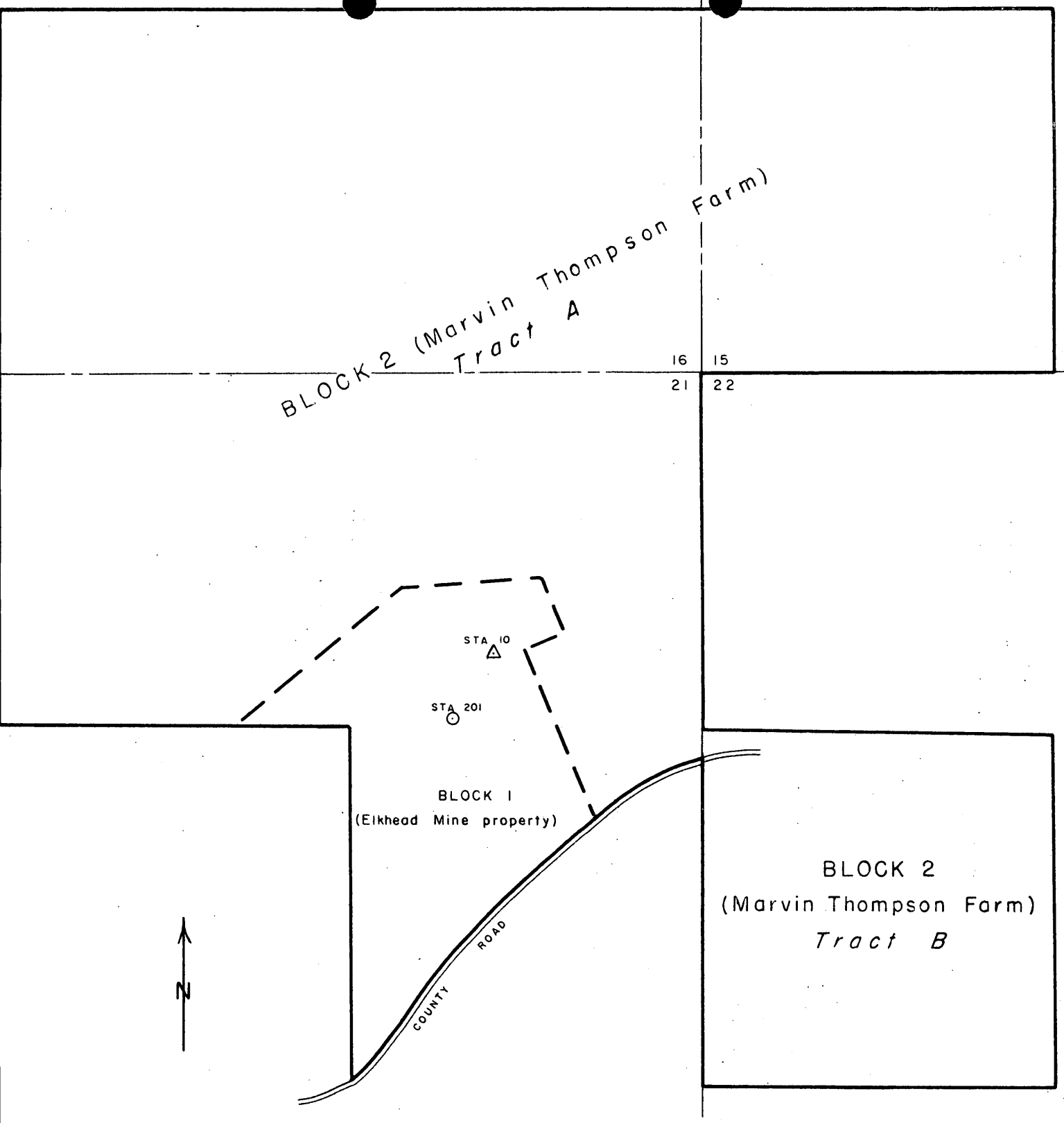
Moneta Porcupine Mines, Ltd.

T. 23 S., R. 4 W., Willamette Meridian

Douglas County, Oregon

500 250 0 500 FEET

Fig. 2



Property Map, ELKHEAD MINE

Moneta Porcupine Mines, Ltd.

T. 23 S., R. 4 W., Willamette Meridian

Douglas County, Oregon

500 250 0 500 FEET

Fig. 2

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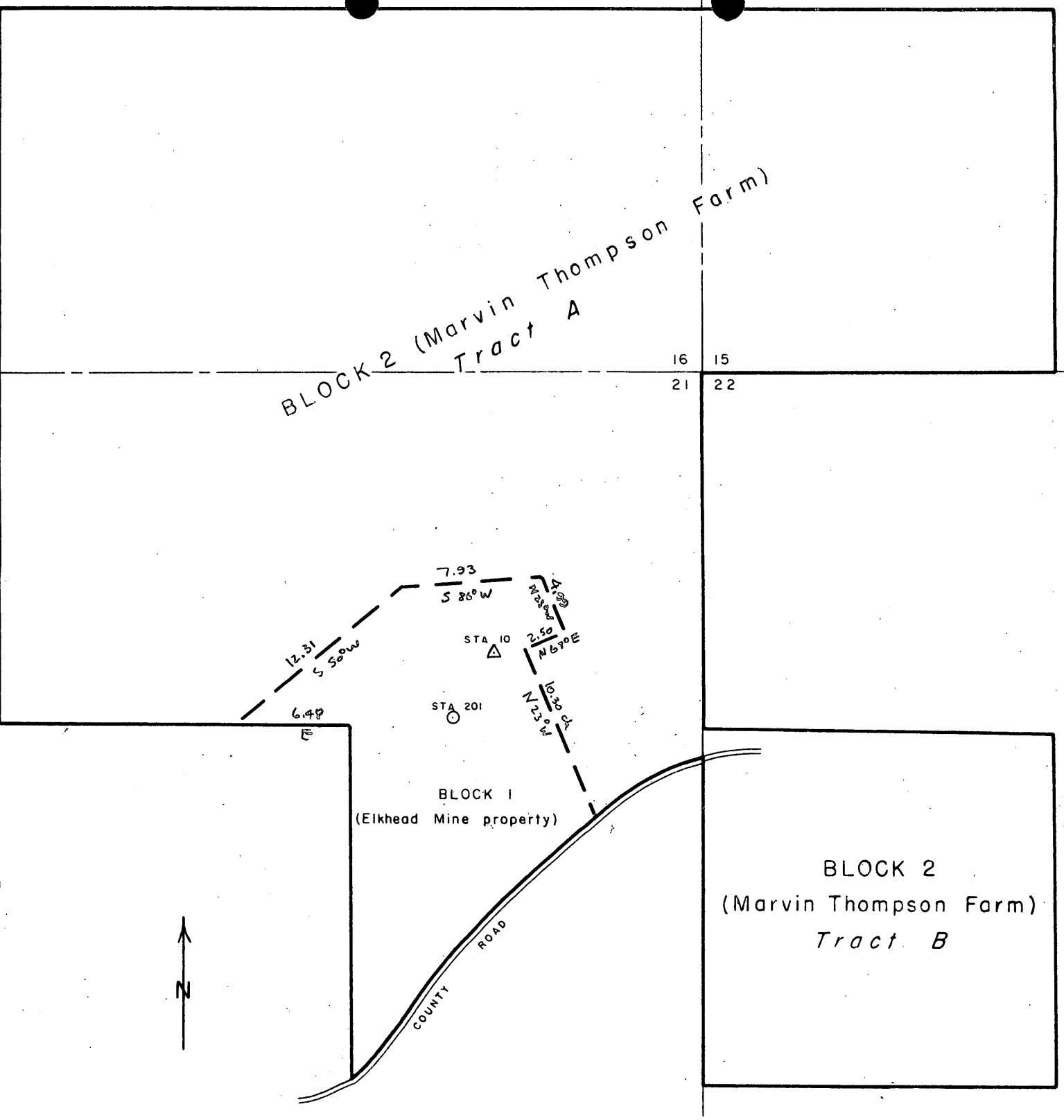

Property Map, ELKHEAD MINE

Moneta Porcupine Mines, Ltd.

T. 23 S., R. 4 W., Willamette Meridian

Douglas County, Oregon

500 250 0 500 FEET

Fig. 2

EXTRA COPY
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DATE	INITIALS	CODE

So. 157 Howard Street
Spokane 4, Washington

May 22, 1958

DMEA
RECEIVED 26
$26 C 220
WSM 400

Dr. R. H. Seraphim
Elkhead Mine
c/o Floyd Morin
Route 1, Box 37
Yoncalla, Oregon

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

Dear Mr. Seraphim:

We have just received a memorandum from our Washington office advising us of certain instruments necessary to complete processing your DMEA application. Of the need for some of these we have already advised you, and some we have already received. We are writing this to you as agent for Moneta Porcupine Mines, Ltd. because you are on the ground, and we are mailing a copy to Mr. Burton in Toronto. We are also sending a copy to your Vancouver address.

The Agreement dated January 24, 1958 (as amended January 30, 1958) between Blaine H. Hovey and Ore Mines, Inc. and Gordon I. Gould is assignable only with the prior written consent of Hovey and Ore Mines, Inc. Mr. Gould assigned the Agreement by an instrument dated February 26, 1958, but there is no evidence of Hovey's and Ore Mines' consent to the assignment. Thus, in addition to Consents to Lien and Subordination Agreement from Hovey, Ore Mines, Inc. and Gould, which we have already requested but not yet received, the consent to assignment of Hovey and Ore Mines, Inc. are also required.

The Option Agreement dated February 6, 1958, between Marvin Thompson and his wife, Getta-Voilet F. Thompson provides that Moneta Porcupine Mines, Ltd. has no right to explore on Tract B before it pays $21,000 on the Tract A purchase price. Thus, the Consents to Lien and Subordination Agreement of the Thompsons (which we have requested and received) and Gould are required for Tracts A and B if both tracts are to be included in a contract, and special evidence of your right to explore on Tract B is required if exploration work on Tract B is to be included in a DMEA contract.

To summarize, the following instruments are required:

1. Consents to Lien and Subordination Agreement from:

   a. Blaine H. Hovey, Ore Mines, Inc., and Gordon I. Gould for the ground included in the Agreement dated January 24, 1958 (as amended January 30, 1958).

   b. Gordon I. Gould for Tracts A and B, even though we already have Consents on this property from the Thompsons. A set of forms for this purpose are enclosed.

2. Consent from Hovey and Ore Mines, Inc. to assignment by Gordon I. Gould of the agreement dated January 24, 1958 (as amended January 30, 1958).

3. Statement from the Thompsons confirming your right to explore on Tract B under the Option Agreement dated February 6, 1958.

The request for these documents in no way implies that a contract will be approved but they will be needed if a contract can be made.

There is no assurance that DMEA will be able to enter into new contracts after June 30, 1958, as the present authorization expires on that date unless extended by law. Therefore, your prompt attention to these matters is urged.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

Enclosures

cc: Dr. R. H. Seraphim
402 W. Pender St.
Vancouver, B. C.
} w/Consent to Lien forms

Mr. F. R. Burton
Suite 1505, 320 Bay St.
Toronto 1, Ontario

DMEA (2)
USBM (2)
Albee

MONETA PORCUPINE MINES, LIMITED

(NO PERSONAL LIABILITY)

SUITE 1505 - 320 BAY STREET

TORONTO 1, ONT.

Telephone: EMpire 6-5665 *Please Refer File:*

May 20th, 1958

OFFICIAL FILE COPY
D M E A
RECEIVED 26

1/26 C
NSay
22 C
400

Defense Minerals Exploration Administration,
So. 157 Howard Street,
SPOKANE 4, Wash., U.S.A.

DMEA

Attention: Mr. D. R. MacLaren

Dear Mr. MacLaren: Re: Docket No. DMEA-4953 (Mercury)
Elkhead Mine
Douglas County, Oregon

In Dr. Burton's absence from the office I would like to acknowledge receipt of your letter to him of the 16th instant advising that you had received the Thompsons' Consent to Lien but not the Consents Mr. Gould was looking after. We received a letter from Mr. Gould, dated the 16th instant and received here this morning, in which he said that he had talked to Mr. Hovey and expected to receive the forms, but as of that date they had not come in. I hope that by this time they have been received and sent on to you.

Yours very truly,

MONETA PORCUPINE MINES, LIMITED

Per: R. Archer

/A
C/c Mr. Gordon I. Gould
Dr. R. H. Seraphim

RECEIVED
Air mail
MAY 22 1958
U.S.G.S.
SPOKANE, WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
So. 157 Howard Street
Spokane 4, Washington

ORIGINAL FILE COPY
DMEA
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DATE	INITIALS	CODE
5/21	H.S.	225
	WSM	400

Air Mail

May 19, 1958

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

Dear Mr. Selfridge:

Reference is made to previous correspondence had with Mr. F. R. Burton, President of Moneta Porcupine Mines, Ltd., with regard to the obtaining of Lease and Option Agreements and Consents to Lien.

Enclosed are the original and four copies of Consent to Lien and Subordination Agreement signed by Marvin B. Thompson and Getta-Voilet F. Thompson of Yoncalla, Oregon. The Consent to Lien required from Gordon I. Gould has not yet been received. The Agreement and Assignment between Gordon I. Gould and Moneta Porcupine Mines, Ltd. was mailed to you May 2, 1958.

In his letter of April 28, 1958, copies of which were sent to you, Mr. Burton said that the Consent was "being looked after by Mr. Gould." We wrote to Mr. Burton again on May 16, 1958, reminding him that we have not yet received the Consent from Mr. Gould covering Block 1 ground.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

Enclosures

cc: USBM (2)
Albee

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 19 1958

DATE	INITIALS	CODE
5/19	C	220
	NSM	400

So. 157 Howard Street
Spokane 4, Washington

May 15, 1958

Air Mail

Mr. F. R. Burton, President
Moneta Porcupine Mines, Ltd.
Suite 1505, 320 Bay Street
Toronto 1, Ontario

Re: Docket No. DMEA-4953 (Mercury)
Elkhead Mine
Douglas County, Oregon

Dear Mr. Burton:

We have received Consent to Lien and Subordination Agreement forms signed by Marvin B. Thompson and Getta-Voilet F. Thompson covering Block 2 ground. However, we have not yet received the other two sets of consents to lien that you asked Mr. Gould to send covering the Block 1 ground.

As time is of the essence, we are sending a copy of this letter to Mr. Gould in the hope that he will get these consents to us immediately.

Sincerely yours,

D. K. MacLaren
for: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

cc: Mr. Gordon I. Gould
58 Butter Street
San Francisco 4, California

DMEA (2)
USBM (2)

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5-13	Chapman	400
5-13	Martin	400
5/16	[illegible]	130
"	Johnson	110
"	Weissenborn	100
5/19	[illegible]	330
		400

MAY 14 1958

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 4953 - Mercury
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

Dear Mr. Weissenborn:

Enclosed are thermofax copies of memorandum of May 12, 1958, to the Administrator from the Associate Solicitor, Division of Mineral Resources.

It will be appreciated if you will obtain from the subject applicant executed Consent to Lien and Subordination Agreement forms, Consents to Assignment and the related information requested in the above-mentioned memorandum.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (HB)

APPROVED:

Frank D. Lamb (HB)
Member, Bureau of Mines

Thor H. Kiilsgaard (HB)
Member, Geological Survey

TLChapman:foc 5-13-58
cc to: Code 400
Admr. R. File
Oper. Comm.
FT. REG. I
Messrs. J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

Enclosure

P. S. Applicant should be informed that the request for documents does not imply that a contract will be approved, but they are needed if a contract can be made.

8623

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

MAY 12 1958

Memorandum

To: Administrator, BLM
Attention: Director, Division of Land and Force-Allocation

From: Associate Solicitor, Division of Mineral Resources

Subject: Review of Agreement and Assignment and related documents accompanying application for exploration assistance
Docket No. BLM-4953-Recovery
Remote Prospecting Mines, Ltd.
Hillcrest Mine, Douglas County, Oregon

Mr. Marvin's memorandum, dated May 6, 1958, called this to public the papers, in the subject docket, pertaining to the applicant's interest in the land.

The land consists of two separately owned blocks, the Hillcrest Mine and the Thompson property.

1. The Hillcrest Mine, owned by Helen E. Berry, is controlled by the applicant, pursuant to an agreement dated January 24, 1958 (as amended January 30, 1958), between Berry, Ore Mines, Inc. (a prior prospector-designee of the land in question), and Gordon L. Gould regulating payment to Berry of $10,000 before July 31, 1958, and additional payments of $20,000 in January 1959 and January 1960, and in that regard to pay a royalty of 5 percent, on gross, to Ore Mines, Inc., on all production. The agreement is designable with the prior written consent of Berry and Ore Mines, Inc. Gould assigned the agreement to an instrument dated February 24, 1958, reserving 5 percent royalty to himself on production from the Hillcrest Mine and from the Thompson Block (discussed under 2 below). However, no evidence of Berry's and Ore Mines' consent is in the docket. Also, in addition to consent to Ore and Schwabacher Mines Agreements of Berry, Ore Mines, Inc., and Gould, the consent to assignment of Berry and Ore Mines, Inc., is required.

2. The Thompson property, consisting of two parcels, is the subject of an Option Agreement, dated February 6, 1958, by the applicant with Marvin Thompson and wife, Betta-Violet F. Thompson, pursuant to which the applicant may explore "Tract A" and purchase it by making a series of semiannual installment payments, which will be credited as advance royalty. The applicant has no right to explore "Tract B" before it pays $21,000 on the "Tract A" purchase price, in cash or from royalty on production from "Tract A." Thus the Consent to Lien and Subordination Agreements of the Thompsons and Gould are required for Tracts A and B, if both tracts are included in a contract, and special evidence of the right to explore on "Tract B" should be submitted by the applicant if exploration work on "Tract B" is included in the Contract.

Robert P. Dwyer

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IN REPLY REFER TO:

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

May 12, 1958

Memorandum

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

From: T. H. Kiilsgaard, U. S. Geological Survey

Subject: Review of Field Examination Report, DMEA Docket 4953 (Mercury) Moneta Porcupine Mines, Ltd., Elkhead Mine, Douglas County, Oregon

Field Examiners recommend an exploration program that has essentially the same objective as that proposed by the applicant but is somewhat more extensive. Estimated cost of this work totals $27,589. The examiners report that the Elk Head mine contains an extensive mineralized zone, although low in grade. Presumably, if DMEA work were successful, the property might be mined by open pit methods. Samples submitted by the Field Examiners are very low in grade; thus the chance of making a large discovery would seem remote. The property does, however, appear to have some merit; thus I recommend approval of the Field Team's modified program. I would suggest, however, that this project be closely watched and if initial work should prove unrewarding, further Government participation in the project might be terminated.

T. H. Kiilsgaard

T. H. Kiilsgaard

USBM Memo

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

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DATE	INITIALS	CODE
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May 7, 1958

Memorandum

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

From: Assistant Chief, Branch of Base Metals

Subject: Review of Field Team examination report, Docket No. DMEA-4953 (Mercury), Moneta Porcupine Mines, Ltd., Elkhead mine, Douglas County, Oregon

After examining the property, the Field Team has outlined a modified exploration program that would be more extensive than the one proposed by the applicant. The revised program, consisting of surface exploration, drifting, crosscutting, and drilling, is estimated to cost a total of $27,589.00.

The examiners conclude that the chances are good for finding a large low grade mercury ore body which may be mined by open-pit methods.

I concur with the recommendation of the Field Team that a modified version of the applicant's proposed program be approved.

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Killsgaard, U.S.G.S.
F. D. Lamb
Files

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
So. 157 Howard Street
Spokane 4, Washington

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5/7 HB 100
5/8 C 220
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Air Mail

May 2, 1958

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead mine
Douglas County, Oregon

Dear Mr. Selfridge:

Enclosed are three copies of a memorandum report on an examination of the subject property by Howard F. Albee, geologist, U. S. Geological Survey, and Galen G. Waddell, mining engineer, U. S. Bureau of Mines.

Mercury is more or less disseminated throughout a zone of brecciated tuff more than 150 feet wide and 1,500 feet long. The zone ends against a fault on the north side, but appears to die out gradually to the south. About 40 to 60 feet south of the fault is a shear zone in the breccia. Most of the better grade material lies within this area particularly along the shear zone.

Albee and Waddell conclude that the chance of finding a large low-grade mercury ore body is good and they further conclude that such a body could be mined by open-pit methods. They, therefore, recommend that a modified version of the applicant's proposed program be approved.

We concur with this recommendation.

By Field Team, Region I

A. E. Weissenborn

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

for Stephen A. Zoldok

Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosures

cc: USBM (2)
USGS (SRO)
Albee

Reviewed by
DMEA OPERATING COMMITTEE
5-7-58
(date)

DMEA

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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
So. 157 Howard Street
Spokane 4, Washington

April 30, 1958

Memorandum

To: DMEA Field Team, Region I

From: Howard F. Albee, Geologist, U. S. Geological Survey, and Galen C. Waddell, Mining Engineer, U. S. Bureau of Mines

Subject: Field Examination Report, Docket No. DMEA-4953 (Mercury) Moneta Porcupine Mines, Limited, Elkhead Mine, Douglas County, Oregon

On Site EXAM.

INTRODUCTION

Moneta Porcupine Mines, Limited, of 1505 - 320 Bay Street, Toronto 1, Ontario, Canada, applied for aid to explore for mercury on the Elkhead mine and adjoining property in Douglas County, Oregon. The applicant controls the property by a combination of option and royalty lease agreements.

The property was examined by the authors on March 31 and April 1, 1958, accompanied by Dr. Robert H. Seraphim, Moneta Porcupine Mines geologist.

The applicant proposes to explore the breccia zone adjacent to the basalt contact for a width of over 100 feet and a strike length of 1,600 feet. To accomplish this a combination of 650 feet of drifting and crosscutting, 2,640 feet of long holes for sampling, and 3,000 feet of dozer trenching accompanied by close sampling was planned. The applicant estimated that the project would cost $44,550. Work on the project was already in progress at the time of the examination and will probably be completed within four months. Thus, part of the work it is proposed to do will have been completed by the time a contract could be negotiated.

SUMMARY

The deposit is a potentially large low-grade body of mercury-bearing tuff and breccia of the Tertiary Umpqua formation. The mercury is disseminated throughout the breccia but is more abundant in and near some of the faults and on fracture surfaces. The better grade material apparently lies in a zone 40-60 feet wide within the

Reviewed by
DMEA OPERATING COMMITTEE
5-7-58
(date)

breccia. The zone is bounded on the north by a fault contact between basalt and breccia and on the south by a zone of shearing within the breccia.

On the basis of the potentially large size of the deposit and its apparent amenability to open-pit mining, it is concluded that DMEA aid is warranted to test unexplored ground, even though the grade in known areas is low. The recommended program is essentially the same as that proposed by the applicant but is more extensive.

RECOMMENDATIONS

The examining team recommends that the modified exploration program be approved.

LOCATION, ACCESSIBILITY AND LOCAL FACILITIES

The property is described as Block 1 and Block 2 (fig. 2). Block 1 comprises the original mine and mine property and Block 2 consists of part of the adjoining farm land of Marvin Thompson. Block 1 of approximately 31 acres is located in the NE¼ sec. 21, T. 23 S., R. 4 W. W. M. Block 2 joins Block 1 on the north and east and lies partly in sections 15, 16, 21, and 22.

The Elkhead turnoff on U. S. Highway 99 is 39 miles south of Eugene, Oregon, and about 3 miles east of Yoncalla, Oregon (fig. 1). A road leg from Highway 99 reads 5 miles southeasterly to the London Springs road sign, thence easterly on the London Springs road about 0.3 mile. The property adjoins this road to the north. From Highway 99 the road is blacktopped for about 2 miles and the remainder is an all-weather, county-maintained, gravelled road. The property is accessible all year and the climate would allow open-pit operations during all seasons.

The area is in foothills where the relief is moderate and the slopes are steep but not precipitous. Most of the hills are covered by evergreen trees and mine timber is available locally.

Power lines are connected to the mine buildings and sufficient water is developed on and near the property to maintain mining and milling operations. Supplies are available either in Eugene or at Sutherlin, 17 miles to the south. The nearest railroad siding is at Yoncalla, 8 miles west of the property.

Labor is available locally. The wage scale is presently $2.00 per hour for a 6-day week.

GEOLOGY

All of the formations exposed in the Elkhead area are Tertiary in age. The oldest and most extensive of these is the thick series of marine sandstones, shales, conglomerates, and intercalated basalt flows that make up the Umpqua formation. A thick series of amygdaloidal basalt flows lies at the base of the series. Immediately overlying the basalt is a tuff bed which is overlain by tuffaceous sandstone and shale.

At the mine the tuff bed is in faulted contact with the basalt and it is this tuff that is the host rock for the mercury. Near the fault the tuff is a breccia containing abundant blocks of basalt and other types of volcanic rocks. Southerly from the fault the brecciation decreases until, near the main fork in the Glory Hole tunnel, few breccia blocks are present (pl. 1). The entire mass of volcanic breccia and tuff has been strongly altered. Kaolinization, with attendant hydration, has increased the volume of the host rock and thus has caused innumerable and randomly oriented fractures throughout.

The previously mentioned faulted contact bounds the mercury-bearing rock to the north. The fault is normal and at the surface dips 70° to the south. From 40 to 60 feet south of the fault is a strong shear zone within which movement has taken place along many closely spaced surfaces. The fault and shear zone appear to bound the better mercury-bearing material. Mercury is disseminated, however, south of the shear zone and in the vicinity of the Glory Hole tunnel the mineralized area does not seem to have a southern structural boundary. A southwest-trending fault marks the southeast boundary of the mercury-bearing tuff in the vicinity of the Stopes tunnel. This fault dips 50° northwest and as the shale on the footwall side normally is stratigraphically higher than the tuff the fault apparently is reverse.

Sampling by the applicant indicates the best material near the surface to be in the west wall of the west glory hole between the main fault and the shear zone. The proposed program would explore this breccia zone by drifting, crosscutting and longholing from the level approximately 100 feet below the glory holes, and would test the surface easterly and westerly from the surface exposures by bulldozing (pl. 2).

Inspections and sampling of the property shows the mercury to be widespread but low grade. The examining team cut 19 samples, partly in sampled areas and partly in unsampled areas. The assay results are shown in the following table:

Sample No.	Location	Length (ft.)	Assay results (Hg/lb.)
CCW-4C	Stopes Raise	4.5	0.2
HFA-5C	do.	3.6	0.8
CCW-6C	Stopes Adit	4.5	0.4
CCW-7C	do.	5.0	4.1
CCW-8C	do.	13.0	0.8
CCW-9C	Exploration Adit	10.0	2.2
CCW-10C	do.	Muck from Sta. 103 stope	2.0
CCW-11C	do.	8.0	0.6
CCW-12C	do.	7.0	Tr
CCW-13C	do.	6.5	Tr
CCW-14C	do.	7.5	1.0
CCW-15C	do.	6.0	2.2
CCW-16C	do.	8.5	0.4
CCW-17C	do.	7.5	0.6
CCW-18C	do.	5.0	Tr
CCW-19C	West Pit	7.5	8.4
CCW-20C	do.	10.0 (basalt)	Tr
CCW-21C	East Pit	7.0	Tr
CCW-22C	do.	8.0	Tr

The better grade material is associated with some of the larger faults and iron ribs that have developed along faults and shears. Mercury is disseminated away from the structure but increases in visible quantity within the structure and in associated fractures. From inspection of cross section A-A', plate 1, the structure is probably the shear zone to the south of the main fault.

The property appears to contain a potentially large body of 2- to 4-pound rock. The applicant states that by open-pit operations the expected cutoff would be under 3 pounds mercury per ton and ore of this grade would make an economically sound operation.

The stoped area around station 102 (pls. 1 and 2) was inaccessible at the time of the examination because of the flow of mud from the west glory hole. During the dry season the area will be cleared and accessible.

The shear zone to the west of station A (pl. 1) has not been found to the east. The station 103 stoped area does not show basalt and this suggests a possible overturning of the breccia zone or a thinning of the zone downward from the east glory hole. It is extremely doubtful if the change from the volcanic breccia to the basalt could be recognized from long-hole cuttings; therefore, the crosscuts to the north (pl. 2), are recommended to check the contact and its nature, as well as to supplement the long-hole assay data.

THE APPLICANT

Moneta Porcupine Mines, Limited, is a Canadian corporation with the head office at 1505 - 320 Bay Street, Toronto, Ontario, Canada. The company operated a 200-ton-per-day gold mine in the Porcupine district of Ontario for 6 years and also the 1,000-ton-per-day Buffalo Ankerite Gold Mines, Limited. The company had a DMPA loan on the Milnet Mines, Limited, under contract No. DMP-30.

Two company geologists, Dr. R. H. Seraphim and Dr. F. R. Burton, will be responsible for the project. Mr. Frank James, an experienced miner, will be in charge of the mining. In addition, an engineer will be employed full time on the project.

The application states "work will commence immediately and be completed before July 31, 1958."

PROPERTY RIGHTS

Approximately 358 acres are controlled by the company. The property is in two blocks, both of which are held by a combination of option and royalty lease agreements. Royalty from Block I,

known as the Elkhead mine, is to be paid to the owners and to a former lessee. Block II is part of the Marvin Thompson ranch. Consent to lien agreements have not been received.

HISTORY, PRODUCTION AND FACILITIES

The deposit was discovered about 1870, and for many years the ore was mined from an open pit and retorted in primitive furnaces. In 1895 a 10-ton Scott furnace was built. D. H. Newland (Mineral Industry, vol. 12, p. 311, 1904) states that the mine had yielded $30,000 worth of quicksilver up to 1903. Since 1903 the mine has been leased and operated intermittently; however, 22 flasks of mercury is all the recorded production.

The mine has been developed by numerous open cuts, at least 4 adits with an accumulative length of over 1,000 feet, and 4 raises totaling 500 feet. In addition, there are several caved adits of unknown length, the most extensive of which is probably the Scott adit. There are two surface glory holes, the east one measuring 100 feet long by 30 feet wide by 15 feet deep, and the west one measuring 150 feet long by 50 feet wide by 15 feet deep.

A 20-ton Gould rotary furnace was installed on the property by the former operator, Ore Mines, Inc. Other equipment includes a jaw crusher, conveyor belts in the mill, a 210 compressor, Eimco 12-B loader, mine cars, and a jeep at the mine. There are several cabins, a mess hall, and a "dry" or change room available for the miners.

APPLICANT'S PROPOSAL

The applicant proposed to drift northeast 100 feet and southwest 300 feet plus a 50-foot drift northeast from the main crosscut to facilitate long-hole drilling. Also, three crosscuts 50 feet long to find the basalt contact and a 50-foot crosscut to intersect the projection of a structure cut by the Stopes Tunnel. Long-hole sampling, both northerly and southerly, on 25-foot centers was proposed. The 44 long holes would have an accumulative length of 2,640 feet.

On the surface 10 trenches totaling 3,000 feet to crosscut the mineralized contact were planned. In the drifts and crosscuts channel samples and muck samples were to be taken every 5 feet, long-hole samples were to be taken at 5-foot intervals, and 50 samples were to be cut in the trenches for a total of 855 samples for mercury.

The applicant's estimate of costs is higher than that of the examining engineer. Part of this difference results from what appears to be excessive estimates of costs. Part results from a

different method of estimating. The applicant's estimate is based on rental-purchase of equipment with no allowance for salvage value; the examining engineer's estimate is based on a depreciation allowance which automatically includes salvage value. If the salvage value is taken into account in the applicant's estimates, these estimates are not as different from the examining engineer's as appears on first sight.

DISCUSSION OF APPLICANT'S PROPOSAL AND REVISIONS

Except for an increase in the number of work units, the recommended program is essentially the same as that proposed by the applicant. Crosscut "B" (applicant's proposal map) is not necessary because its object, to locate the basalt contact, was accomplished at the end of the main crosscut. The short drift "G" is unnecessary as the contact is closer than originally anticipated and the zone can be explored adequately and more cheaply by long holes from a drill station. Crosscut "E" cannot be justified because the present drift appears to be following the shear zone and will encounter the structure projected from the Stopes Tunnel without crosscutting. Most of drift "C" has already been excavated; thus, only 170 feet of the originally proposed westerly drift remains to be completed.

RECOMMENDED PROGRAM

The field examiners believe the property warrants more exploration work than that proposed by the applicant. Sampling in the northwest end of the Stopes Adit indicated the possible southeast extension of the glory hole mineralized zone. Therefore, an additional 200 feet of drifting to the southeast was proposed to explore this area. Associated with this extension are two additional crosscuts to cut the basalt contact and 10 more long holes for sampling. Other additions are a slab round allowance for long-hole drill stations permitting 8-10 feet in the clear and allowance for timbering if the basalt contact will not stand unsupported.

Long-hole sampling should give assay results indicative of the mineralization if the length of the holes does not exceed 60 feet. The rock is soft and well-cemented, minimizing the loss of water and sample cuttings. To check the long-hole assay results, holes should be drilled prior to crosscutting penetrating the same area. Then long-hole assays can be checked with the muck samples and channel samples. To insure the proper collecting of samples, an engineer's salary has been included in the cost-per-foot price.

The drifts and crosscuts should have muck samples taken every round (5-foot intervals) and channel sample checks every 10 feet should suffice. Long-hole samples should be allowed every

5 feet but the Operator may use a 7-foot or 10-foot interval if the latter gives close enough control. A 50-foot hole interval for the long-hole sampling should produce results adequate for exploration purposes in lieu of the 25-foot interval proposed by the applicant.

In the interview with the company geologist it was agreed that four dozer trenches east of the open pits and one dozer trench west of the hill summit would thoroughly explore the surface along the mineralized zone. The east-side trenches will be in Block 2 and will start 20 feet east of the boundary between Block 1 and Block 2. They should be cut at intervals of approximately 150 feet but at no point closer than 100 feet between any two trenches.

The field examiners recommend the following program.

? 1. Drift easterly 100 feet

? 2. Drift westerly 370 feet — See page 7 only 170' left to go

? 3. 4 crosscuts, 60 feet each (to locate basalt contact) - total 240 ft.

4. 14 drill stations

5. Timber 30 feet

? 6. Long holes for sampling - 33 holes flat, average 60' ea. - 1,980 ft.

? 7. Long holes for sampling - 7 holes inclined 35°, average 60' ea. - 420 ft.

? 8. Drift and crosscut channel sample assays @ 10-ft. intervals - 71

? 9. Drift and crosscut muck sample assays @ 5-ft. intervals - 142

? 10. Long hole sample assays @ from 5-ft. to 10-ft. intervals - Max. 480

11. Trench sample assays - 50

12. 4 dozer trenches on the east side, each 200 ft. long

13. 1 dozer trench on the west side, 200 ft. long

ESTIMATED COST OF PROJECT

Drifting and Crosscutting

710 feet; advance 4 ft./shift

1.	Independent contracts		none
2.	Labor and supervision		
	Engineer-supervisor @ $600/mo. - 4 mo.	$2,400.00	
	Foreman-mechanic @ 500/mo. - 4 mo. (incl. O.T.)	2,000.00	
	4 miners (2 men/shift) @ $16/shift - 89 shifts/ea.	5,696.00	
	4 miners overtime - 8-1/3% of payroll ($5,696.00)	474.67	
			$10,570.67
3.	Operating materials and supplies		
	16# rail, 1420 feet or 7573# @ $12.10/100# (50% salvage)	458.17	
	Splice bars, 140 @ $0.75/pr.	105.00	
	Splice bar bolts, 100# @ $28.13/100#	28.13	
	Spikes 200# @ 17.15/100#	34.30	
	Ties 355 @ 0.40/ea. (del.)	142.00	
	2-in. black pipe 550' @ 0.50/ft. (50% salvage)	137.50	
	1-in. black pipe 550' @ 0.23/ft. (50% salvage)	63.25	
	Fittings - 25% of 1-in. and 2-in. pipe cost (50% salvage)	50.19	
	Powder @ 7 lbs/ft. adv. (710 feet) = 4,970# @ $26/100#	1,292.20	
	Caps 3,000 @ $24.75/1000	74.25	
	Fuse 30,000 @ 13.40/1000'	402.00	
	1/2-in. water hose, 50 feet complete - 2 @ $28.00/ea.	56.00	
	1-in. air hose, 50 feet complete - 2 @ 41.70/ea.	83.40	
	Drill steel and bits - 6' lengths (1 every 25 ft.) = 36 units @ $20/ea., incl. freight	720.00	
	2 line oilers @ $21.00/ea. (50% salvage)	21.00	
	Small tools, carbide, carbide lamps	75.00	
	Gasoline - total used - $1.75/ft. adv. for 710 feet	1,242.50	
	Oil and lubrication - 20% of fuel cost	248.50	
	Maintenance and repair - $0.75/ft.	532.50	
	General freight for supplies	250.00	
			6,015.89

4. Operating equipment.

The applicant owns or is making a rental-purchase on the following equipment to be used on the project:

No.	Equipment	Value	Monthly deprec.
1	210 compressor (gasoline)	$5,225	$87.08
1	Eimco 12-B loader	2,940	49.00
2	Mine cars - $400/ea.	800	13.33
1	Pump, 3 hp, gasoline	240	4.00
1	Portable bit grinder	185	3.08
2	Atlas Copco 3" jackleg drill and assembly	1,166	19.43
1	Pickup truck	2,000	33.33

4 months @ $209.25 = $837.00

5. Initial rehab. and repairs none

6. New buildings, etc. none

7. Miscellaneous
Unemploy. comp., Indust. insur., etc.
14.9% x payroll ($10,570.67) 1,575.03

Total cost $18,998.59

Cost per foot - $26.75

Other Work

Independent contracts

Bulldozing 100 hrs. with D-6 cat or equivalent @ $12/hr. or 80 hrs. with D-8 cat or equivalent @ $15/hr. (prices in line with western Oregon district)	$1,200.00

Agreed unit costs

Long hole sample drilling - 40 holes - total 2,400 feet @ $1.25/ft.	3,000.00
Cut long hole drill stations (slab round equals 1 ft. drift advance) 14 @ $26.75/ea.	374.50
Timbering 5'x7' in the clear, 30 feet @ $5.00/ft. (for cost refer to Contract Idm-E998, Mercury & Chemicals Corp.)	150.00
Geologist - 3 day/mo. includes transportation and all other indirect costs - 6 mo. @ $150/mo.	900.00
Assays for mercury (incl. transportation and containers) 743 @ $4.00/ea.	2,972.00
Total	$8,596.50

SUMMARY OF ESTIMATED COST OF PROJECT

Bulldozing 100 hours with D-6 cat or equivalent @ $12/hr. or 80 hours with D-8 cat or equivalent @ $15/hr.	$ 1,200.00
Long hole sample drilling 40 holes totaling 2,400 feet @ $1.25/ft. (price includes engineer's services and all costs not otherwise covered)	3,000.00
Long hole drill stations - 14 @ $26.75/ea.	374.50
Timber 5'x7' in the clear - 30 feet @ $5.00/ft.	150.00
Drifting and crosscutting - 710 ft. @ $26.75/ft.	18,992.50
Geologist - 3 days/mo. for 6 mo. @ $150/mo.	900.00
Assays for mercury (incl. transportation, etc.) 743 @ $4.00/ea.	2,972.00
Total cost	$27,589.00
Government participation @ 50%	$13,794.50

Attachments

Distribution:
DMEA (3)
USBM (5)
USGS(SRO)
Dockot
Albee

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator _____
Docket No. DMEA- _____
Contract No. Idm-E _____
Contract Date _____

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Douglas, State of Oregon, described as follows: 2/

See Annex

_____,
which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

The option agreement to Noneta Porcupine Mines Ltd.

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

2/ 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this 10 day of May, 1958.

Marvin B. Thompson [Seal] Yoncalla, Ore [Address]

Letta Voile D. Thompson [Seal] Yoncalla, Oregon [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

Parcel A: The Southwest Fourth of the Southwest quarter (SW 1/4 SW 1/4) of Section Fifteen (15); the South half of the Southeast quarter (S 1/2 SE 1/4) of Section Sixteen (16); the North half of the Northeast quarter (N1/2 NE 1/4) and the Southeast fourth of the Northeast quarter (SE 1/4 NE 1/4) of Section Twenty-one (21) and the Southwest fourth of the Northwest quarter (SW 1/4 NW 1/4) of Section Twenty-two (22); all in Township Twenty-three (23) South, Range Four (4) West of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, State of Oregon;

Excepting and reserving however the following described tract or parcel of land, being a portion of said Section Twenty-one, to-wit: Beginning at a post in the Westerly line of the new County Road running through said Section, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section Twenty-one, from which a fir marked "S.B.T." 16" in diameter, bears North 64 deg. West 61 links distant, and running thence North 23 deg. West 10.30 chains to a point from which a fir marked "S.B.T." 8" in diameter bears South 45 deg. West 12 links distant and a fir 16" in diameter marked "S.B.T." bears East 37 links distant; thence North 67 deg. East 2.50 chains to a post from which a fir 20" in diameter marked "S.B.T." bears South 62 deg. West 23 links distant; thence North 23 deg. West 4.99 chains to a fir 22" in diameter, marked "S"; thence South 86 deg. West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50 deg. West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section Twenty-one; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with the North line of said new County Road, and thence following along the North line of same in a Northeasterly direction to the place of beginning; said exception containing 31 acres, more or less, of land, in Douglas County, Oregon;

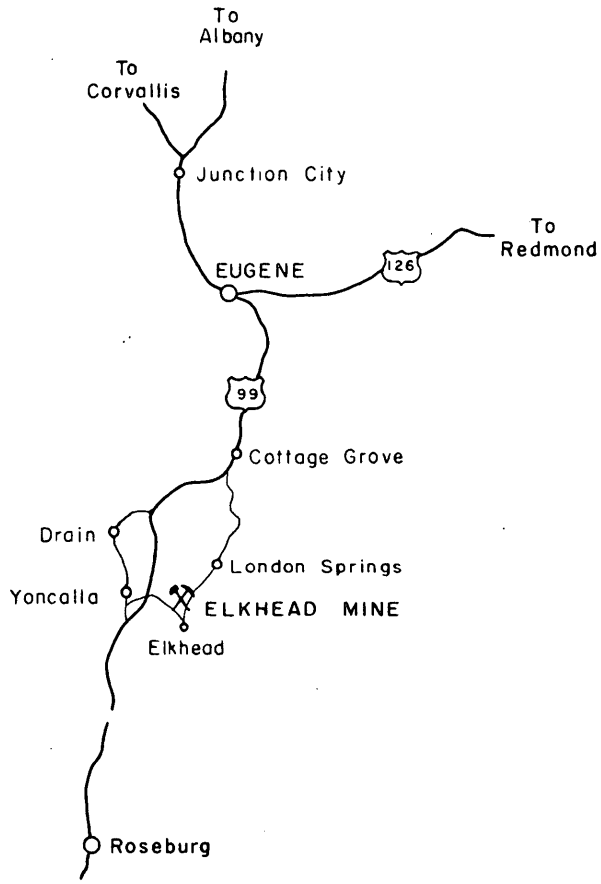
Excepting and reserving however the following described tract or parcel of land, being a portion of said Sections Twenty-one and Twenty-two, to-wit: That portion southeast of said new county road, said portion containing 47.11 acres.

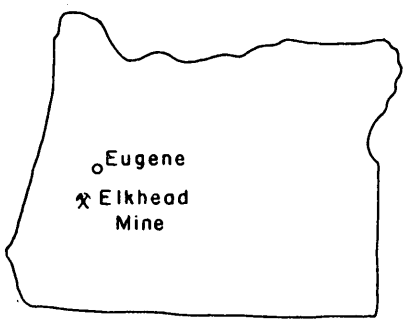
PARCEL B: All of that portion of the following described property which lies Southeast of the new County Road leading from Yoncalla to Elkhead:

The Southwest fourth of the Southwest quarter (SW 1/4 SW 1/4) of Section Fifteen (15): the South half of the Southeast quarter (S1/2 SE 1/4) of Section Sixteen (16); the North half of the Northeast quarter (N 1/2 NE 1/4) and the Southeast fourth of the Northeast quarter

(SE 1/4 NE 1/4) of Section Twenty-one (21) and the Southwest fourth of the Northwest quarter (SW 1/4 NW 1/4) of Section Twenty-two (22); all in Township Twenty-three (23) South, Range Four (4) West of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, State of Oregon;

Excepting and reserving however the following described tract or parcel of land, being a portion of said Section Twenty-one, to-wit: Beginning at a post in the Westerly line of the new County Road running through said Section, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section Twenty-one, from which a fir marked "S.B.T." 16" in diameter, bears North 64 deg. West 61 links distant, and running thence North 23 deg. West 10.30 chains to a point from which a fir marked "S.B.T." 8" in diameter bears South 45 deg. West 12 links distant and a fir 16" in diameter marked "S.B.T." bears East 37 links distant; thence North 67 deg. East 2.50 chains to a post from which a fir 20" in diameter marked "S.B.T." bears South 62 deg. West 23 links distant; thence North 23 deg. West 4.99 chains to a fir 22" in diameter marked "S"; thence South 86 deg. West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50 deg. West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section Twenty-one; thence East 6.48 chains; thence South on East Line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with the north line of said new County Road, and thence following along the North line of same in a Northeasterly direction to the place of beginning; said exception containing 31 acres, more or less, of land, in Douglas County, Oregon.





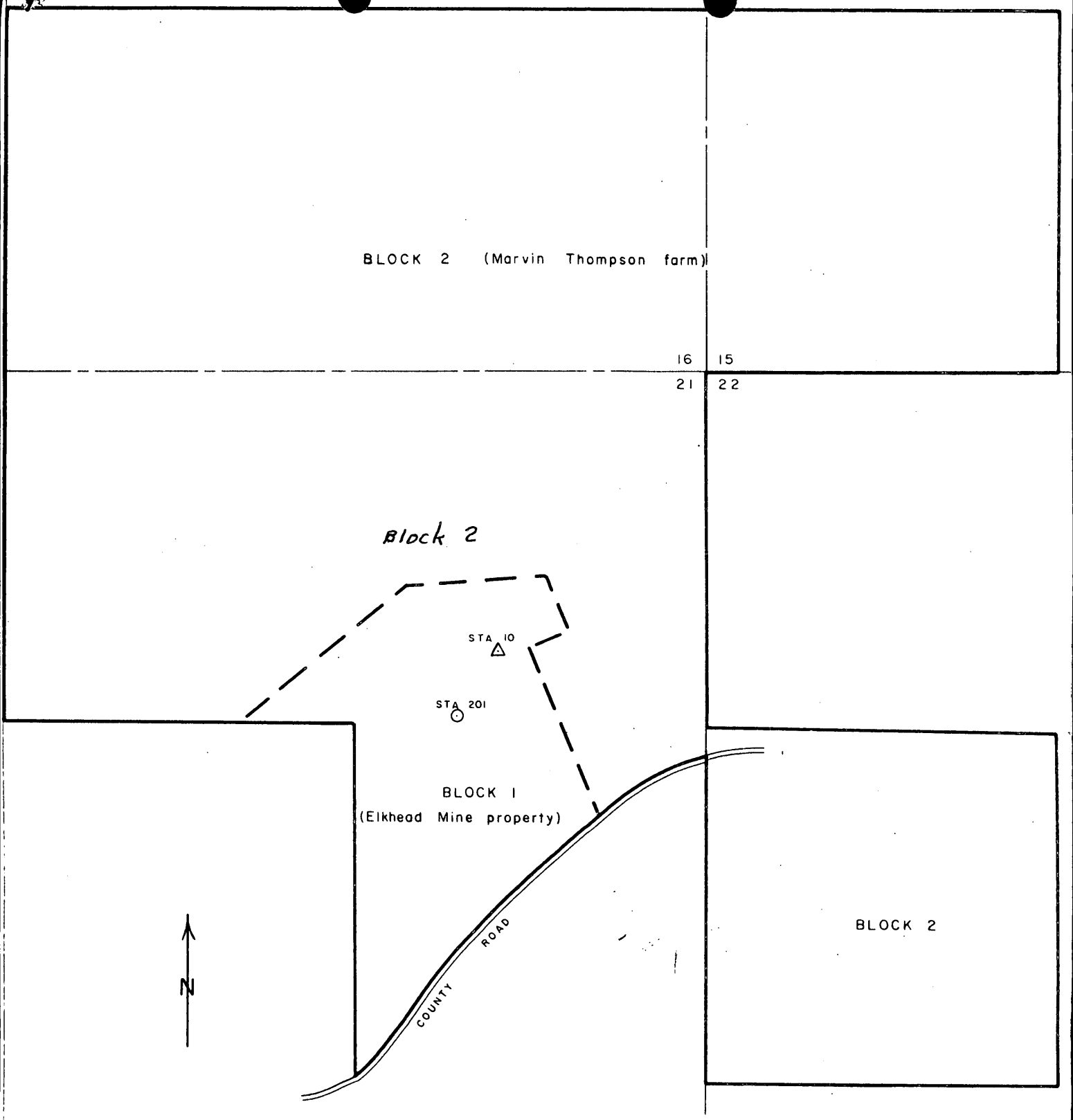
Location map, ELKHEAD MINE

MONETA PORCUPINE MINES LTD.

Douglas County, Oregon

Fig 1

ORIGINAL FILE COPY
OMEA
RECEIVED 5 1958
DATE | INITIALS | CODE



Property Map, ELKHEAD MINE

Moneta Porcupine Mines, Ltd.

T. 23 S., R. 4 W., Willamette Meridian

Douglas County, Oregon

500 250 0 500 FEET

Fig. 2

FILE COPY
DMEA
MAY 5 1953

DATE	INITIALS	CODE

DMEA Operating Committee Minutes
Meeting No. 745
November 21, 1956

Miscellaneous (continued)

Letter to Region III with reference to its memorandum of September 7, 1956, relating to form letters for transmittal of contracts.

The Minutes for November 19, 1956, were approved. The next meeting will be held on November 23, 1956.

APPROVED:

George C. Selfridge
Chairman, Operating Committee

Frank D. Lomb
For Bureau of Mines

Thor H. Kiilsgaard
For Geological Survey

EXPLORATION PROJECT CONTRACT
MONETA PORCUPINE MINES, LTD.
DOCKET NO. DMEA-4953

ANNEX NO. 1

The land referred to in Article 2 of the contract form as outlined on Fig. 2, Property Map. Elkhesd Mine, Douglas County, Oregon. The property

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

MAY 12 1958

Memorandum

W39

TO: Administrator, DMEA
ATTENTION: Director, Division of Iron and Ferro-Alloys

FROM: Associate Solicitor, Division of Mineral Resources

SUBJECT: Review of Agreement and Assignment and various documents accompanying application for exploration assistance
Docket No. DMEA-4953-Mercury
Moneta Porcupine Mines, Ltd.
Elkhead Mine, Douglas County, Oregon

Mr. Martin's memorandum, dated May 6, 1958, asked that we review the papers, in the subject docket, pertaining to the applicant's interest in the land.

The land consists of two separately owned blocks, the Elkhead Mine and the Thompson property.

1. The Elkhead Mine, owned by Blaine H. Hovey, is possessed by the applicant, pursuant to an agreement dated January 24, 1958 (as amended January 30, 1958), between Hovey and Ore Mines, Inc. (a prior purchaser-assignee of the land, in default), and Gordon I. Gould requiring payment to Hovey of $10,000 before July 31, 1958, and additional payments of $20,000 in January 1959 and January 1960. Gould is also required to pay a royalty of 5 percent, or more, to Ore Mines, Inc., on all production. The agreement is assignable with the prior written consent of Hovey and Ore Mines, Inc. Gould assigned the Agreement by an instrument dated February 26, 1958, reserving 5 percent royalty to himself on production from the Elkhead Mine and from the Thompson Block (discussed under 2 below). However, no evidence of Hovey's and Ore Mines' consent is in the docket. Thus, in addition to Consent to Lien and Subordination Agreements of Hovey, Ore Mines, Inc., and Gould, the consent to assignment of Hovey and Ore Mines, Inc., are required.

2. The Thompson property, consisting of two parcels, is the subject of an Option Agreement, dated February 6, 1958, by the applicant with Marvin Thompson and wife, Getta-Violet F. Thompson, pursuant to which the applicant may explore "Tract A" and purchase it by making a series of semiannual installment payments, which will be credited as advance royalty. The applicant has no right to explore "Tract B" before it pays $21,000 on the "Tract A" purchase price, in cash or from royalty on production from "Tract A." Thus, the Consent to Lien and Subordination Agreements of the Thompsons and Gould are required for Tracts A and B, if both tracts are included in a contract, and special evidence of the right to explore on "Tract B" should be submitted by the applicant if exploration work on "Tract B" is included in the Contract.

Robert P. Dwyer

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/6	Martin	400
		140
		140

May 6, 1958

MEMORANDUM

To: Associate Solicitor, Division of Mineral Resources

From: Division of Iron and Ferro-Alloys, DMEA

Subject: Review of Agreement and Assignment and various documents accompanying application for exploration assistance
Docket No. DMEA 4953 - Mercury
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

Attached for your review are an "Agreement and Assignment" and an "Option Agreement."

The applicant's letter of April 28, 1958, states: "so far as I know, our application is now complete . . . .".

Related review of the various ownership documents accompanying the application would, therefore, be appreciated.

W. S. MARTIN

W. S. Martin, Director
Division of Iron and Ferro-Alloys

Attachment

WSMartin/foc
5-6-58
cc to: Docket
Code 400

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
So. 157 Howard Street
Spokane 4, Washington

OFFICIAL FILE COPY
DMEA
RECEIVED 5 1958
DATE
FILE
5 C 220
1 WSM 400

May 2, 1958

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

Dear Mr. Selfridge:

Enclosed are two copies of a self-explanatory letter dated April 28, 1958, from F. R. Burton, President of Moneta Porcupine Mines, Ltd., in response to our request to him of April 11, 1958. Two copies of an Agreement and Assignment dated February 26, 1958, between Gordon I. Gould and Moneta Porcupine Mines, Ltd., are also enclosed.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

Enclosures

cc: USBM (2)
Albee

MONETA PORCUPINE MINES LIMITED
SUITE 1505 - 320 BAY STREET
TORONTO 1, ONTARIO

Telephone: EMpire 6-5665

Please Refer File:

April 28th, 1958

Defense Minerals Exploration Administration,
So. 157 Howard Street,
SPOKANE 4, Wash.

Attention: Mr. A. E. Weissenborn,
Executive Officer,
DMEA Region I, Field Team.

Dear Mr. Weissenborn: Re: Docket No. DMEA-4953(Mercury)
Elkhead Mine, Douglas Co., Oregon

In reply to your letter of the 11th instant and further to our letter of the 15th instant, I enclose 4 copies of an Agreement and Assignment from Gordon T. Gould to Moneta dated the 28th day of February, 1958 for Block 1, which completes the chain of title to us, and I presume satisfies all of your requirements.

I am sorry that I have not replied sooner, but as you know I have been out West and just returned here this morning. I appreciate very much your drawing to our attention the fact that the Defense Minerals Act expires at midnight June 30th. So far as I know, our application is now complete except for the Consent to Lease, which I understand is being looked after on the Hovey Elkhead property by Mr. Gould and on the Thompson ground by our engineer, Dr. R. H. Seraphim.

Yours very truly,

F. R. Burton,
President.

/A
Encls.
c/c Dr. R. H. Seraphim

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
So. 157 Howard Street
Spokane 4, Washington

April 23, 1958

OFFICIAL FILE COPY
DMEA
RECEIVED APR 28 1958

DATE	INITIALS	CODE
4/28	C	220
	WSM	400

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

Dear Mr. Selfridge:

Enclosed are two copies of a letter dated April 15, 1958, from Mr. F. R. Burton, President of Moneta Porcupine Mines, Ltd., together with two copies of each of the enclosures mentioned.

Sincerely yours,

D. H. Mackenzie
for A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

Enclosures

cc: USBM (2)

MONETA PORCUPINE MINES, LIMITED

(NO PERSONAL LIABILITY)

SUITE 1505 - 320 BAY STREET

TORONTO 1, ONT.

Telephone: EMpire 6-5665 *Please Refer File:*

April 15th, 1958
Dictated Apr.11/58

DMEA
RECEIVED APR 28 1958
DATE | INITIALS | CODE

Defense Minerals Exploration Administration,
So. 157 Howard Street,
SPOKANE 4, Wash.

Attention: Mr. A. E. Weissenborn,
Executive Officer,
DMEA REGION I, Field Team.

Dear Mr. Weissenborn: Re: Docket No. DMEA-4953(Mercury)
Elkhead Mine
Malheur County, Oregon

With reference to our Application for Aid dated February 28th, 1958, we enclose herewith 4 copies of an Option Agreement dated February 6th, 1958 between Moneta Porcupine Mines, Limited and Marvin Thompson and Getta-Voilet F. Thompson covering our title to Block 2 in Item 1.(a). of the Application.

We also enclose 4 copies of an agreement between Gordon I. Gould and Blaine H. Hovey(Ore Mines) dated January 24th, 1958 covering Block 1 in Item 1.(a) of the Application; also enclosed are 4 copies of an Amendment to the Gould-Hovey Agreement, dated January 30th, 1958. Mr. Gould has assigned his rights under his agreement with Hovey to Moneta, but there are still some of the details to be worked out on the assigning agreement and as soon as it is complete we will send it to you.

Yours very truly,

F R Burton

F. R. Burton,
President

Encls.
C/c Dr. R. H. Seraphim

RECEIVED
APR 17 1958
U. S. G. S.
SPOKANE, WASH

MONETA PORCUPINE MINES, LIMITED

(NO PERSONAL LIABILITY)

SUITE 1505 - 320 BAY STREET

TORONTO 1, ONT.

Telephone: EMpire 6-5665

April 15, 1958.

Please Refer File:

Note: Re Option Agreement February 6, 1958
between
Moneta Porcupine Mines Limited
and
Marvin Thompson and Gotta-Voilet F. Thompson

Please note there is no page 8, as in revising the agreement pages 4 - 8 inclusive were retyped on pages 4 - 7 inclusive. Each page of the original agreement is initialled by the signors.

G. G. Leitskie

Assistant Secretary-Treasurer

RECEIVED

APR 17 1958

U. S. G. S.
SPOKANE, WASH

OFFICIAL FILE COPY
DMEA
RECEIVED APR 14 1958
DATE | INITIALS | CODE
4/15 | H.S. | 225
WSM | 400

No. 157 Howard Street
Spokane 4, Washington

Air Mail

April 11, 1958

Mr. F. R. Burton, President
Moneta Porcupine Mines, Ltd.
1505 - 320 Bay Street
Toronto 1, Canada

Re: Docket No. DMEA-4953 (Mercury)
Elkhead Mine
Douglas County, Oregon

Dear Mr. Burton:

Paragraph 1(c) of your DMEA application states: "Both Block 1 and Block 2 are controlled by a combination of option and royalty lease agreements. Copies of these will be sent you as soon as possible."

Our field men examined your property on March 31 and April 1 and are preparing their report. However, until we receive copies of the option and royalty lease agreements, we cannot continue to process your application.

The Defense Minerals Act of 1950 under which DMEA operates expires at midnight June 30, after which time no new contracts can be signed. It requires some time to process any given application and therefore it is urgent that we receive the agreements at the earliest possible time.

Sincerely yours,

Donald E. MacLaren
For: A. E. Weissenborn
Executive Officer, DMEA
Region I, Field Team

cc: [illegible](2)
[illegible]
[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
So. 157 Howard Street
Spokane 4, Washington

OFFICIAL FILE COPY
RECEIVED
DATE
#15 C 320
WSM 400

Air Mail April 11, 1958

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Dear Mr. Selfridge:

This is to advise you of an unfortunate situation that is developing in regard to new applications and the present June deadline. Our monthly progress report shows two examinations scheduled for the week of March 31 and three scheduled for the week of April 7. Of these, only Moneta Porcupine Mines, Ltd., Docket No. DMEA-4953, was accessible.

We sent you copies of a memorandum to the files dated April 7, 1958, by W. C. Prinz describing the situation at William R. McLure's property, Docket No. DMEA-4948, when he attempted to make an examination. On April 7, Alvord and Parsons went to Salmon, Idaho, expecting to examine the following properties: Tidal Wave Mining Company, Docket No. DMEA-4927; Carroll W. Wells, Docket No. DMEA-4932; and Agency Creek Thorium and Rare Metals Corp., Docket No. DMEA-4971. The last application was received April 4. A series of snow storms that started late last week made these examinations impossible.

Carroll W. Wells has three areas he wishes to explore. The examiners were able to look at only one which does not show much promise. The two other areas, at higher altitudes, were completely snowed in and inaccessible. The Tidal Wave Mining Company property was covered by at least 3 feet of new snow and the Agency Creek Thorium and Rare Metals Corp. property by 5 feet.

Under the most favorable weather conditions it will be after May 1 before any of these properties will be ready for examination, and it may be that some or all of them will not be ready before the middle of May. The applicants have all been informed of the urgency of an early examination and have promised to let us know the moment they feel an examination can be made.

In addition to the above, four new applications from Idaho and one from Montana have been received this month. An attempt will be made to examine one of these, Alonza Linderman near Hailey, April 11 (to D. C. 4/11/58). We do not yet know what the snow conditions may be in that area. Walter Campbell's uranium property (Lucky Win in Idaho County) near Grangeville, Idaho, will be scheduled the week of April 21. Alberta K. Romerio, Montana, and Erwin McPheters, Idaho, will probably not be examined for reasons stated in our letters transmitting their applications. Day Mines, Inc. (to D. C. 4/10/58) can probably be evaluated without an examination but in any case weather will not present any problem.

While our field men were in Idaho, they learned that the Capital-Seaboard property (DMEA-4906) near Calera is under 3 feet of snow. However, we have some data on the property in the Survey files. Also, Mr. K. E. Hamblen, the company's engineer, will be in Spokane the week of April 14 and we hope to get sufficient information at that time to complete an evaluation without a field examination.

We are preparing a report on Western Fluorite (DMEA-4763) without a re-examination. The purpose of the re-examination was to tie in the proposed and recommended drill holes with the claim boundaries. We believe we can avoid this necessity by stipulating that the locations of all drill sites have prior Government approval.

The Daybreak Uranium, Inc. (DMEA-4958) examination will be made the week of April 14.

Sincerely yours,

AE Weissenborn by [illegible]

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

cc: USBM (2)

MONETA PORCUPINE MINES, LIMITED

SUITE 1505 - 320 BAY STREET

TORONTO 1, ONTARIO

Telephone: EMpire 6-5665

Please Refer File:

March 21st, 1958
Dictated March 20/58

ORIGINAL FILE COPY
DMEA
RECEIVED MAR 24 1958

DATE	INITIALS	CODE
3/25	C	220
	WSM	400

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

Attention: Mr. C. O. Mittendorff,
Administrator

Dear Mr. Mittendorf: Re: Docket No. DMEA 4953-Mercury
Elkhead Mine,
Douglas County, Oregon.

Thanks very much for your letter of the 17th instant. On receipt of your letter I telephoned Mr. Weissenborn and advised him that our field engineer, Dr. R. H. Seraphim, will be at the property approximately March 23rd, and I gave Mr. Weissenborn Dr. Seraphim's telephone number. We will be most pleased to assist your Field Team in any way possible.

Yours very truly,

F. R. Burton

F. R. Burton,
President.

/A
C/c Dr. R. H. Seraphim
Mr. Frank James

DMEA FORM 6 REFERENCE SLIP

REV. 12-56 DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO:	INITIALS	DATE
1. Code ~~100~~	[illegible]	3/24
2. ~~110~~	[illegible]	[illegible]
3. ~~120~~		✓
4. 400		
5.		

FROM: W. S. Martin - 3-20-58

FOR: Check items for action desired

____ Action	____ Reply for signature of ____	
____ Approval	____ Investigate	____ Surname
____ Comment	____ Recommendations	____ Signature
____ Conference	____ Rewrite	____ File
____ Instructions	____ Your information	

REMARKS:

This crossed in the mail with our letter of March 17, 1958, requesting a field examination No reply necessary.

They have all seen this now. File

WSM

INT.-DUP. SEC., WASH., D.C. M8278

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
So. 157 Howard Street
Spokane 4, Washington

March 17, 1958

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 20 1958
DATE | INITIALS | CODE
3/20 C 220
WSM 400

Mr. George C. Selfridge, Chairman
Operating Committe, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

Dear Mr. Selfridge:

Our field men will be in Oregon the week of March 31, 1958. Unless we hear to the contrary they will make an examination of the Elkhead mine in connection with the application of Moneta Porcupine Mines, Ltd., which we forwarded to you March 3, 1958.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team Region I

cc: USBM (2)
Albee

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/14	Chapman	400
3-14	Martin	400
3/17	[illegible]	130
"	Johnson	100
"	Clatkudon	100
3/18	C	220
		422

MAR 17 1958

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 4953 - Mercury
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon

Dear Mr. Weissenborn:

The above-docketed application for exploration assistance is being referred to your office for a field examination of the property.

Copies of memoranda dated March 12 and 13, 1958, by J. W. Pennington, Bureau of Mines, and N. E. Nelson, Geological Survey, respectively, relating to the project are enclosed. Also enclosed is an extra copy of the application for the use of the Field Team.

Sincerely yours,

Enclosures

George C. Selfridge

APPROVED:

Chairman, Operating Committee (HB)

P. F. Yopes (HB)
Member, Bureau of Mines

Thor H. Kiilsgaard (HB)
Member, Geological Survey

TLCHAPMAN/dlm 3-14-58
cc to: Code 400
Admr. R. File
Oper. Comm.
FT. REG. I
Messrs. J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3-14	Chapman	400
3-14	Martin	400
3/17	[illegible]	130
3/17	Jones	130
3/17	Kiilsgaard	130
"	Johnson	100
"	Stettenbenz	100
		220

MAR 17 1958

Moneta Porcupine Mines, Ltd.
1505 - 320 Bay Street
Toronto 1, Ontario
Canada

Re: Docket No. DMEA 4953 - Mercury
Elkhead Mine
Douglas County, Oregon

Gentlemen:

The above referenced application for exploration assistance for mercury ores has been referred to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, South 157 Howard Street, Spokane 4, Washington, for a field examination of the property.

Any assistance you can give the members of the Field Team will be appreciated.

Sincerely yours,

[illegible] (for)

Administrator

TLCHAPMAN/dlm 3-14-58
cc to: Code 400
Admr. R. File
Oper. Comm.
FT. REG. I
Messrs. J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

8623

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 14 1958

DATE	INITIALS	CODE
3/14	C	220
	WSM	400

IN REPLY REFER TO:

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

March 13, 1958
Re: DMEA 4953
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
$44,550 - Mercury

Memorandum

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

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

Subject: Review of application

The applicant requests assistance in exploring by bulldozing, crosscutting, drifting and long hole drilling an area underlain for the most part by low grade mercury-bearing material.

Extensive sampling indicates the mineralization is widespread. One suite of samples taken at the west end of the west glory holes shows 50 feet of 4.08 lb. rock. Otherwise the sampling suggests the average material carries about 1 to 2 pounds of mercury per ton.

Referral of the application to the Field Team is recommended.

N. E. Nelson

N. E. Nelson

FILE COPY
DMEA
RECEIVED MAR 12 1958
INITIAL | NOTE
C | 220
WSay | 400

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

March 12, 1958

Memorandum

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

From: Assistant Chief, Branch of Base Metals

Subject: Review of application, Docket No. DMEA 4953 (mercury), Moneta Porcupine Mines, Ltd., Elkhead Mine, Douglas County, Oregon. $44,130.00.

The applicant proposes to explore a mineralized area by surface trenching, drifting and crosscutting, and long hole drilling at an estimated total cost of $44,130.00.

According to Bureau of Mines records, the only reported production of the Elkhead mine was 16 flasks of mercury in 1935. Although assays submitted with the application indicate that the mercury mineralization is low-grade, the exploration may discover ore of sufficient grade and volume to support an open pit operation.

Referral of the application to the Field Team is recommended.

The application is returned herewith.

J. W. Pennington

Attachment

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U.S.G.S.
F. D. Lamb
F i l e s

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

March 11, 1958

Moneta Porcupine Mines Limited
1505 - 320 Bay Street
Toronto 1, Ontario

Subject: DMEA-4953

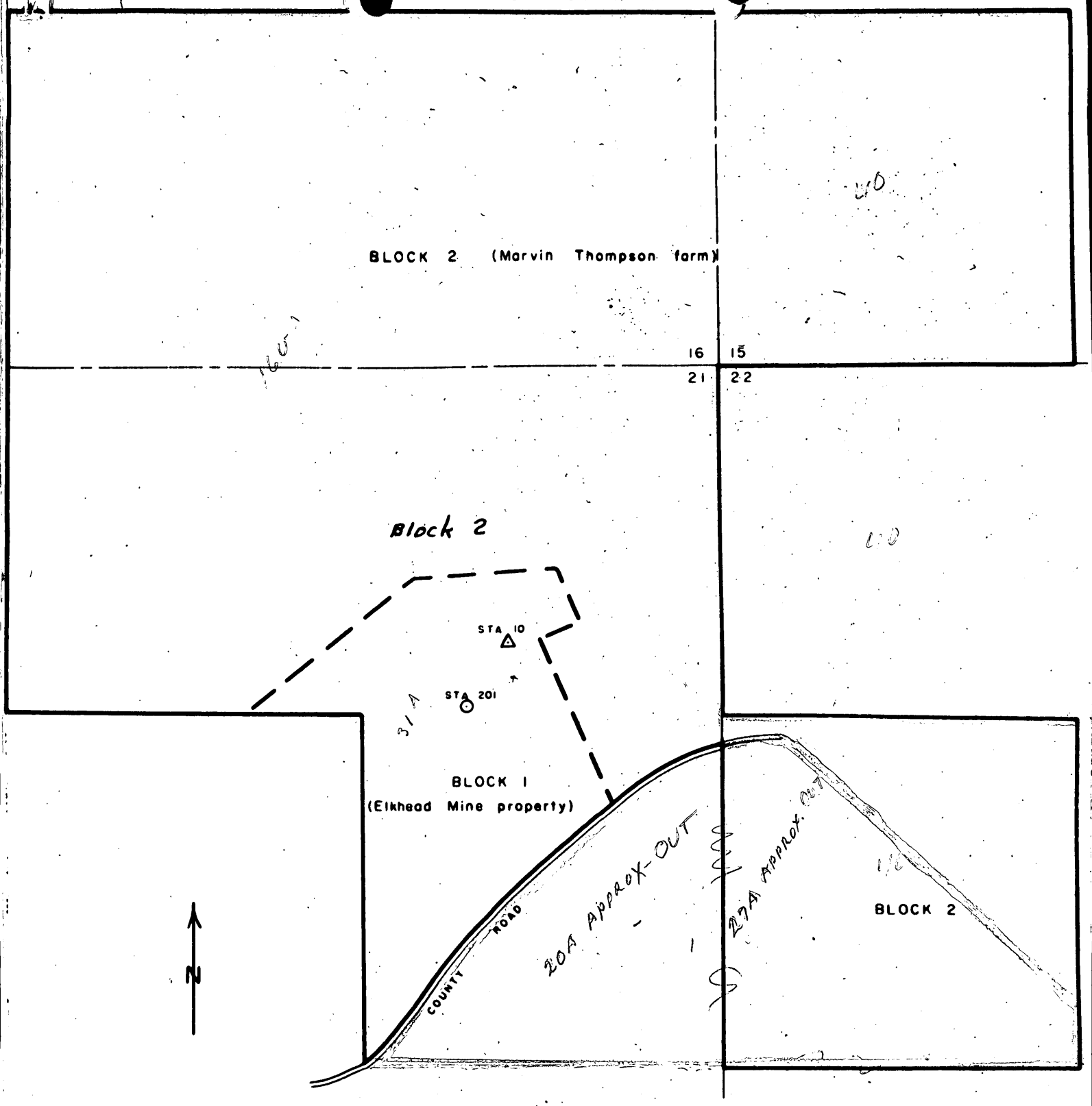
Gentlemen:

Your application for exploration assistance, dated February 28, 1958 submitted to our office at Spokane, Washington has been assigned Docket Number DMEA-4953 and referred to the Iron & Ferro Alloys Division in the Washington office. Kindly identify all future correspondence relating to your application by this Docket Number.

Sincerely yours,

Allen S. Dakan, Director
Operations Control and
Statistics Division

Copy to: Region I



Property Map, ELKHEAD MINE

Moneta Porcupine Mines, Ltd.

T. 23 S., R. 4 W., Willamette Meridian

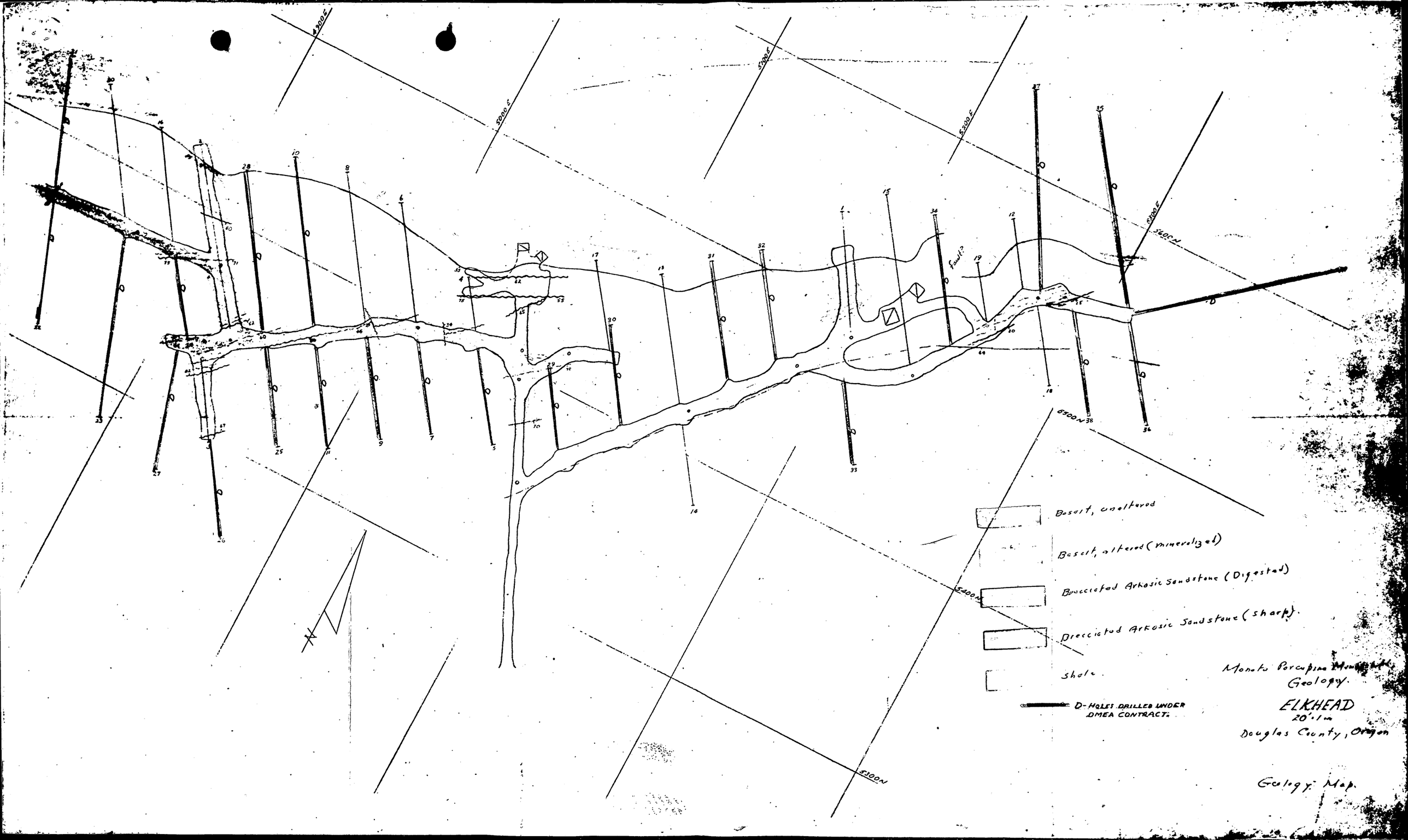
Douglas County, Oregon

500 250 0 500 FEET

Fig. 2

FILE COPY
OMEA
JUN 30 1958

DATE	INITIALS	CODE


4900E
5000E
5100E
5200E
5300E
5400N
5300N
6500N
Fault?
Basalt, unaltered
Basalt, altered (mineralized)
Brecciated Arkosic Sandstone (Digested)
Brecciated Arkosic Sandstone (sharp)
Shale
D-HOLES DRILLED UNDER DMEA CONTRACT.
Monarch Porcupine Mining Co.
Geology.
ELKHEAD
20'=1m
Douglas County, Oregon
Geology Map.

	STOP	
Mpks gr with	RUN	
ft on-site	STOP	
Mpam.	RUN	
4153	STOP	
	RUN	
	STOP	
	RUN	
	STOP	
	RUN	
	STOP	
	RUN	
	STOP	
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	STOP	
	RUN	
	STOP	

Use other side first

Government Messenger Envelope

o. 65 (Rev. 1/46)

1. Use blocks consecutively, one at a time.
2. Vo[illegible] previous block.
3. Write clearly.

TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM		NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM	
[redacted] 4458	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP

envelopes to
or reissue.

Use other side

Use RUN and STOP only when messenger service between Government buildings in Washington is required.
Your mail room has RUN and STOP information.

NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM	
	RUN STOP
	RUN STOP
	RUN STOP
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	RUN STOP
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	RUN STOP

NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM	
	RUN STOP
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	RUN STOP
	RUN STOP
	RUN STOP
	RUN STOP

Use other side first

U. S. Government Messenger Envelope

Standard Form No. 65 (Rev. 1/46)

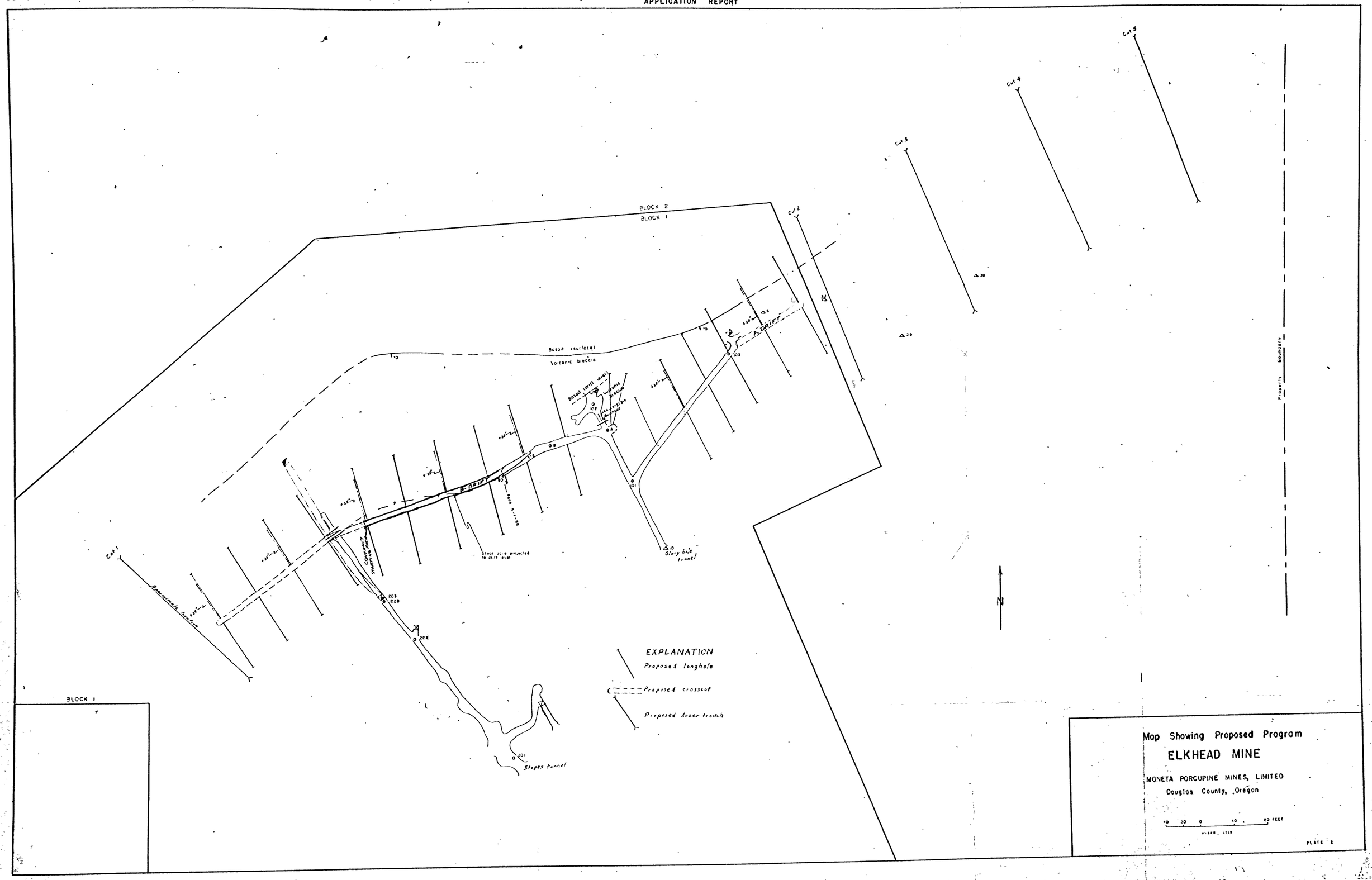
1. Use blocks consecutively, one at a time
2. Void previous block.
3. Write clearly.

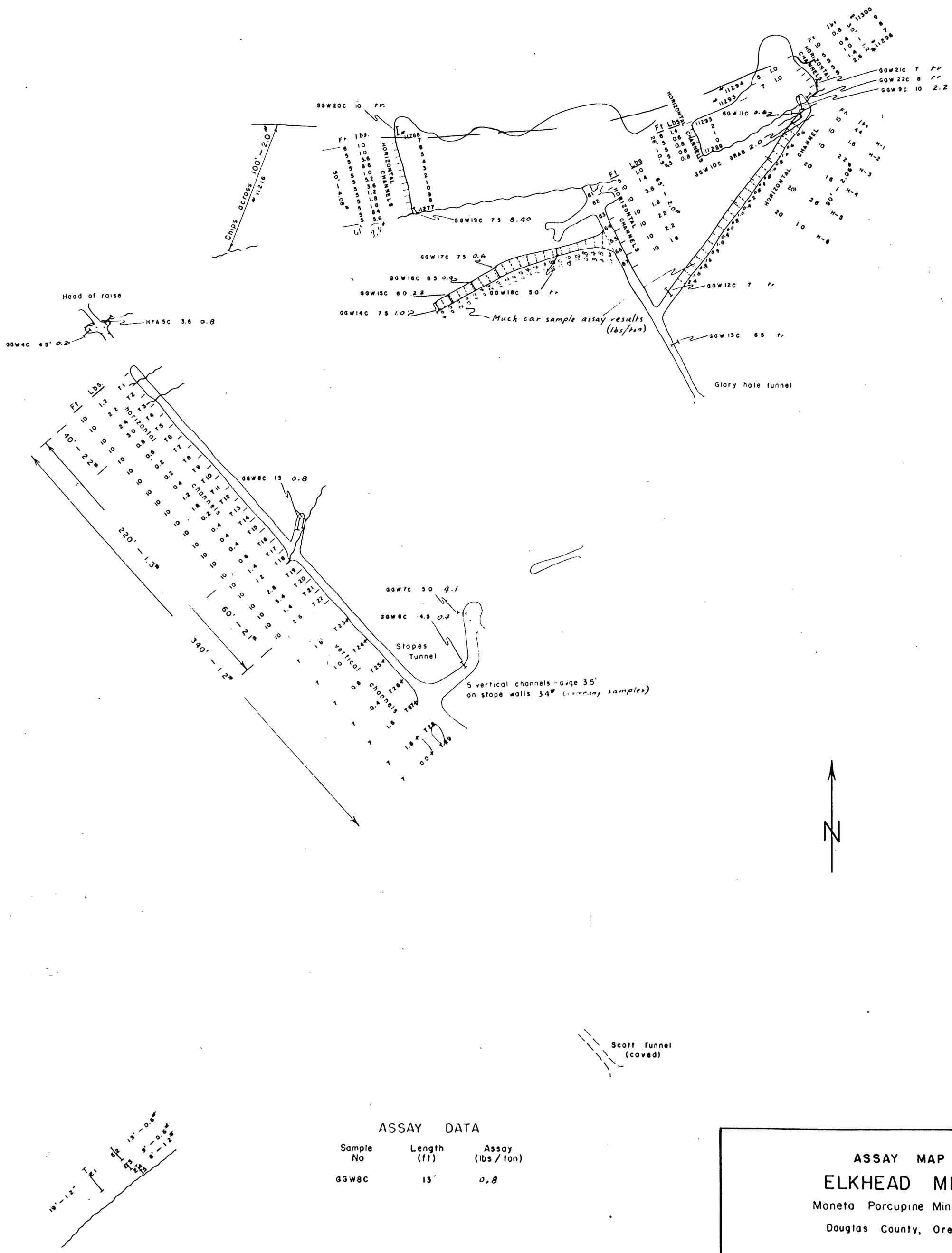
NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM		NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM	
~~Phil Parker~~ ~~Ext. 2751~~	RUN / STOP		RUN / STOP
Mr. Barton ~~Rm 4310~~	RUN / STOP		RUN / STOP
~~Mrs. R. E. Houbouen~~ ~~Rm. M E.A.~~ ~~Room 4458~~	RUN / STOP		RUN / STOP
Mrs. Goldsmith Rm ~~[illegible]~~ 6221	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP

Send surplus envelopes to supply room for reissue.

Use other side

Use RUN and STOP only when messenger service between Government buildings in Washington is required. Your mail room has RUN and STOP information.


BLOCK 2
BLOCK 1
Cut 1
Cut 2
Cut 3
Cut 4
Cut 5
Basalt (surface)
Volcanic breccia
Basalt (drift level)
Volcanic breccia
A-Drift
B-DRIFT
Approximate location
Shear zone projected to drift level
Glory hole tunnel
Stopes tunnel
EXPLANATION
Proposed longhole
Proposed crosscut
Proposed dozer trench
Property Boundary
N
BLOCK 1
Map Showing Proposed Program
ELKHEAD MINE
MONETA PORCUPINE MINES, LIMITED
Douglas County, Oregon
40 20 0 40 80 FEET
PLATE 2

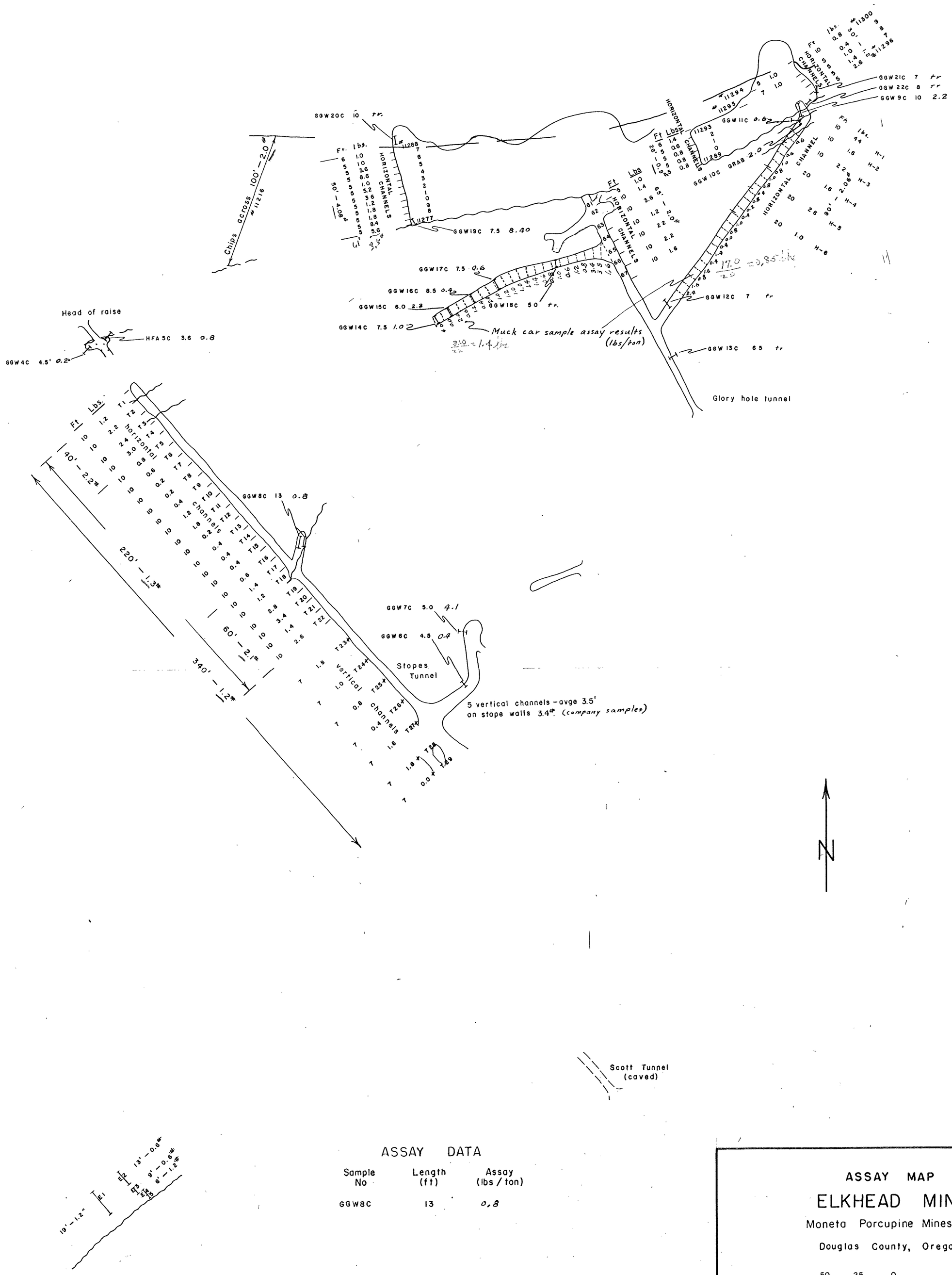


ASSAY DATA

Sample No	Length (ft)	Assay (lbs / ton)
GGW8C	13'	0.8

ASSAY MAP
ELKHEAD MINE
Moneta Porcupine Mines, Ltd
Douglas County, Oregon

50 25 0 50 Feet



ASSAY DATA

Sample No	Length (ft)	Assay (lbs / ton)
GGW8C	13	0.8

ASSAY MAP

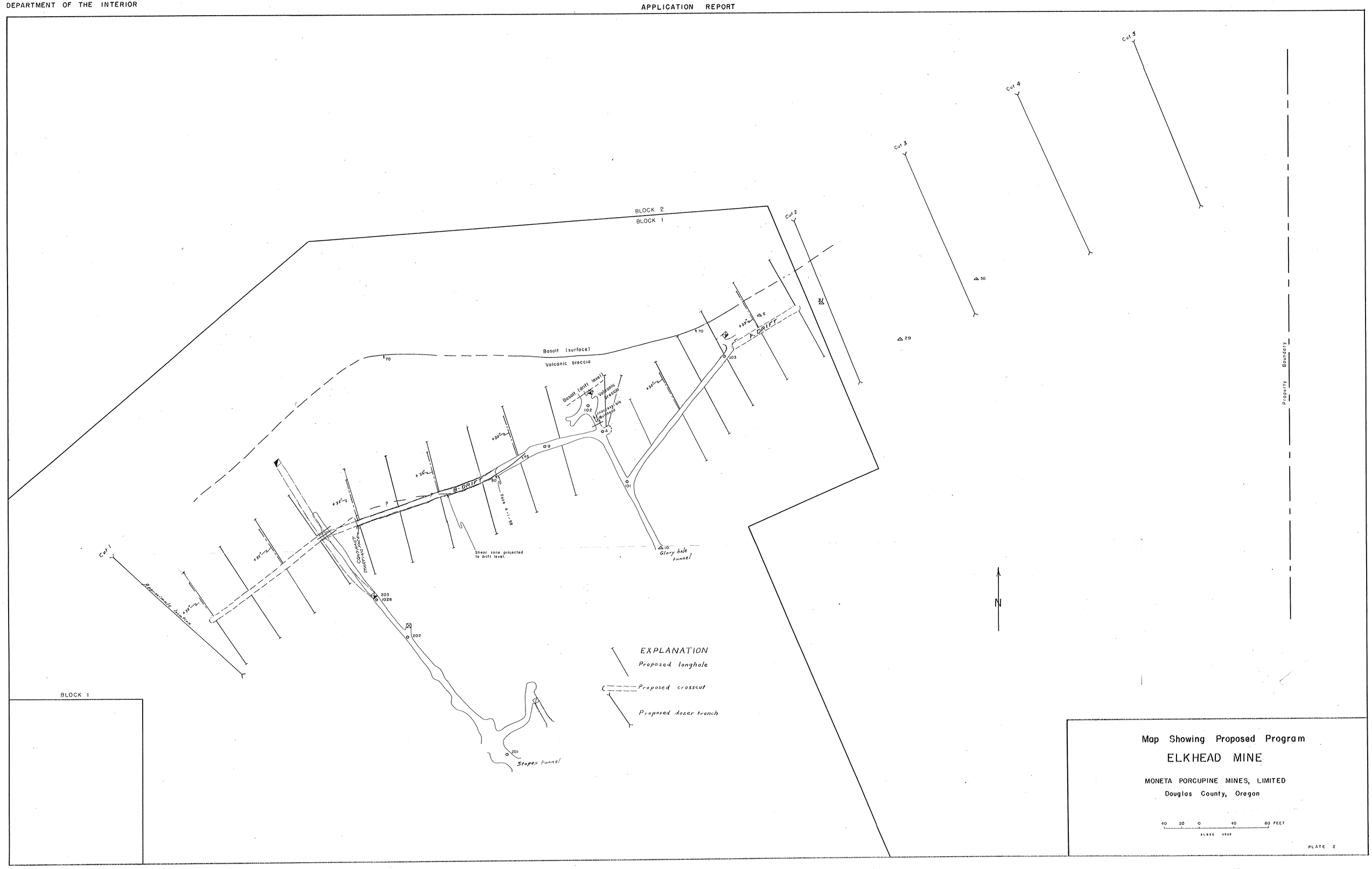
ELKHEAD MINE

Moneta Porcupine Mines, Ltd

Douglas County, Oregon

50 25 0 50 Feet

PLATE 3



Map Showing Proposed Program

ELKHEAD MINE

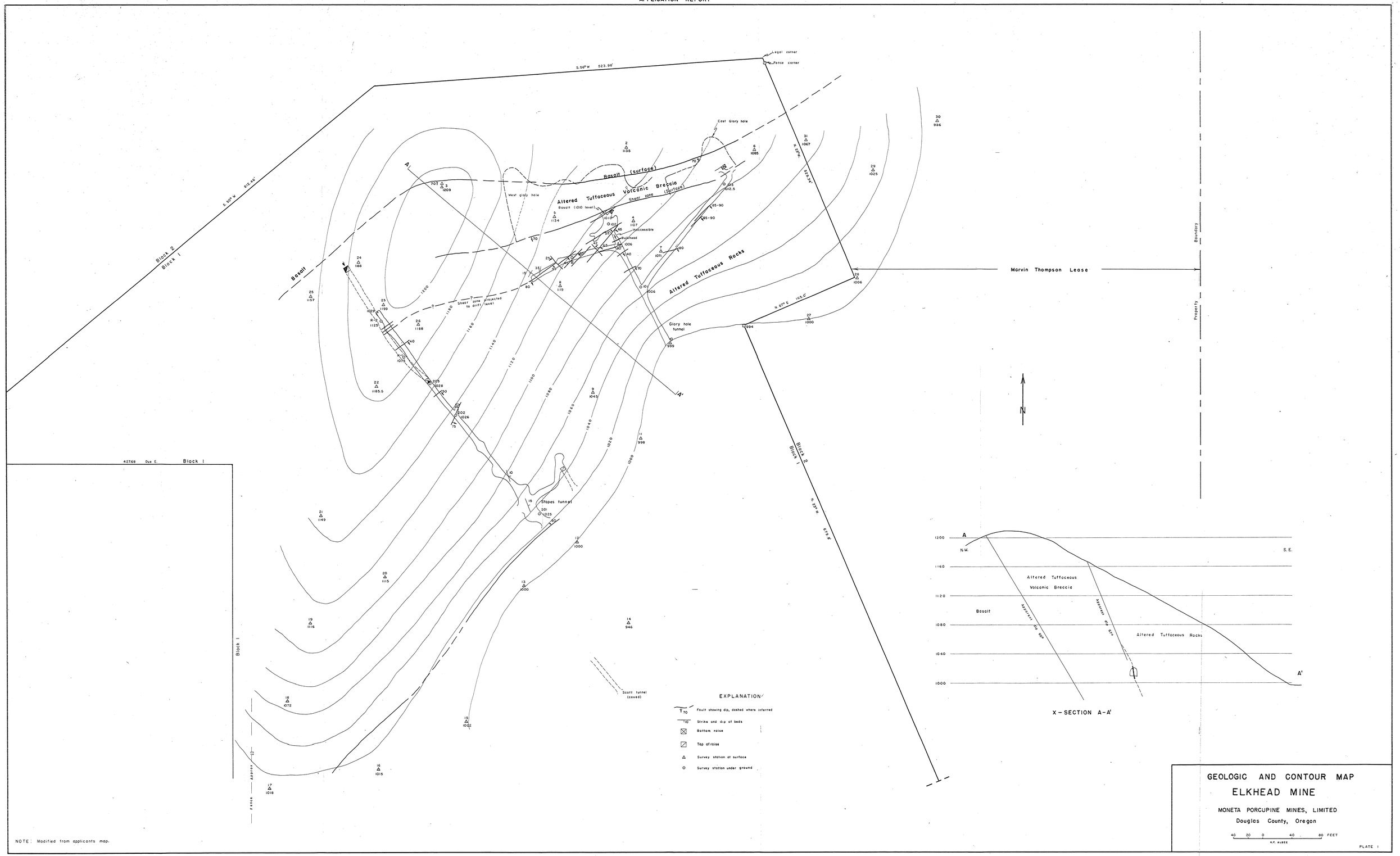
MONETA PORCUPINE MINES, LIMITED

Douglas County, Oregon

40 20 0 40 80 FEET

ALBEE USGS

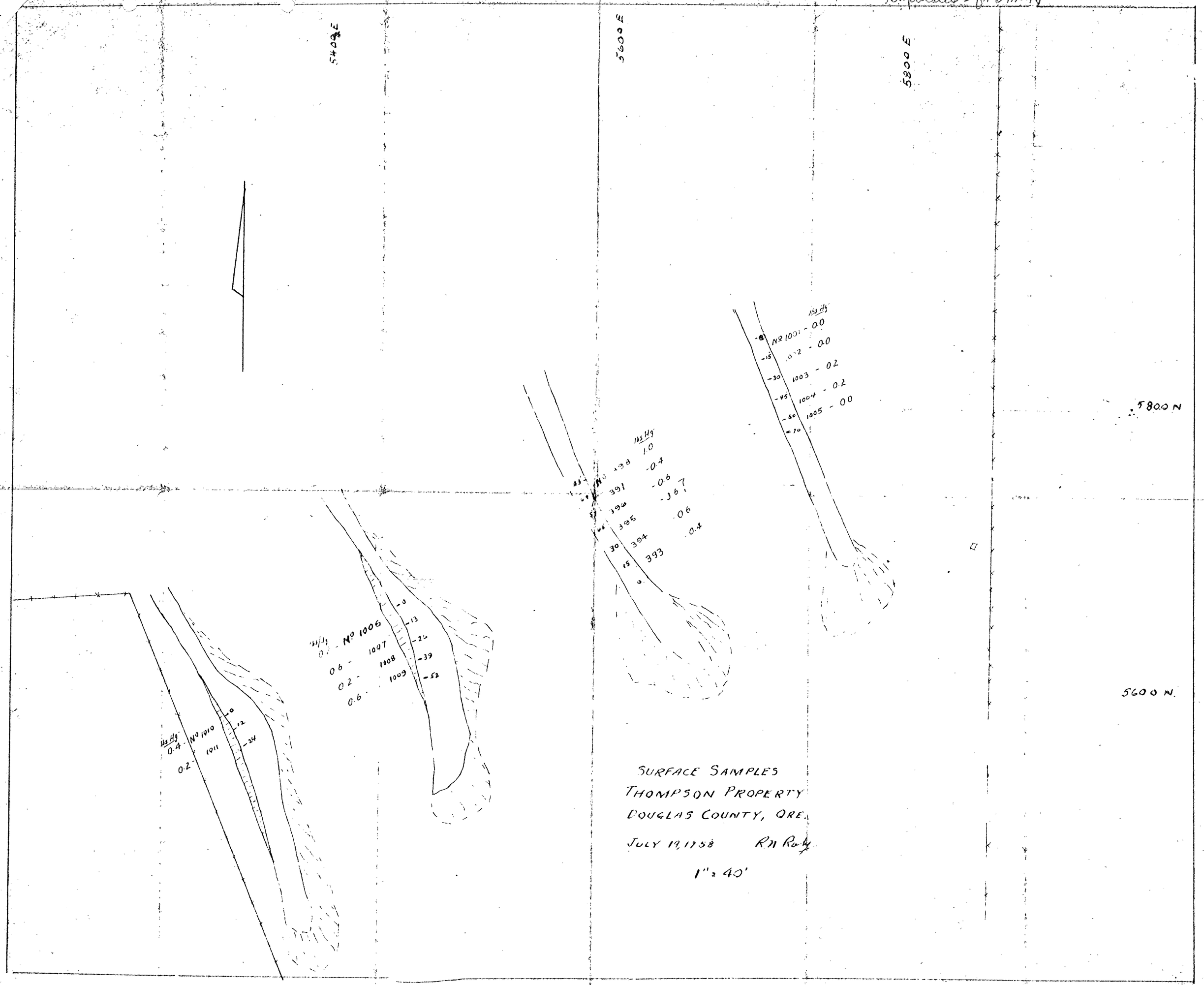
PLATE 2



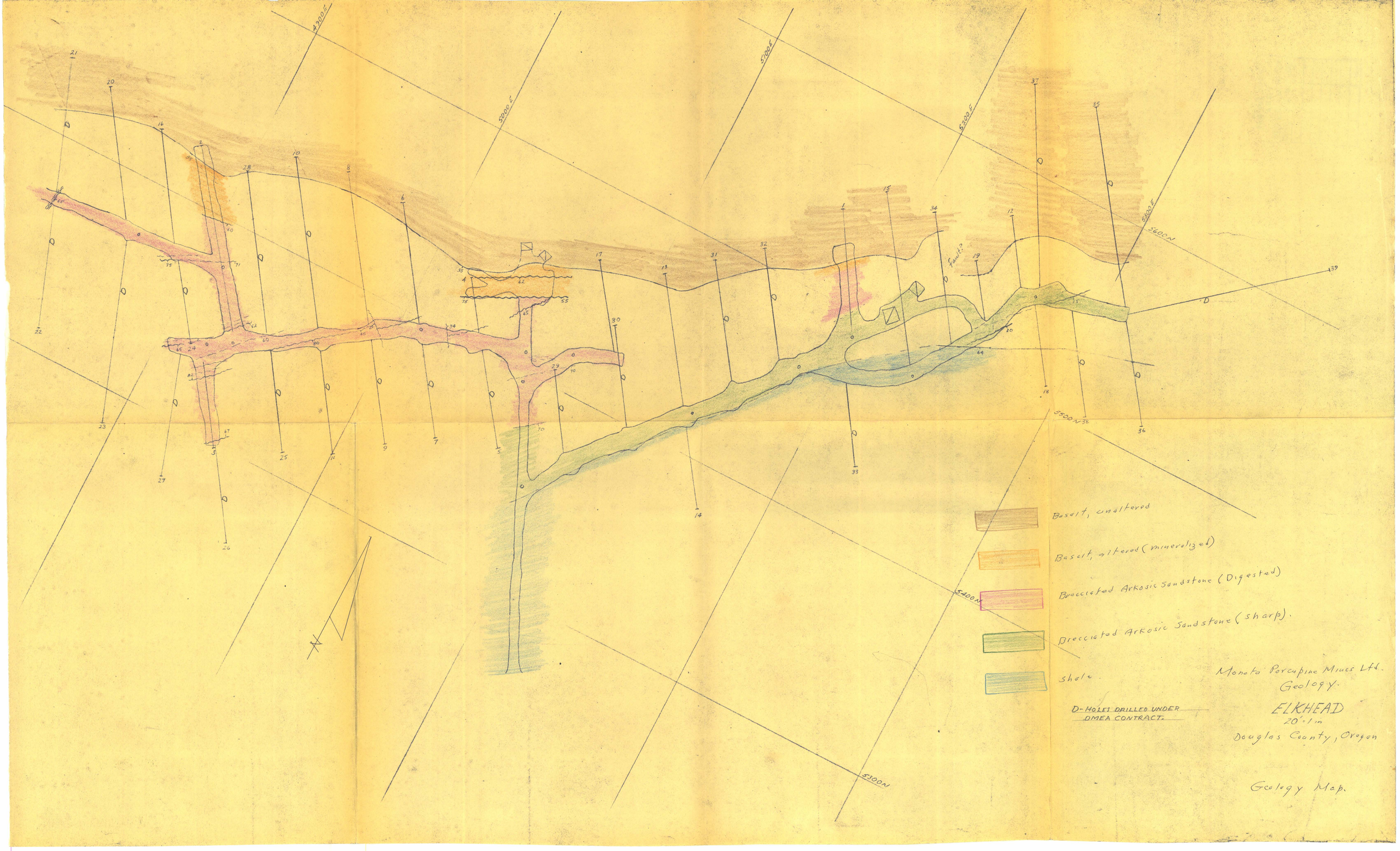
NOTE: Modified from applicants map.

Duplicates - for DMEA

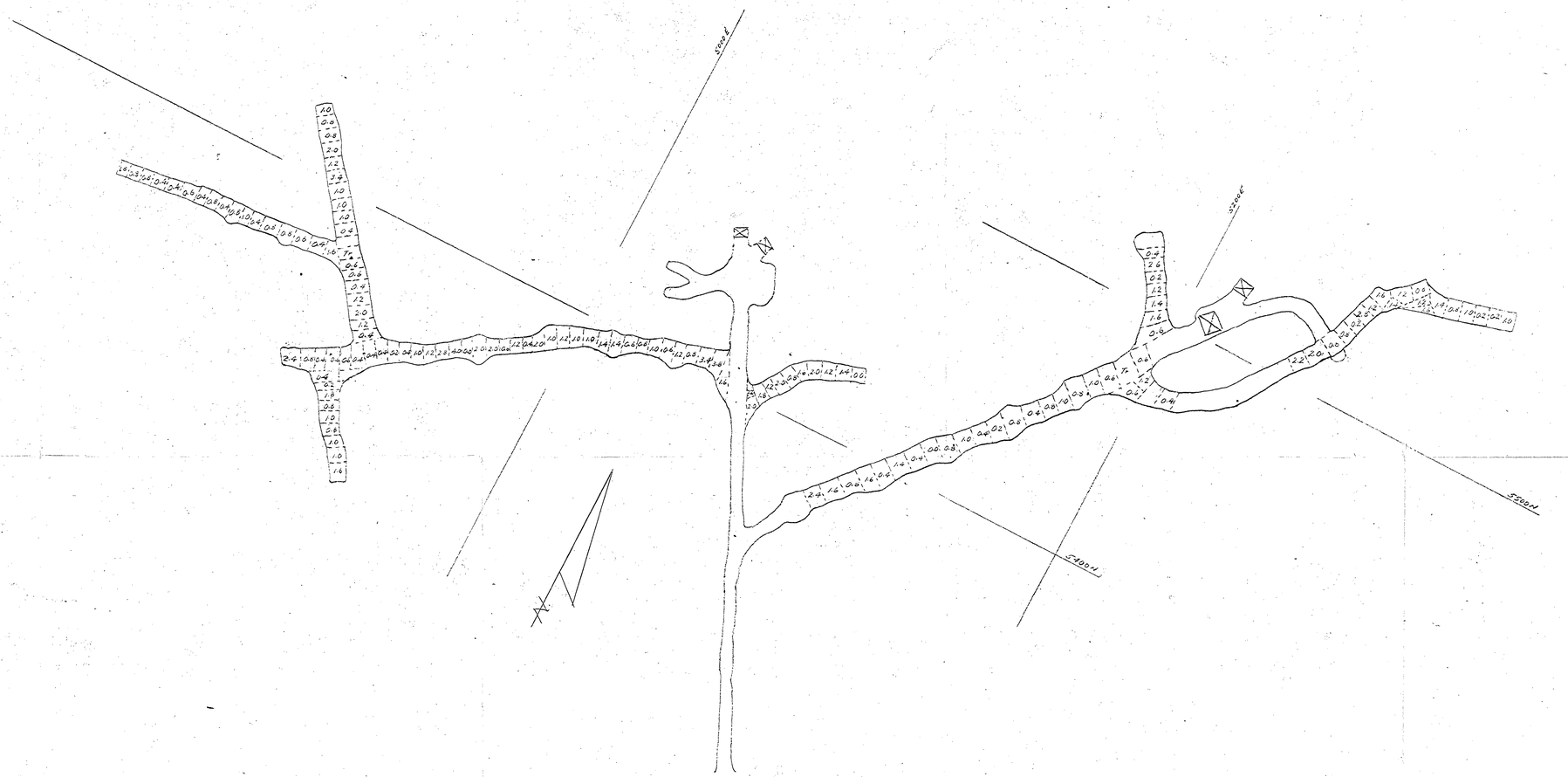
DMEA



SURFACE SAMPLES
THOMPSON PROPERTY
DOUGLAS COUNTY, ORE.
JULY 19, 1958 RN Roby
1" = 40'

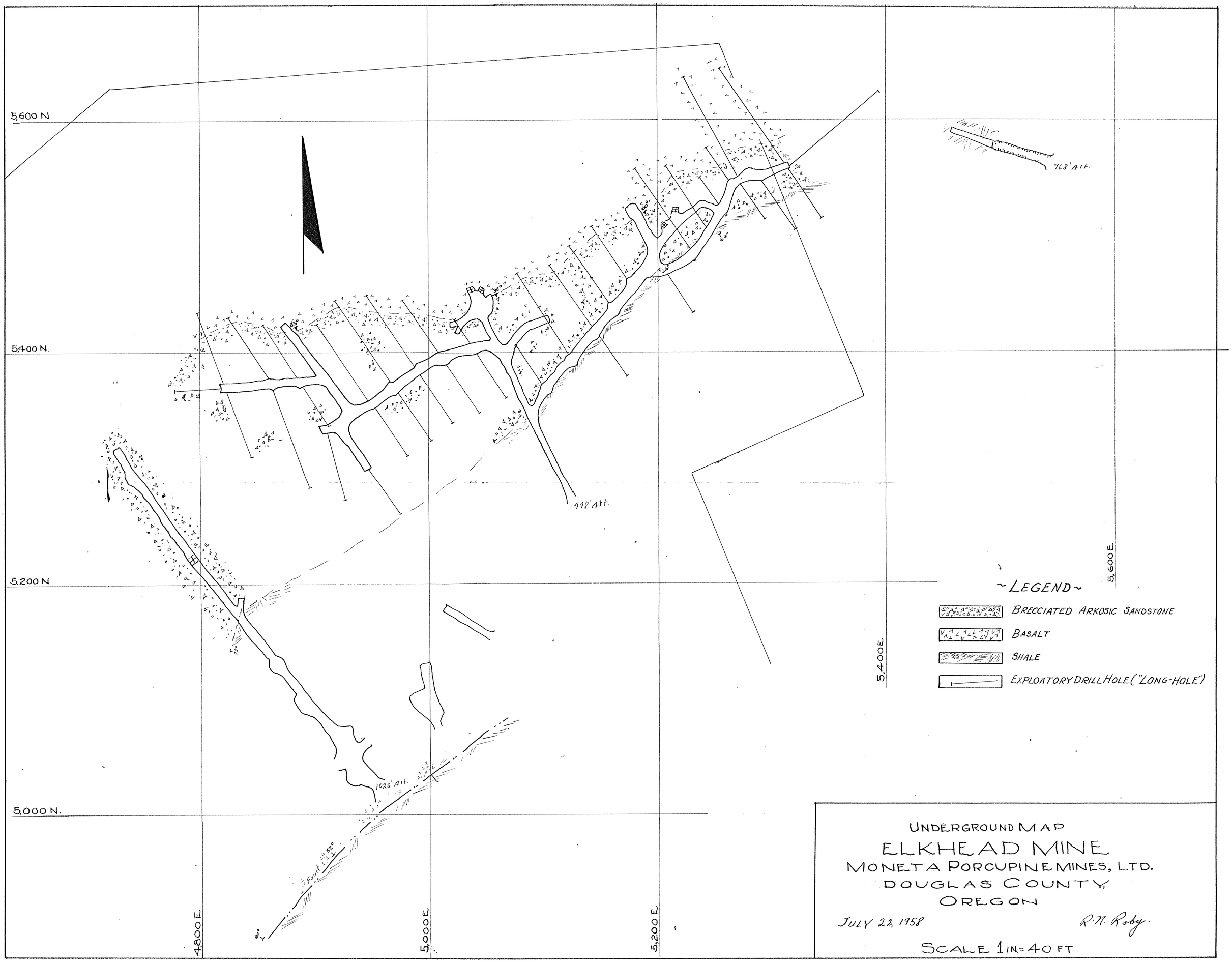

4200E
5000E
5100E
5300E
5400E
5600N
5500N
5400N
5300N
Fault?
Basalt, unaltered
Basalt, altered (mineralized)
Brecciated Arkosic Sandstone (Digested)
Brecciated Arkosic Sandstone (sharp).
Shale
D-HOLES DRILLED UNDER DMEA CONTRACT.
Manta Porcupine Mines Ltd.
Geology.
ELKHEAD
20'=1in
Douglas County, Oregon
Geology Map.

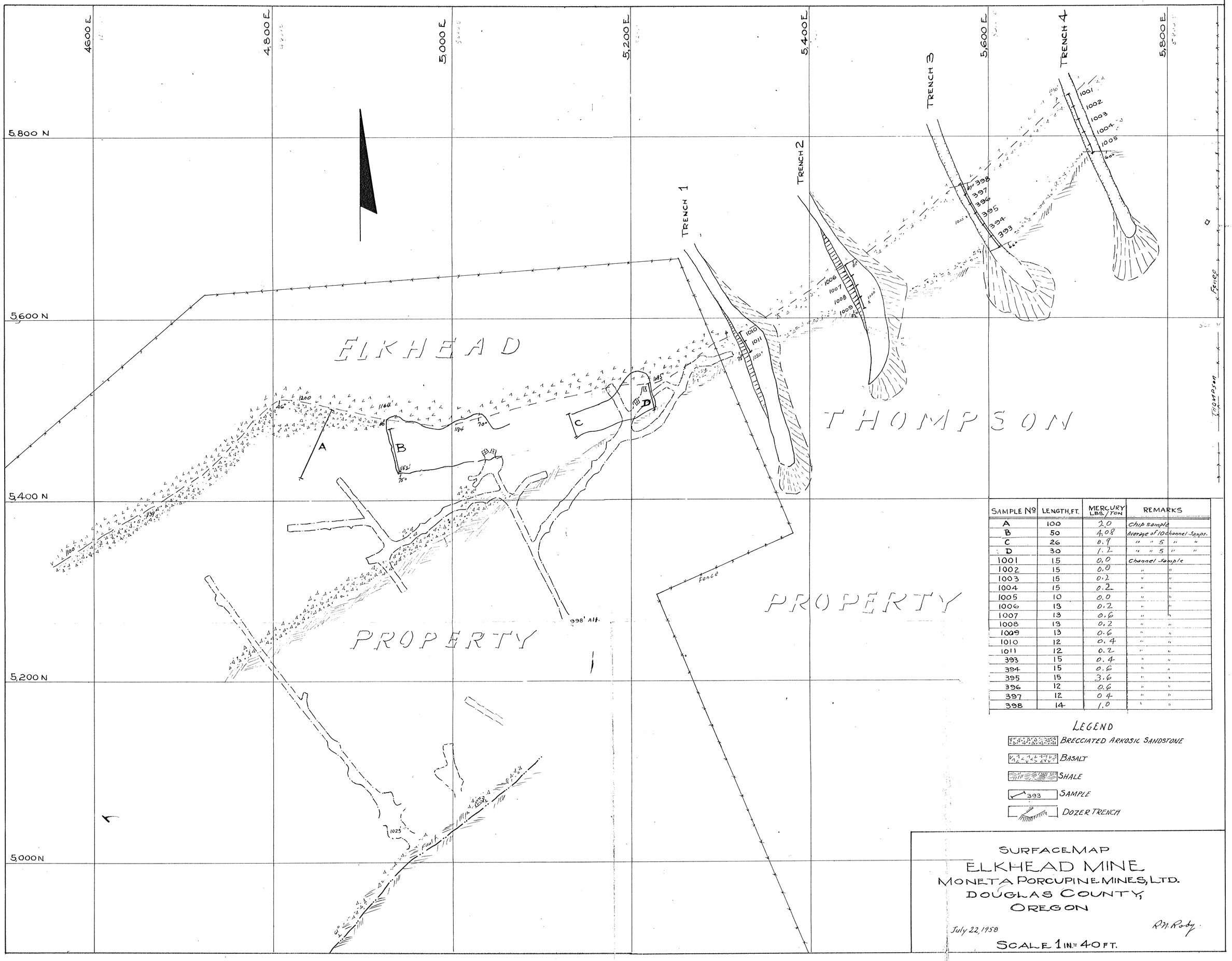
Moneta Porcupine Mines, Ltd.
Douglas County, Oregon
ELKHEAD
20' = 1 in'
test-hole & channel samples
Hg in lbs/ton.
5300N
5400N
5500N
5600N
4900E
5000E
5100E
5200E
5300E
Channel samples
Channel samples
Channel s
Channel samples
N.



Minerals Porcupine Mines Ltd.
Douglas County Oregon.

ELKHEAD
20' 1in
muck samples.
Hg in lbs/ton.


5,600 N
5,400 N.
5,200 N
5,000 N.
4,800 E
5,000 E
5,200 E
5,400 E
5,600 E
968' Alt.
998' Alt.
1025' Alt.
Fault
~LEGEND~
BRECCIATED ARKOSIC SANDSTONE
BASALT
SHALE
EXPLOATORY DRILL HOLE ("LONG-HOLE")
UNDERGROUND MAP
ELKHEAD MINE
MONETA PORCUPINE MINES, LTD.
DOUGLAS COUNTY,
OREGON
JULY 22, 1958
R.N. Roby.
SCALE 1 IN. = 40 FT



SAMPLE Nº	LENGTH, FT.	MERCURY LBS./TON	REMARKS
A	100	2.0	Chip sample
B	50	4.08	Average of 10 channel samps.
C	26	0.9	" " 5 " "
D	30	1.2	" " 5 " "
1001	15	0.0	Channel sample
1002	15	0.0	" "
1003	15	0.2	" "
1004	15	0.2	" "
1005	10	0.0	" "
1006	13	0.2	" "
1007	13	0.6	" "
1008	13	0.2	" "
1009	13	0.6	" "
1010	12	0.4	" "
1011	12	0.2	" "
393	15	0.4	" "
394	15	0.6	" "
395	15	3.6	" "
396	12	0.6	" "
397	12	0.4	" "
398	14	1.0	" "

LEGEND

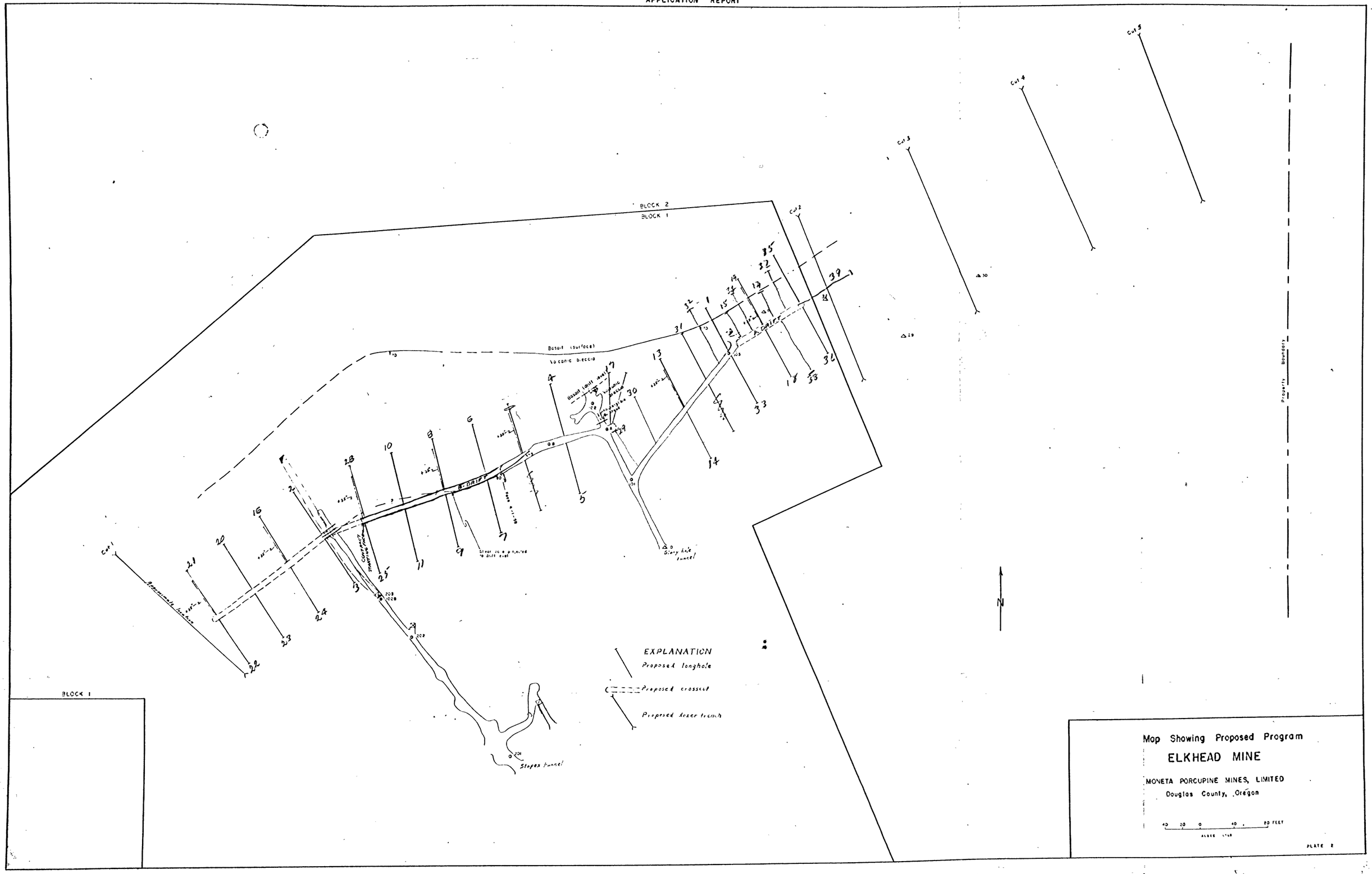
- BRECCIATED ARKOSIC SANDSTONE
- BASALT
- SHALE
- 393 SAMPLE
- DOZER TRENCH

SURFACE MAP
ELKHEAD MINE
MONETA PORCUPINE MINES, LTD.
DOUGLAS COUNTY,
OREGON

July 22, 1958

R.M. Roby

SCALE 1 IN. = 40 FT.



Map Showing Proposed Program

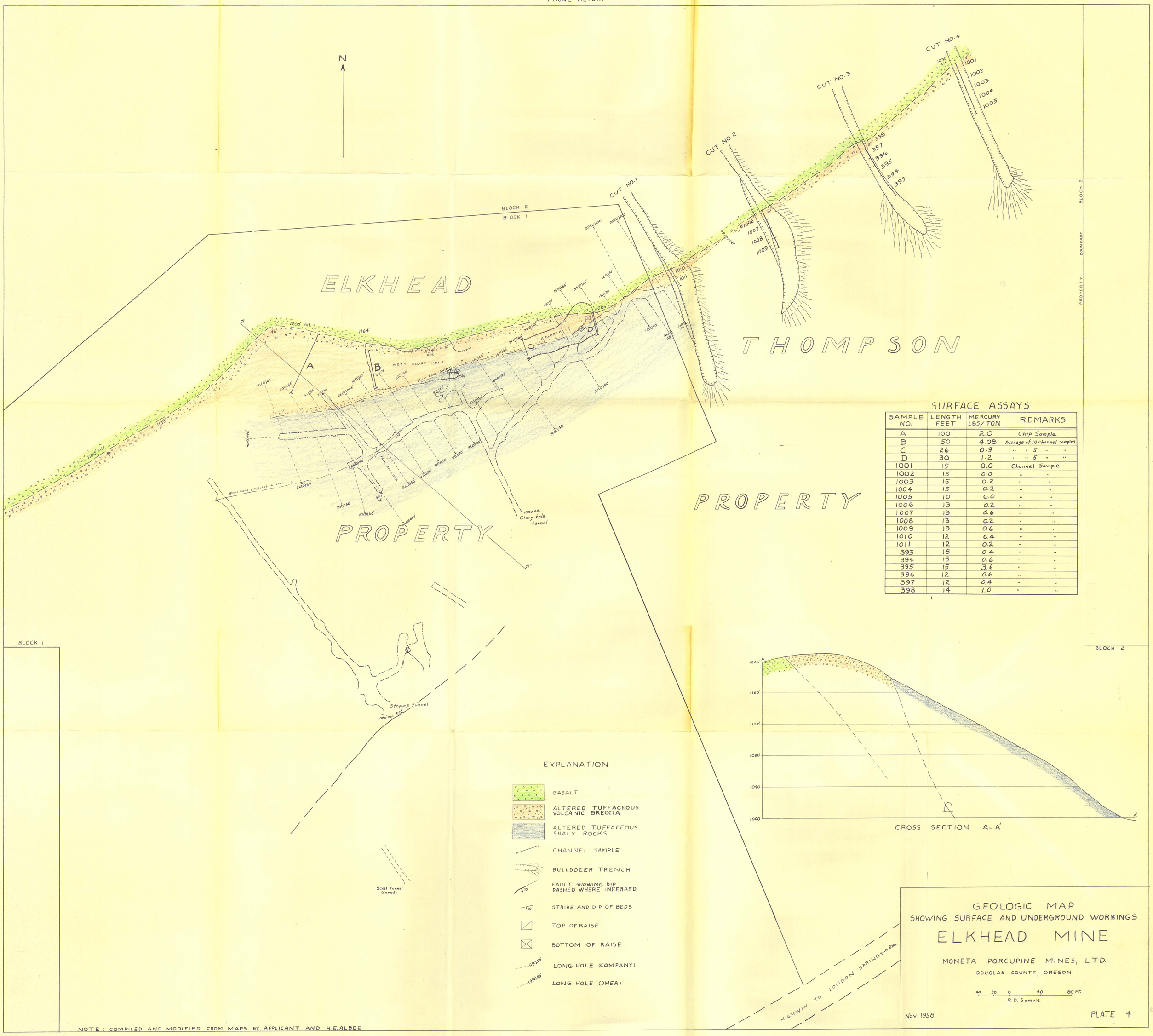
ELKHEAD MINE

MONETA PORCUPINE MINES, LIMITED

Douglas County, Oregon

40 20 0 40 80 FEET

PLATE 2



SURFACE ASSAYS

SAMPLE NO.	LENGTH FEET	MERCURY LBS/TON	REMARKS
A	100	2.0	Chip Sample
B	50	4.08	Average of 10 channel samples
C	26	0.9	" " 5 " "
D	30	1.2	" " 5 " "
1001	15	0.0	Channel Sample
1002	15	0.0	" "
1003	15	0.2	" "
1004	15	0.2	" "
1005	10	0.0	" "
1006	13	0.2	" "
1007	13	0.6	" "
1008	13	0.2	" "
1009	13	0.6	" "
1010	12	0.4	" "
1011	12	0.2	" "
393	15	0.4	" "
394	15	0.6	" "
395	15	3.6	" "
396	12	0.6	" "
397	12	0.4	" "
398	14	1.0	" "

GEOLOGIC MAP
SHOWING SURFACE AND UNDERGROUND WORKINGS
ELKHEAD MINE

MONETA PORCUPINE MINES, LTD.
DOUGLAS COUNTY, OREGON

Nov. 1958

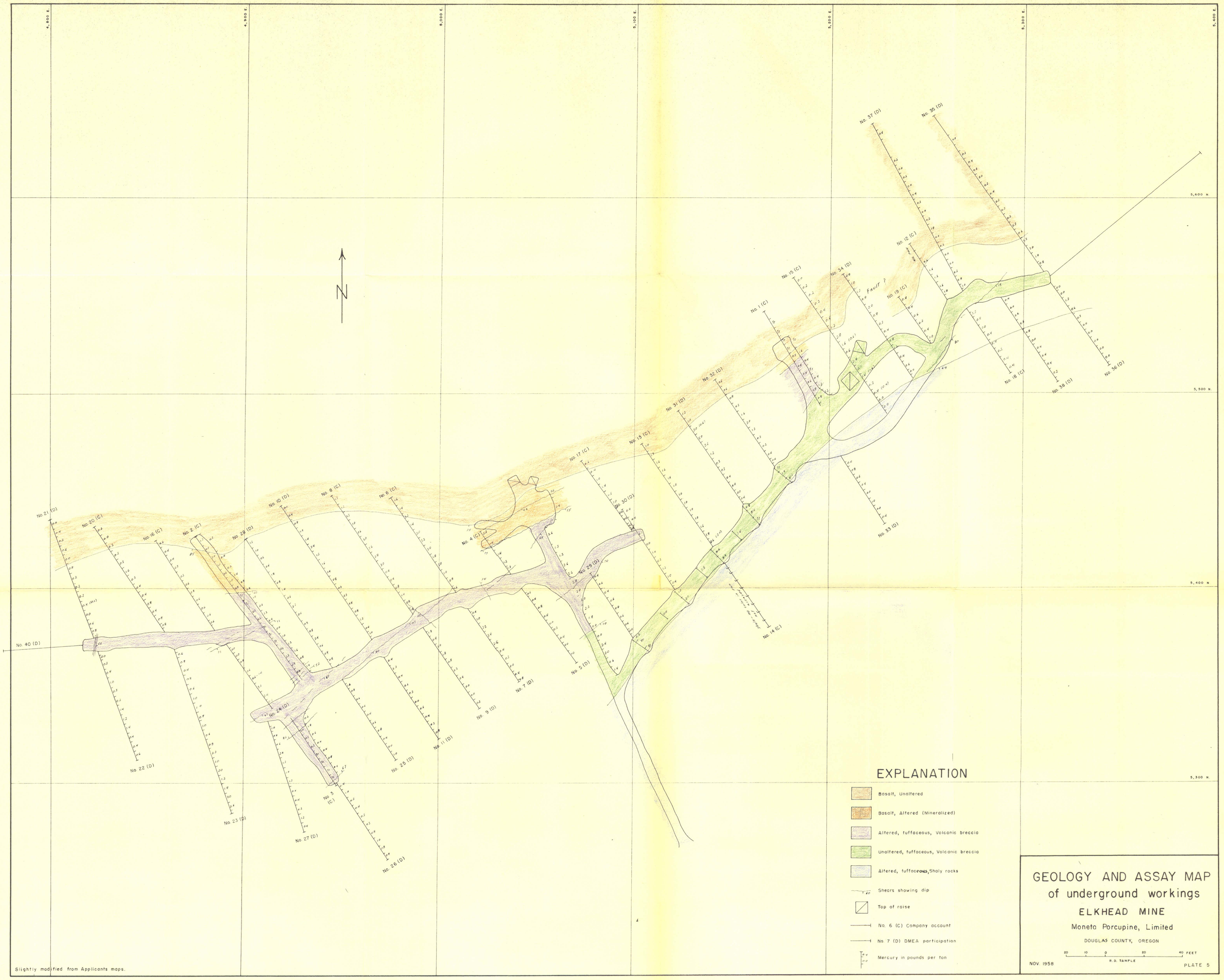
PLATE 4

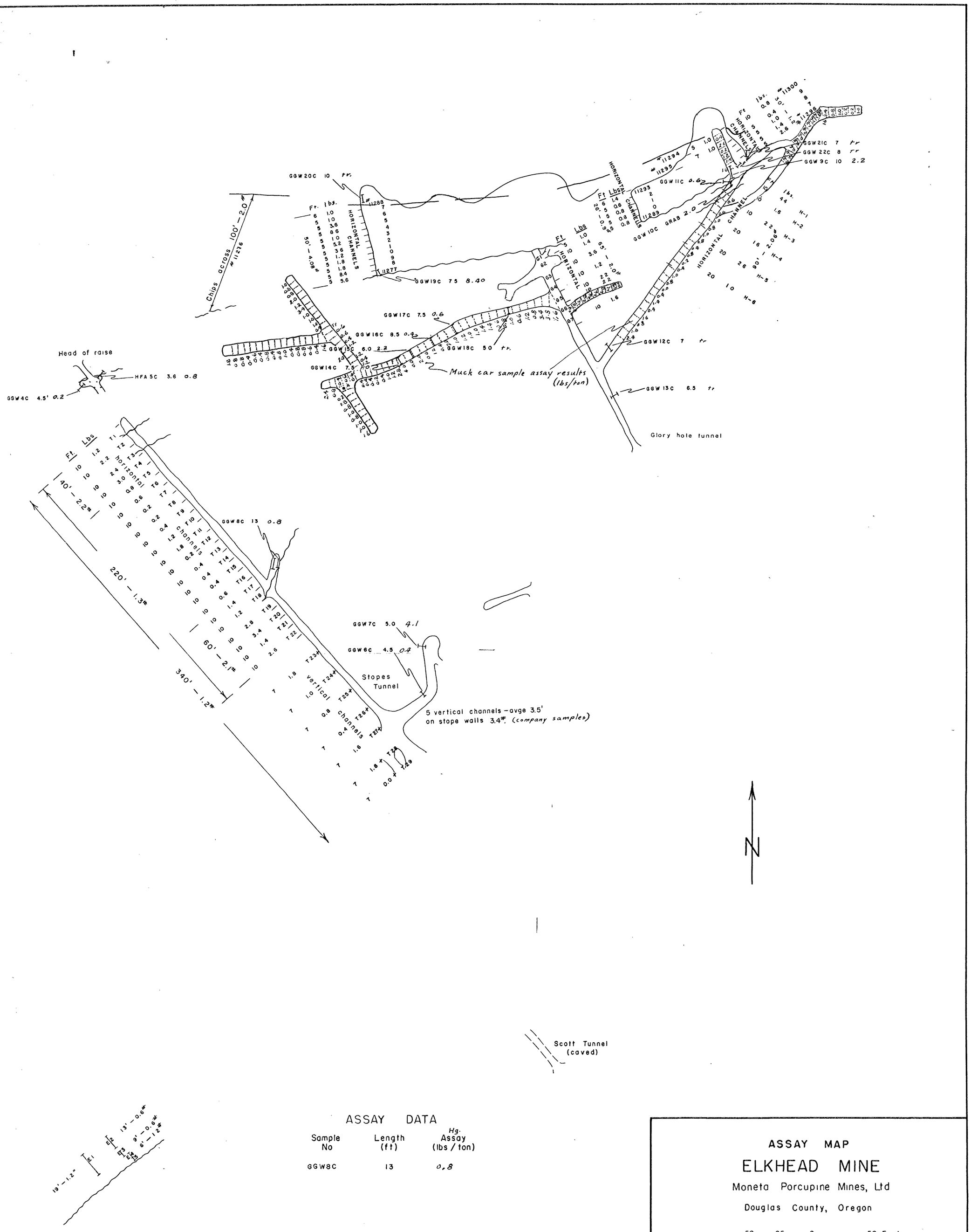
NOTE: COMPILED AND MODIFIED FROM MAPS BY APPLICANT AND H.E. ALBEE

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FINAL REPORT

DOCKET NO. DMEA 4953





ASSAY DATA

Sample No	Length (ft)	Hg. Assay (lbs / ton)
GGW8C	13	0.8

ASSAY MAP

ELKHEAD MINE

Moneta Porcupine Mines, Ltd

Douglas County, Oregon

50 25 0 50 Feet

H.F. ALBEE

NOV. 1958

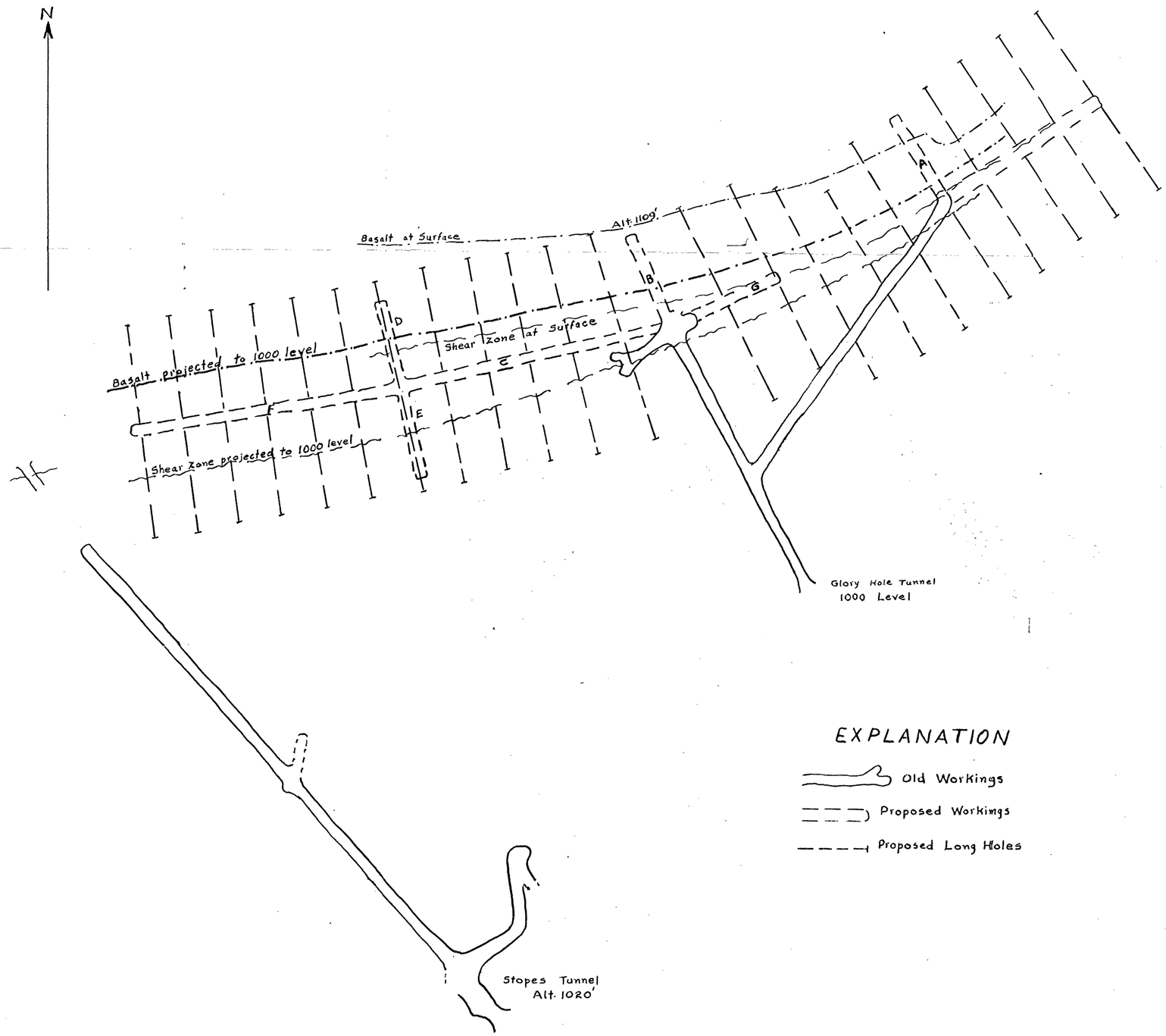
PLATE 3

Map Showing Proposed Program
ELKHEAD MINE
MONETA PORCUPINE MINES, LIMITED
Douglas County, Oregon

40 20 0 40 80 FEET
ALSEE USGS

NOV. 1958

PLATE 2



EXPLANATION

Old Workings

Proposed Workings

Proposed Long Holes

Applicant's Proposed Exploration Map

ELKHEAD MINE

MONETA PORCUPINE MINES, LIMITED

Douglas County, Oregon

50 25 0 50 100 Ft.

R.D. Sample

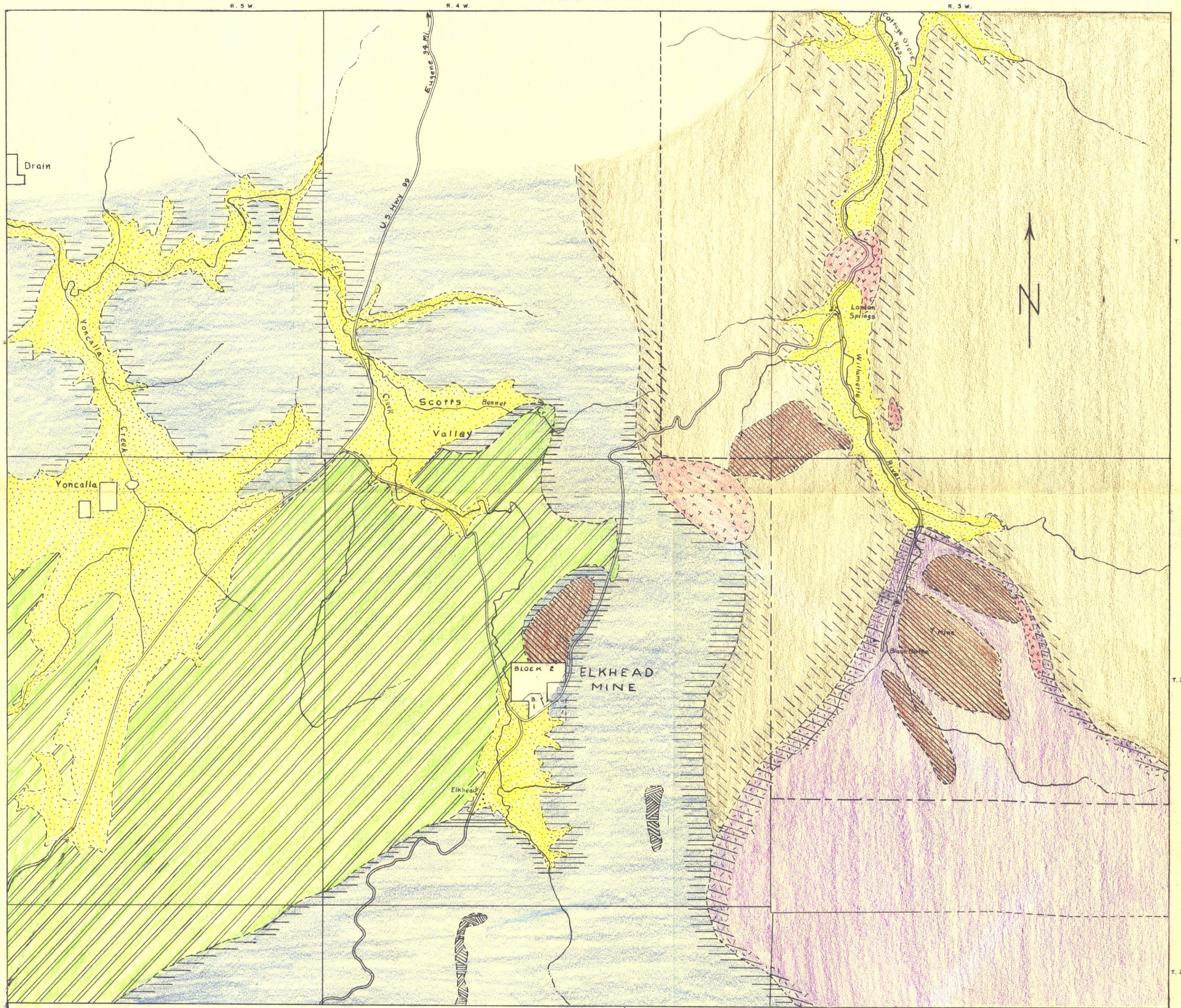
NOV. 1958

PLATE 6

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FINAL REPORT

DOCKET NO. DMEA 4953



EXPLANATION

- ALLUVIUM
- Calapooya fm: UPPER IGNEOUS FACIES
- Calapooya fm: LOWER SED. FACIES
- Umpqua fm: SS. CONGLOMERATE
- Umpqua fm: BASALT
- NORITE SILL
- BASALTIC INTRUSION
- ALTERED ROCK

NOTE

Geology compiled from map by E.G. Wells & A.C. Waters

GEOLOGIC MAP OF ELKHEAD MINE AREA

Moneta Porcupine, Limited

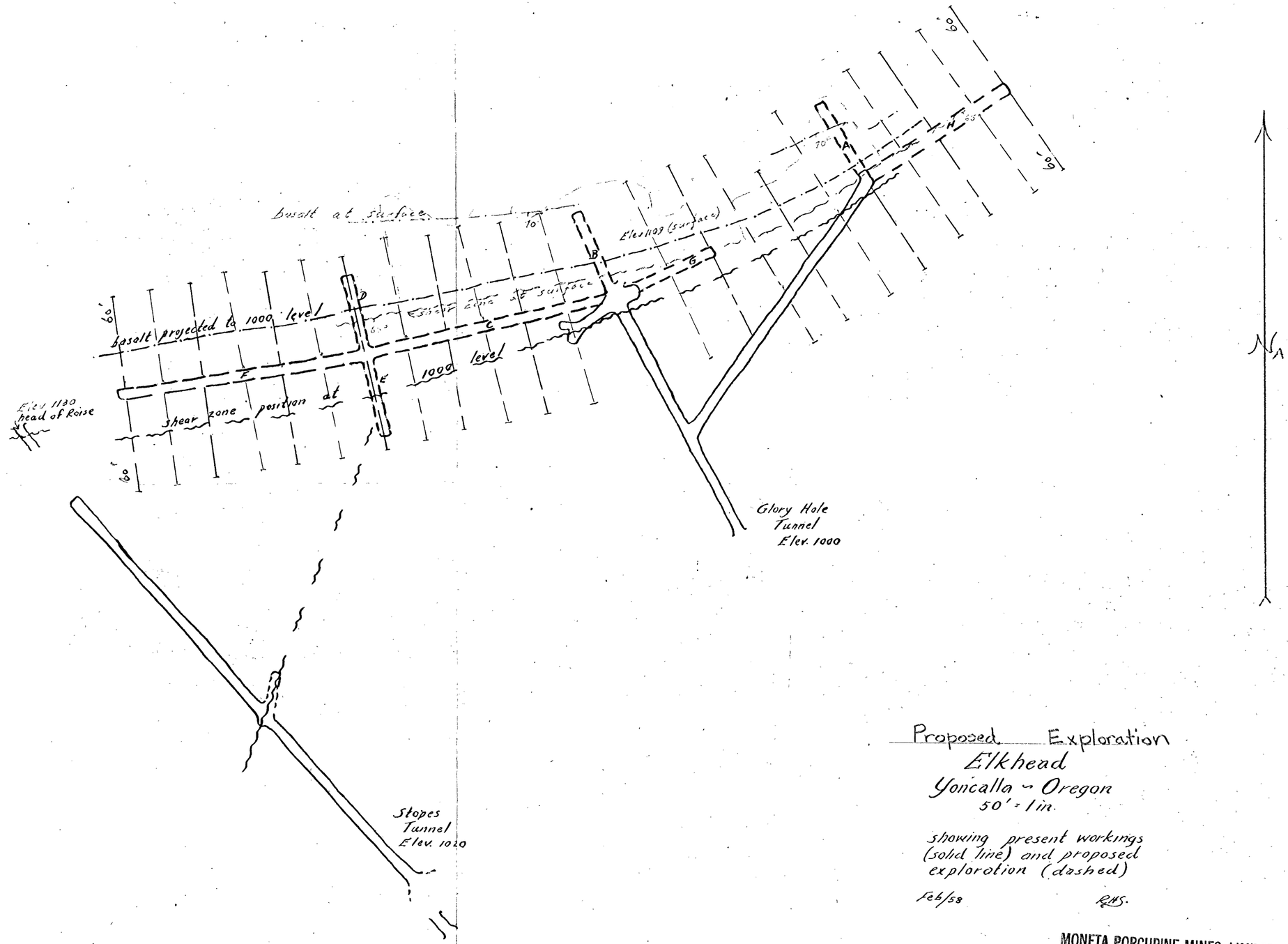
DOUGLAS COUNTY, OREGON

1 0 1 2 MILES

R.D. Sample

NOV. 1958

PLATE I

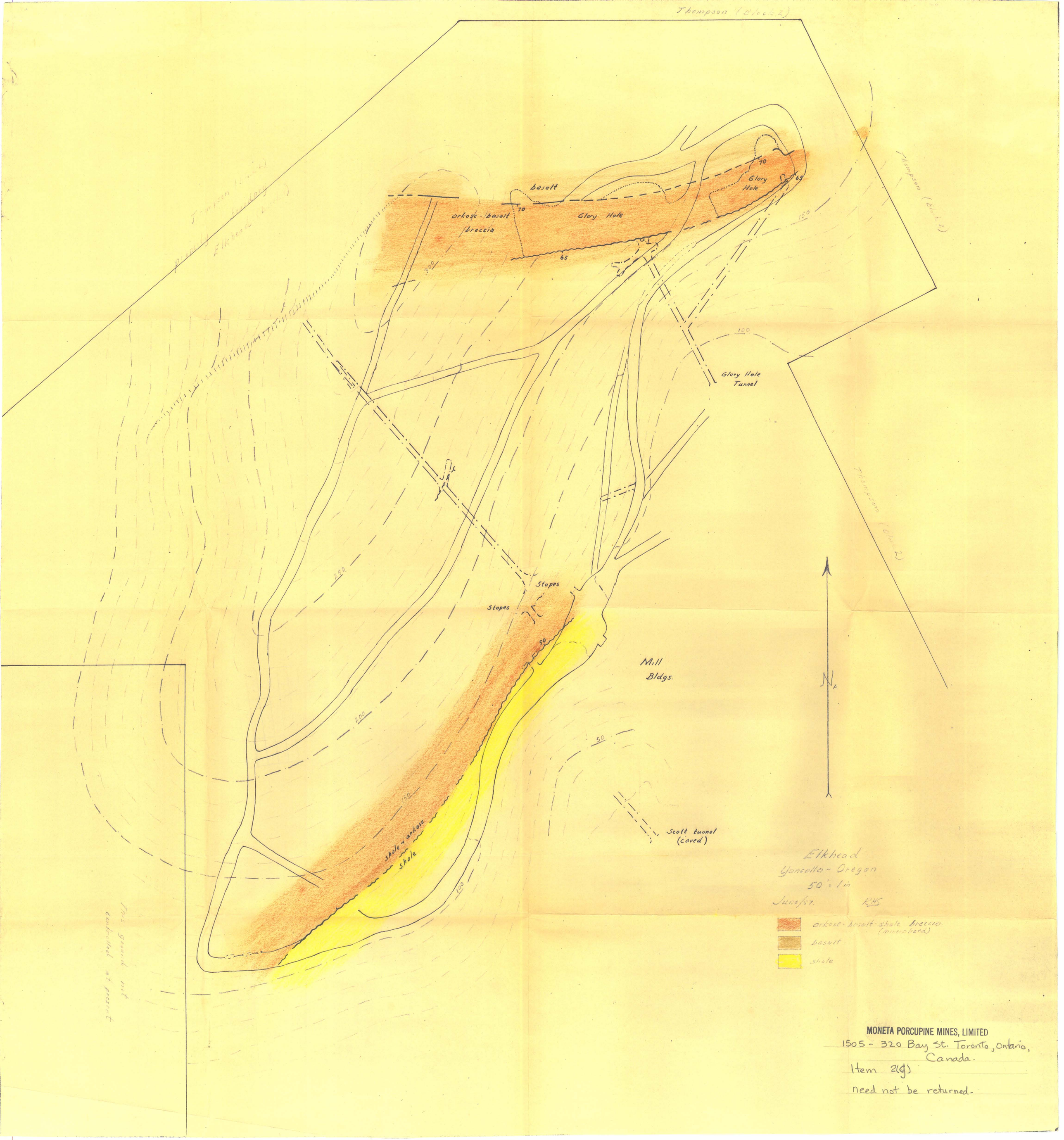


Proposed Exploration
Elkhead
Yoncalla - Oregon
50' = 1 in.

showing present workings
(solid line) and proposed
exploration (dashed)

Feb/58 RHS.

MONETA PORCUPINE MINES, LIMITED
1505 - 320 Bay St., Toronto, Ontario
Canada.
Item 2(g)
Need not be returned.



MONETA PORCUPINE MINES, LIMITED
1505 - 320 Bay St. Toronto, Ontario, Canada.
Item 2(g)
need not be returned.