DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 3252

DO NOT DETACH THIS SLIP

Action on this document is recorded and controlled in Reports and Records Branch. Any movement of this document between divisions or offices of DMA or movement outside DMA must be reported to the Reports and Records Branch. Actions taken that affect status of the case must also be reported.

This document has been recorded as

Exploration Assistance

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

Cys to USBM and USGS

Routing Slip

To:	400	Date	2/15/54
To:	Open Com.	Date	3-24-54
To:	Open Com.	Date	7-7-54
To:		Date	
To:		Date	
To:		Date	
To:		Date	
To:		Date	
To:		Date	
To:		Date	
To:		Date	
To:		Date	
To:		Date	
To:		Date	

DO NOT DETACH

CONTROLLED DOCUMENT

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

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

July 14, 1954

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

Subject: Dockets DMEA-3252 - Tungsten - Blue Spot Mining Claims
DMEA-3253 - Tungsten - Blue Dipper Mining Claims
Mariposa County, California

Reference is to the report on the subject properties by Willmar T. Benson, of the Bureau of Mines, and Lorin D. Clark, of the U. S. Geological Survey, which was sent to you with my memorandum of June 10, 1954.

On page 10 of that report, fourth line below the heading "Ore Reserves," the reported figure (0.06 per cent WO_3) should have been 0.09 per cent WO_3, which is the average of the two samples taken in the lower or 20-foot adit.

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

Copy to: Roscoe Smith, USGS

400

DOCKET
SURNAME

Hopkins
Martin
Geehan
Guild
Hedges
Selfridge
Johnson

JUL 8 - 1954

Mr. Leland J. Cuneo, President
Ineline Mining Company
1770 Twenty-Second Avenue
San Francisco 22, California

Re: Docket No. DMEA 3252 - Tungsten
Blue Spot Group Mining Claims
Mariposa County, California

Dear Mr. Cuneo:

Your application for aid for an exploration project and other data available to us in Washington relating to the above named property have been reviewed.

Projects approved by the Defense Minerals Exploration Administration must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position for the National Defense Program.

Careful study of all our information, although noting small amounts of tungsten mineralization on your property, indicates to us that the probability of disclosing minable ore reserves by your proposed program is not sufficiently promising to justify Government participation. We regret to advise, under the circumstances, that your application for exploration assistance is denied.

We wish to thank you for your interest in the Defense Minerals Exploration Administration program and for bringing your property to our attention.

Sincerely yours,

C. O. Mittenderf (for)

Administrator

JHopkins:foc
6-29-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. 3
R. W. Geehan, USBM
T. P. Thayer, USGS

R.C.S.

July 2, 1954

Interim Report

DMRA No. 3851 - Mica
Ida-E-669
Pate Mine

Operator: C. K. Smith, Linsville, Ala.
Location: Eight miles east of Linsville
Date: June 30, 1954

The operator has installed a steel headframe and a low-speed hand winch which is attached to a 300-pound bucket with a quarter-inch cable. The shaft was 23 feet deep and was crib timbered to 17 feet.

The bottom six feet was in schist with occasional thin pegmatite seams following the schistosity.

Operations were stopped for the past week because of inadequate labor. The operator stated that he has a new crew and expects to start work on July 5 or 6.

The hoisting rope attachment to the bucket was unsafe and it was suggested the operator change it or, if used in its present design, to have the miners come out of the shaft while hoisting a loaded bucket.

J. F. O'Neill, Mining Engineer
Mining Development Branch
Mining Division, Region VII

JFO'Neill:al

cc: R. A. Lawrence, Original + 5
Regional Director, Region VII
V. J. Lynch
A. A. McKinney
J. F. O'Neill
Day File
File

Docket
Surname

Hopkins
Martin
Hewson
Guild

June 29, 1954

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division

Subject: Denial of application for exploration assistance in the amount of $26,705.60
Docket No. DMEA 3252 - Tungsten
Incline Mining Company
Blue Spot Group of Claims
Mariposa County, California

Workings on the Blue Spot claims consisting of short adits, open cuts and pits are in discontinuous tactite and calc-hornfels formed from limestone along the contact of a granodiorite mass on the west flank of the Sierra Nevada mountains.

Scheelite occurs sporadically in the tactite. The natural exposures of scheelite-bearing tactite are small and are of lower grade than that exposed in the workings.

The main workings consist of two adits 12 feet and 20 feet in length respectively, with a vertical distance of 200 feet between them. Small tactite zones with erratic stringers of scheelite are exposed in each adit but the two zones are not continuous. They are separated by a large granodiorite dike and an area of quartz-mica schist which contains numerous small dikes.

Stringers of scheelite in a tactite zone are found in a pit and trench on the crest of the ridge. A composite sample from the walls of the pit assayed 0.13% WO_3.

Samples taken by the examiners were analyzed and gave the following results:

Sample No.	Percent	Description
1660	0.15	Chip along 9 feet north wall 20-foot adit 7 feet from portal. Fe stained limestone.
1661	0.03	Cut along 9 feet north wall 20-foot adit from Sample #1660 to face. Fe stained limestone.

R.G.G.

Sample No.	Percent	Description
1662	0.01	Cut across 4 foot face, 12-foot adit. Hard tactite.
1663	0.56	Cut across 4 foot face, 20-foot adit. Hard tactite.
1664	0.13	Cut across 2½ feet east and west walls of pit on ridge. Fe stained limestone.

The ore exposed on the Blue Spot claims in the lower adit amounts to 12 tons per foot of depth. On the assumption that the ore extends to a depth equal to one-half its exposed length, inferred reserves are 144 tons containing about 0.06 percent WO_3.

The inferred reserve in the upper adit is about 15 tons. An assay of the ore at the face is 0.56 percent WO_3.

It was determined by the mining engineer and the geologist members of the field team that the exposures of scheelite-bearing tactite are small, and the ore is too spotty and low grade to warrant further exploration.

The Commodity Divisions of the Bureau of Mines and the Geological Survey concur in the conclusions of the examining engineer and geologist.

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

JHopkins:foc
6-29-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.

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

June 29, 1954

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division

Subject: Denial of application for exploration assistance in the amount of $26,705.60
Docket No. DMEA 3252 - Tungsten
Incline Mining Company
Blue Spot Group of Claims
Mariposa County, California

Workings on the Blue Spot claims consisting of short adits, open cuts and pits are in discontinuous tactite and calc-hornfels formed from limestone along the contact of a granodiorite mass on the west flank of the Sierra Nevada mountains.

Scheelite occurs sporadically in the tactite. The natural exposures of scheelite-bearing tactite are small and are of lower grade than that exposed in the workings.

The main workings consist of two adits 12 feet and 20 feet in length respectively, with a vertical distance of 200 feet between them. Small tactite zones with erratic stringers of scheelite are exposed in each adit but the two zones are not continuous. They are separated by a large granodiorite dike and an area of quartz-mica schist which contains numerous small dikes.

Stringers of scheelite in a tactite zone are found in a pit and trench on the crest of the ridge. A composite sample from the walls of the pit assayed 0.13% WO_3.

Samples taken by the examiners were analyzed and gave the following results:

Sample No.	Percent	Description
1660	0.15	Chip along 9 feet north wall 20-foot adit 7 feet from portal. Fe stained limestone.
1661	0.03	Cut along 9 feet north wall 20-foot adit from Sample #1660 to face. Fe stained limestone.

Sample No.	Percent	Description
1662	0.01	Cut across 4 foot face, 12-foot adit. Hard tactite.
1663	0.56	Cut across 4 foot face, 20-foot adit. Hard tactite.
1664	0.13	Cut across $2\frac{1}{2}$ feet east and west walls of pit on ridge. Fe stained limestone.

The ore exposed on the Blue Spot claims in the lower adit amounts to 12 tons per foot of depth. On the assumption that the ore extends to a depth equal to one-half its exposed length, inferred reserves are 144 tons containing about 0.06 percent WO_3.

The inferred reserve in the upper adit is about 15 tons. An assay of the ore at the face is 0.56 percent WO_3.

It was determined by the mining engineer and the geologist members of the field team that the exposures of scheelite-bearing tactite are small, and the ore is too spotty and low grade to warrant further exploration.

The Commodity Divisions of the Bureau of Mines and the Geological Survey concur in the conclusions of the examining engineer and geologist.

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

Docket

IN REPLY REFER TO:

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

June 25, 1954

Memorandum

Re: DMEA-3252
-3253
Blue Spot and Blue Dipper Prospects
Mariposa County, Calif.
$44,241
Tungsten

WSM

To: Mr. W. S. Martin, DMEA

From: E. L. Newcomb, USGS

Subject: Review of Field Team Report

The field team has recommended a limited, two-stage project be approved for the Blue Dipper prospect.

The low-grade and sporadic occurrence of the ore deposits on the Blue Spot prospect indicate that Government exploration assistance is not warranted.

Though tungsten mineralization on the Blue Dipper prospect occurs in small erratically distributed pods on the upper and lower adits, the 15-25 foot width of the tactite zone on these levels indicates possible continuity of this zone between the levels. Sampling results from the upper and lower adits suggest that a higher grade of ore is present on the Blue Dipper prospect.

I concur with the field team's conclusions and recommend their proposed project be approved. The inferred size of the tactite zone and the indicated grade of the ore deposits justify further exploration work.

E. L. Newcomb

E. L. Newcomb
Geologist

IN REPLY REFER TO:

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

June 25, 1954

Memorandum

To: Mr. W. S. Martin, DMEA

From: E. L. Newcomb, USGS

Subject: Review of Field Team Report

Re: DMEA-3252
-3253
Blue Spot and Blue Dipper Prospects
Mariposa County, Calif.
$44,241
Tungsten

The field team has recommended a limited, two-stage project be approved for the Blue Dipper prospect.

The low-grade and sporadic occurrence of the ore deposits on the Blue Spot prospect indicate that Government exploration assistance is not warranted.

Though tungsten mineralization on the Blue Dipper prospect occurs in small erratically distributed pods on the upper and lower adits, the 15-25 foot width of the tactite zone on these levels indicates possible continuity of this zone between the levels. Sampling results from the upper and lower adits suggest that a higher grade of ore is present on the Blue Dipper prospect.

I concur with the field team's conclusions and recommend their proposed project be approved. The inferred size of the tactite zone and the indicated grade of the ore deposits justify further exploration work.

E. L. Newcomb
Geologist

IN REPLY REFER TO:

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

June 25, 1954

Memorandum

Re: DMEA-3252
-3253
Blue Spot and Blue Dipper Prospects
Mariposa County, Calif.
$44,241
Tungsten

To: Mr. W. S. Martin, DMEA

From: E. L. Newcomb, USGS

Subject: Review of Field Team Report

The field team has recommended a limited, two-stage project be approved for the Blue Dipper prospect.

The low-grade and sporadic occurrence of the ore deposits on the Blue Spot prospect indicate that Government exploration assistance is not warranted.

Though tungsten mineralization on the Blue Dipper prospect occurs in small erratically distributed pods on the upper and lower adits, the 15-25 foot width of the tactite zone on these levels indicates possible continuity of this zone between the levels. Sampling results from the upper and lower adits suggest that a higher grade of ore is present on the Blue Dipper prospect.

I concur with the field team's conclusions and recommend their proposed project be approved. The inferred size of the tactite zone and the indicated grade of the ore deposits justify further exploration work.

E. L. Newcomb
Geologist

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

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

June 16, 1954

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

Subject: Dockets DMEA-3252 - Tungsten - Blue Spot Mining Claims
DMEA-3253 - Tungsten - Blue Dipper Mining Claims
Mariposa County, California

Reference is to Mr. Miller's subject memorandum to you dated June 10, 1954, in the last paragraph of which he stated that he would send you information substantiating the recommended price of $35.00 per foot for drifting and crosscutting, and $100.00 per foot for shaft sinking, when received from Reno.

Attached are four copies of a memorandum dated June 15, 1954, from A. C. Johnson, which gives the requested information.

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

Attachment

Copy to: Roscoe Smith, USGS

1605 Evans Ave.
xxxxxxxxxxx

June 15, 1954

Memorandum

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

From: Chief, Mining Division, Region III

Subject: Docket No. DMEA-3253 - Tungsten
Blue Dipper Mining Claims
Mariposa County, California

In compliance with your memorandum of June 10, 1954, the following is a breakdown of costs for drifting and sinking on the Blue Dipper tungsten deposit:

For drifting on a two shift basis, it is assumed an advance of 5 feet per day is possible.

Labor	Total cost	Per foot
2 Miners @ $20.00 per shift	$ 40.00	
2 Muckers @ $17.00 per shift	34.00	
Total	$ 74.00	
Breaking and mucking	$1,480.00	$14.80
Powder, fuse and caps	300.00	3.00
Supplies	587.00	5.87
Freighting supplies	233.00	2.33
Rental of equipment	400.00	4.00
Assaying, office expense, hauling fuel & water	100.00	1.00
Supervision	400.00	4.00
Total	$3,500.00	$35.00

Shaft Sinking

	Total cost	Per foot
Station preparation	$1,170.00	$23.40
Labor:		
4 Shaftmen @ $20.00 per shift	80.00	
2 Hoistmen & trammers @ $17.00 per shift	34.00	
Total	114.00	
Total advance 3 feet per day	$1,899.24	$37.98
Timber	776.00	15.52
Powder, fuse and caps	300.00	6.00
Rental of equipment	200.00	4.00
Supplies and equipment	293.50	5.87
Freighting supplies	116.50	2.33
Assaying, office expense, hauling fuel & water	80.00	1.60
Supervision	165.00	3.30
Total	$5,000.24	$100.00

Since drilling and blasting will be necessary in the trenches, it is assumed that the $500.00 sum would be ample for this work.

As Mr. Cunee is conducting a tungsten operation in the vicinity, his supervision would be on a part time basis. There is no need for consultants; such work could be taken care of by the engineer supervising the project.

Docket and correspondence relating to it is being returned herewith.

A. C. Johnson

Encls.

DOCKET
3252

400

Hopkins
Martin
Geehan
Selfridge
Johnson

MAR 24 1954

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

Re: Docket No. DMEA 3252 - Tungsten
Blue Spot Mining Claims
and
Docket No. DMEA 3253 - Tungsten
Blue Dipper Mining Claims
Mariposa County, California
for the
Incline Mining Company

Dear Mr. Miller:

The subject applications for exploration assistance are being referred to your office for review and a field examination of the properties.

The applicant has informed us that these two applications cover two groups of contiguous claims that are located on "a two mile long contact zone." Because the two groups of claims are contiguous and apparently have a common tungsten occurrence, we suggest that in your field examination consideration be given to the possibility of combining the two under a single exploration project.

Copies of additional information submitted by the applicant in compliance with our request are enclosed for your information.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Enclosures

cc: Docket No. 3252
Docket No. 3253
Field Team, Region 3
Code 400
Operating Committee
Adm. Reading File
R. W. Geehan, USBM
P. W. Guild, USGS

APPROVED:

J. H. Hedges
Member, Bureau of Mines

Philip W. Guild
Member, Geological Survey

JHopkins/ls
3/22/54

R. E. G.
3-24-54

extra copy made for 3253

LELAND J. CUNEO
1770 TWENTY-SECOND AVENUE
SAN FRANCISCO 22, CALIF.
PHONE MONTROSE 4-4768

Docket

Defense Minerals Administration
RECEIVED
MAR 19 1954

March 16,1954.

Mr. W. S. Martin, Chief
Iron and Ferro-Alloys Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D.C.

3252

WSM

Dear Mr. Martin:

Re: Docket No. DMEA 3252 -3253
Blue Spot & Blue Dipper Claims
Tungsten.

We started mining and prospecting for tungsten in Mariposa County area, of California, about April 1, 1953.

At that time we had Roger Peale, San Francisco geologist, check over the properties we were then operating, also had John Paul Jones, mining engineer, make a careful examination and check of our proposed plans, we have their reports but they did not cover the Blue Spot or Blue Dipper which were started about June, 1953. We are still developing some of these properties and stockpiling ore on one.

Blue Dipper was closed down by winter storms blocking our access road through Yosemite National Park about Jan. 1, 1954, in 1954 we plan on building an all year road for direct access to the mine.

During 1953 and 1954 we have had regularinspections and checks on our work by J. Paul Jones, M.E., who has had many years tungsten experience and also by Alfred Rodriguez, M.E. a very capable man. They did not prepare reports but made suggestions and checked our work. We are experienced mining operators and call in Geologists and Mining Engineers as consultants the same as a Doctor calls in a specialist.

Blue Spot claims are on the East end of about a two mile long contact zone, we control, at elevations from 3000 ft. to 3500 ft., with the Blue Dipper claims on the West end of the controlled contact zone, at elevations from 4500 to 5400 ft., continuous claims held by us between the two ends, that offer considerable possibilities for future production. We have checked this two mile contact zone but have not explored it carefully except for the work at both ends on Blue Spot #1 and Dipper #1.

About the end of December, 1953, Mr. Rodriguez advised us to drive in a tunnel on the dip of the Tactite ore side at the lower tunnel elevation, which we started just before winter closed us down. We had planned on this step for the first order of business in 1954 and as Mr. Jones agreed with Mr. Rodriguez, it was the last work started before closing down.

LELAND J. CUNEO
1770 TWENTY-SECOND AVENUE
SAN FRANCISCO 22, CALIF.
PHONE MONTROSE 4-4768

Re: Docket No. DMEA 3252 & 3253
Blue Spot & Blue Dipper
Tuggsten claims.

Following are some notes left us by Mr. Rodriguez, about July, 1953, after he inspected the Blue Dipper and Blue Spot properties. At that time the Blue Spot was in its present stage of development and the Blue Dipper had only the upper tunnel about half way in plus some other surface work.

"Your system of trenching the contact zones, is, I believe the best way to prospect your claims. In addition, if you can follow a fractured or sheared limestone bed toward the granitic rock especially where there is some evidence of garnetization and the limestone is marbleized, I believe that you have a good chance of finding sheelite mineralization that may not outcrop."

"In all cases where you have good sheelite showings on the contact, these showings should be followed to their limits along the fractures as well as along the contact."

"Noticed good contacts between the grano-diorite or quartz-monzonite and a relatively pure limestone bed, which has been altered to garnet, epidote tactite with subsidiary iron sulphides."

"The better grade of tungsten mineralization appears to be associated only with the contact zones between the granitic intrusive rock and a rather pure limestone which is metamorphosed or altered to garnet, epidote and other lime silicates, grading out to marble away from the contact. The shaly and other shistose impure limestone beds which overlie and underlie the pure limestone beds do not appear to contain any appreciable tungsten in the area covered by your claims that I inspected. This mineralization in the pure limestone beds is well illustrated on the Blue Dipper upper tunnel, where good sheelite mineralization occurs in the pure limestone beds between alternating chert bands." At this time there was only a small showing of tactite primary ore in the floor of the upper tunnel.

Attached find further data on the Blue Spot and Blue Dipper properties, with attached sketches.

Would appreciate having your investigation rushed along as much as possible as weather conditions are now favorable for spring operations and good miners are available as the higher elevation properties can not start until a little later.

Very Truly yours,
Incline Mining Co.
by
L. J. Cuneo

Docket

Blue Spot No. DMEA 3252
Tungsten.

DEPARTMENT OF THE INTERIOR
Bureau of Mines Minerals
RECEIVED

Contact passes through about the center line of the Blue Spot #1 claim, on which claim all the described work has been done, contact bears about North 50-60 degrees West.

We started our trenching work at right angles to the contact about 100 ft. above the East end line of the claim and trenched up the hill for 300 to 400 ft. along the contact, 8 cuts and trenches, also have two cuts on top of ridge about 300 ft. from upper tunnel at elevation 3500', these two cuts showed ore, see sketch #1 and #1a. We next selected the most promising cuts to start our drifts. It is about 300 ft. vertical and horizontal between cuts on top of ridge and upper tunnel.

At cut #2, near the surface, there was exposed three narrow stringers about 6" wide each of very good grade ore, the stringers apexed together into a good grade surface exposure, about 3% ore, see sketch #2. Here we extended cut into the hill about 9 ft. deep, narrow seams or stringers widened into about two ft. of ore at end of cut, that averaged about 1⅓%. We then drove in a 12 ft. tunnel (hand drilling) and at 12 ft., face had widened to 3 e 4 ft. of ore and appeared to be widening as it went in. We took two samples across the width of this tunnel face, one near end of drift ran 3/4% and one about middle of drift ran 2¼%. These samples were taken in spots avoiding high grade streaks. This tunnel bears N. - 60 degrees West. (All readings magnetic) Lime on the South side is very massive and on North side granite extends to top of mountain.

Cuts #2a and 2b both showed ore, but were not carried to a depth sufficient to warrant sampling.

Cut #3 was not carried deep enough to expose ore zone.

Cut #4, exposed low grade ore that was not followed as #5 looked more promising, only about 30 ft. lower.

Cut #5, about 100 ft. vertical below #2, showed no ore on the surface but began to show ore at a few feet depth into the hill, though weak, at about 12 ft. depth cut showed 3 to 4 ft. of commercial ore, 6/10%, that was widening as cut went in, we then drove a tunnel on lime side of cut for a depth of 20 ft., bearing N. 60 degrees west, with ore about 5 to 6 ft. wide at end of drift. We cut three samples across face as tunnel went in, one in about two ft., ran .85%, in about 10 ft. ran 1.55% and one about 18' ran 1.40%

Cuts #6, #7 & #8 showed no ore at the depth we stopped, though latter showed some garnet.

We did not have specific geologist or M.E. reports prepared for this property but have them check our work and we are guided by their advise. Both Mr. Rodriguez and Mr. Jones, top tungsten men, advised us to drive in both tunnels to considerable depth or extent of ore depth at #2 and #5 to properly explore the ore body. Ore grades naturally changes at various depths but the important part is that when the grade changes it snaps back in a very short distance.

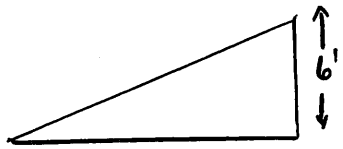
Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

Dmea 3252

BLUE SPOT NO. 1 CLAIM (centered on contact)

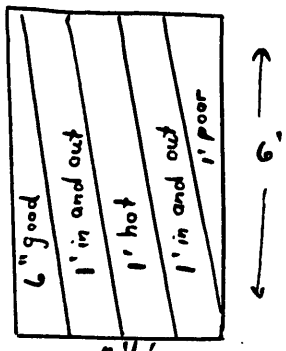
Adjoining claims on contact to the West, towards Blue Dipper claims

CUT NO. 1



N.-60°-E.-10'

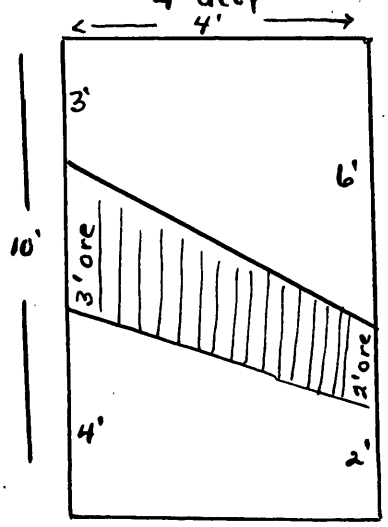
FACE OF CUT NO. 1



Est. average 3/4 %

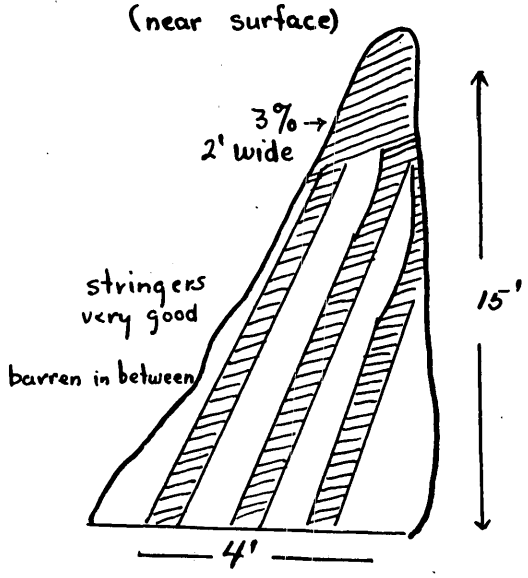
TRENCH NO. 1-A

4' deep

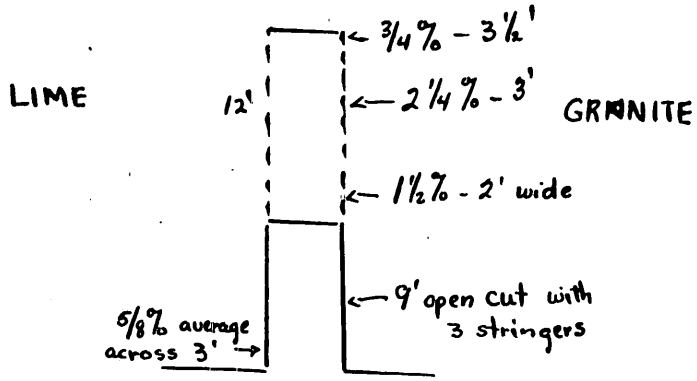


Est. average across ore width 3/4 %

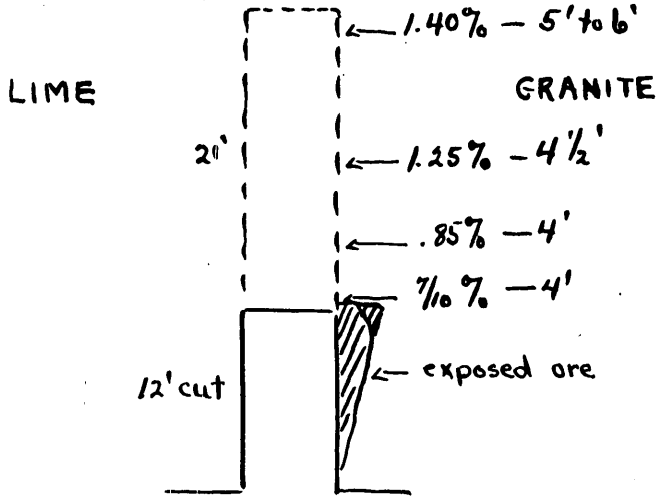
NO. 2 OLD CUTS AND EXPOSURE (near surface)



NO. 2 PRESENT CUT AND TUNNEL PLAN



NO. 5 PRESENT CUT AND TUNNEL



NOT TO SCALE

DOCKET

400

Hopkins
Matthewson

MAR 8 1954

Mr. L. J. Cuneo
Incline Mining Company
1770 - 22nd Avenue
San Francisco 22, California

Re: Docket No. DMEA 3252 - Tungsten
Blue Spot group of claims
Mariposa County, California

Dear Mr. Cuneo:

The above-docketed application for exploration assistance has been referred to the Iron and Ferro-Alloys Division.

In order to determine what action to take regarding your application, we shall need further information. Your sketch map indicates that tungsten ore is exposed in many places on your property, but for our purposes it should also show the full extent of your sampling. At each place where a sample has been cut the map should show the length and assay value. In addition to the complete assay data, we should have any available information on the geologic relationships found in the surface and underground workings.

Copies of the reports by Mr. Alfred Rodriguez and Mr. John Paul Jones should be submitted for our inspection and review.

We will, therefore, hold your application in abeyance until we receive the information requested above.

Sincerely yours,

SIGNED

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

cc: Docket
FT, Reg. 3
Code 400
Adm. Read. File
R. W. Geehan, USBM
T. P. Thayer, USGS

JHopkins/WSMartin/ls
3/5/54

R.C.G.
3-28-54

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

February 15, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region III.

DMEA
-3252 Incline Mining Co.

ROBERT E. ADAMS

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

Mr. L. J. Cuneo
Incline Mining Co.
1770 22nd Ave
San Francisco 22, Calif.

February 15, 1954
Subject: DMEA-3252
Re: Exploration Assistance
Blue Spot

Dear Sir:

The receipt of your application dated February 3, 1954 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3252 and referred to the Iron and Ferro Alloys Division.

Kindly refer to DMEA-3252 in any future correspondence relating to your application.

Sincerely yours,

ROBERT E. ADAMS

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

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

RECEIVED
FEB 15 1954

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

February 9, 1954

Memorandum

To: Defense Minerals Exploration Administration,
Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for Exploration Loan - Tungsten
Incline Mining Co., Blue Spot Claim
Box 86, El Portal, Mariposa County, California
L. J. Cuneo, 1770 - 22nd. Ave., San Francisco 22, California

Enclosed are three of the four copies of an application for an exploration loan received in this office. Also enclosed are six copies of Owner's Consent to Lien forms and three copies of "Agreement for Purchase and Sale of Mining Property."

We are retaining one copy of the application and one copy of the agreement for purchase and sale of mining property.

This application is for work on the Blue Spot claim and should not be confused with the application made simultaneously for work on the same operator's Blue Dipper claim.

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

Attachments

Copy to: Roscoe Smith, USGS

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Not to be filled in by applicant

Docket No. ~~3253~~ 3252
Metal or Mineral Tungsten
Date Received
Estimated Cost $26,706
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Incline Mining Co. Head office 1770 - 22nd Ave. San Francisco 22, Calif., Field office Box 86, El Portal, Calif. A partnership. L. J. Cuneo, 1770 - 22nd Avenue, San Francisco, Clarence J. Garibotti 2301 West Cliffe Lane, Walnut Creek, Claudio Garibotti, Lafayette, Calif.

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

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

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Main work on Blue Spot #1, adjoining claim #2 might be benefited. Located about 3/4 mile Northwest of Barium Mill owned by National Lead Co. and in Township 3 South, Range 20 East, El Portal Mining District, Calif. Section 7.

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

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

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

(*e*) If you own the land, describe any liens or encumbrances on it None

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. Volume A-2, pages 419 and 479, Mariposa County official records.

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

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

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

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

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

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

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

(*c*) The work will start within 30 days and be completed within 9 months from the date of an exploration project contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

[X] Money [ ] Use of equipment owned by you [ ] Other

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated February 3, 1954

Incline Mining Co.
(Applicant)

By L. J. Cuneo
L. J. Cuneo, Partner

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

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

RECEIVED
1 15 1954

4 (a)

We first checked and traced the Granite-Lime Contact for over 700 ft., then we prospected and trenched along the contact for over 300 ft., selecting what we thought was the most logical place to start, then we drove in two tunnels (hand drilling) on the best showings indicated. About 100 ft. difference in elevation between the two tunnels, upper tunnel started with a cut about 9 ft. into the hill, then from tunnel portal it is about 12 ft. to the face. Lower tunnel started with a 12 ft. cut into the hill and tunnel is about 21 ft. to face.

Both workings show good ore and excellent possibilities.

On top of ridge about 200 ft. higher elevation than upper tunnel there is a cut about 6 ft. deep and 9 ft. long also a trench about 4 ft. wide and 10 ft. long, both showing commercial ore. They are old development work and show ore two to three feet wide.

Mine can be reached by trail that takes about 45 to 60 minutes to go in and about 30 minutes to come out.

4 (b)

No ore has been shipped from property. Rock became too hard for hand work, but limited work indicates several hundred tons of good ore that would increase rapidly with further depth of tunnels.

Have about 5 tons of ore piled at upper tunnel and about 15 tons of ore piled at lower tunnel. Overall potential ore reserves look very good.

North side of lower tunnel has ore in place most of the way in as we drove the tunnel in on the lime side, ore bearing zone averaged about 3 to 4 ft. wide at the start and about 5 to 6 ft. wide at the shallow depth reached and appears to be widening.

Both workings will average 1% though samples taken ran from 3/4% to 4% and not taken in any of the hot streaks.

4 (c)

Appears to be a vein structure between the Lime and Granite, the lime is exposed for over a 100 ft. wide near the upper tunnel.

The contact metamorphism is expressed in the formation of garnet, epidote, quartz and a general silicification of the rock which in tungsten mining is called tactite.

Sheelite bearing tactite has been exposed in a number of places and can be traced to the top of the ridge, indicating that the ore could extend for quite a distance.

We feel that the development work recommended should prove a large ore body or several good sized bodies.

Alfred Rodriquez and John Paul Jones both capable mining engineers with considerable tungsten experience, checked the property for us and agreed that both tunnels should be driven in and the ore zone explored. Mr. Roger Peale, geologist, checked some of our properties in the area and one property adjoining the Blue Spot and advised driving in on the ore. To date we have spent about $1500.00 on the property not including engineers examinations.

Sketch labeled 4 (c) attached.

4 (d)

Mine is accessable now by trail, a simple jeep road is needed to get compressor and equipment in, several possible routes. The mine is about 2½ miles by the proposed road from Merced-Yosemite highway and about 3½ miles from the town of El Portal. Merced is about 67 miles away.

4 (e)

Sufficient local labor is available as the large National Lead Co. Barium mine has been shut down for some time and they employed a large number of miners so a good backlog of experiences man are available.

Minor items are purchased in El Portal or Mariposa, latter is about 30 miles away. Major items come from Merced, Fresno and San Francisco where we buy most items direct from the large jobbers.

Ample housing within a radius of 10 miles.

Electricity about 3000 ft. airline, for development work air equipment will be used driven by either gasoline or deisel. Water available except in the dry season, though it appears possible to develop sufficient water fairly close by for development work, if not, the trucks bringing men to work in the morning haul in water in 50 gallon drums plus their drinking water.

5 (a)

Tungsten, (Scheelite) WO_3

5 (b)

For the development program we plan on driving in the upper tunnel an additional 90 ft., at the 50 ft. depth point we would drive a 25 ft. raise, ten foot winze and crosscuts to determine the width of the ore body.

At tunnel depth of 100 ft. we would crosscut the width of the ore body, raise 50 ft. and winze about 40 ft.

On the lower tunnel we would drive in a 75 ft. tunnel, with crosscuts the width of the ore body at 50 ft. and 100 ft. Drive a 20 ft. raise at 50 ft. depth and a 40 ft. raise at 100 ft. depth along with a 10 ft. winze at 50 ft. depth and a 20 ft. winze at 100 ft. depth.

The way the present work is started, we would try to stay on the ore bearing zone at all times. Sketch 5 (b) attached.

5 (c)

Start within 30 days and be completed within 9 months.

5 (d)

We have been mining since 1946 and have had some good sized operations, mainly gold and chrome. For consulting mining engineers we will use Alfred Rodriquez of Paradise, Calif. and John Paul Jones of San Francisco, they are rated top tungsten experts. For geological work when required, we will use Roger Peale of San Francisco.

L. J. Cuneo will be in charge of operations, he first started mining in 1940, produced considerable chrome ore during World War II, has been in heavy construction, quarry work and mining ever since.

6 (a)

No work to be contracted though we may hire a bulldozer by the hour, operated, on the first stages of benching and roads.

6 (b)

Four miners, including insurance & taxes, each per day	$ 20.00
One helper and misc. man " " " " " "	17.00
One Supt. time proportioned per month	145.00
Supt's. living expenses proportioned, per month	50.00
Supt's. transportation and hauling supplies "	35.00
Cons. Mining Engineer, 4 days per month, per month	300.00
Cons. Geologist, about two days per month, per month	250.00

6 (b & c)

Tunnel Breakdown costs:		Per day
2 miners per tunnel	@ $20.00	$40.00
Powder, caps and fuse		5.25
Bits and bit sharpening		1.50
Tools, tool sharpening, replacements inc. hose & steel		2.00
½ compressor fuel, oil, & filter elements		3.00
Minor repairs and part replacements		1.50
½ helpers time		8.50
Wedges, bolts, nails, misc.		4.25
Total per day		$ 66.00

On tunnels and crosscuts should average 3 ft. per day.

Tunnels and crosscuts per ft.	$22.00
Raises	17.00
Winzes	30.00

6 (d)

450 ft. of 2" air pipe	$225.00
300 ft. of ½" water pipe	60.00
120 ft. of 3/4" air hose	60.00
120 ft. of ½" water hose	50.00
2 - 6 ft. whips, 2 - 10 ft. whips, 2 lubricators, wrenches	62.00
500 ft. of 12 to 20# rail	300.00
Ties and track items	100.00
14 pieces of drill steel, 1½' to 6'	50.00
Mine timbers, etc.	350.00
2 steel cars	400.00
Fittings and valves	50.00
Totals	1707.00

Freight and getting equipment and supplies to mine		500.00
Compressor rental, per month	$300.00	
2-jacklegs and special 48 lbs. drills, rental	120.00	
1 - 45# jackhammer, rental	40.00	

6 (e)

None, we have miscellaneous tools and items available, no charge to project.

6 (f)

Build 1 - 8' x 12' tool and supply building	$200.00

6 (g)

1 - Assaying	$100.00
2 - Proportion of office expense, per month	48.65
3 - Hauling water and fuel per month	45.00
4 - 7000 ft. jeep access road, see breakdown below	7500.00

6 (h)

5%

6 (g)

#4 - Road breakdown:

Average crew:

Working foreman and powder man	$ 16.00
2 drillers	30.00
16% payroll insurance and taxes	7.40
Misc. part time help, cutting trees, etc.	6.50
Total per day	$ 60.00

Road materials, supplies and equipment		
Powder		$445.00
Fuse, caps & wire		120.00
Fuel & oil		200.00
Minor repairs and replacements		100.00
Bits, bit and tool sharpening		425.00
Supervision, layout and transportation		450.00
Rental 2 jackhammers	2 months	160.00
Rental compressor, 2 months		600.00
Totals		$2500.00

Road summary:	
38 days labor for full crew	$2300.00
27 days, D-7 or D-8 dozer	2700.00
Equipment, and supplies	2500.00
Totals	$7500.00

Total Cost Summary of development Project.

165 ft. of development tunnels	$ 22.00	$ 3630.00
80 ft. of development crosscuts	22.00	1760.00
135 ft. of development raises	17.00	2295.00
80 ft. of development winzes	30.00	2400.00
1 Supt., 6 months, proportioned	145.00	870.00
Supt. living expenses "	50.00	300.00
Supt. transportation, hauling supplies	35.00	210.00
Cons. Mining engineer, total of 12 days	75.00	900.00
Cons. Geologist, total of 6 days	125.00	750.00
Materials and supplies, see page 3, 6 (d)		1707.00
Freight and getting equip. & supplies in		500.00
Compressor rental, 4 months	300.00	1200.00
2 jackleg & special drill rentals	120.00	480.00
1 45# jackhammer rental	40.00	160.00
Hauling water and fuel	45.00	180.00
1 tool and supply bldg.		200.00
Assaying, 20	5.00	100.00
Proportion of office expenses	48.65	291.90
7000 ft. access road, considerable hard rock		7500.00
Totals		$25433.90
5% contingencies and unforseen		1271.70
Total estimate		$26705.60

One-Fourth	$ 6,676.40
Three-Fourths	20,029.20

Blue Spot
Page 5, attached

MF-103
Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

MF-203

OWNER'S CONSENT TO LIEN

RECEIVED
1 5 1954

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of California, County of Mariposa, described ~~as follows:~~ 1/ in an "Agreement of Purchase and Sale of Mining Property, dated March 26, 1953 and recorded in Book 43, page 81, of the official records of said County," covering the Blue Spot mining claims.

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

2/ Incline Mining Co., a partnership, P.O. Box 86, El Portal, Calif.
L. J. Cuneo, Clarence J. Garibotti & Claudio Garibotti dba -
Incline Mining Co.

hereinafter called the "Operator"; and

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

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

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

2. To secure the payment to the Government of the percentage royalty on production 3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 20,029.20, or ten years have elapsed from the date of the contract.

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

Dated this 1st day of February, 1954.

M. J. Barnett [Seal]
L. W. Barnett [Seal]
John Milanovich [Seal]

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

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

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

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

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

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

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

FILED
1 15 1954

AGREEMENT FOR PURCHASE AND SALE OF MINING PROPERTY

THIS AGREEMENT, made and entered into (in duplicate) this 26th day of March , 1953, by and between W. J. Barnett, L. W. Barnett and John Milanovich, all of El Portal, Mariposa County, California, hereinafter designated as First Parties, and L. J. Cuneo, Trustee, hereinafter designated Second Party.

W I T N E S S E T H:

That said First Parties warrant that they are the legal and equitable owners of the hereinafter mentioned mining claims and warrant that there are no liens or encumbrances against said mining claims, and agree to defend title to said mining claims and mill sites herein described at their sole expense and to indemnify said Second Party from all expense or damages as a result of any breach of such warranties.

That the said First Parties, for the consideration hereinafter mentioned, hereby agree to sell and convey unto said Second Parties, his heirs, executors, administrators and assigns, all of their right, title and interest in and to that certain group of mining claims, or mines, known as the "Blue Spot" consisting of the Blue Spot No. 1, 2, 3, and 4, situated in the El Portal Mining District, County of Mariposa, State of California, as described in location notice recorded in volume A-2, page 419 and 479 covering No. 1 & 2 and two claims now being recorded, copies to be provided, recorded in Mining records of Mariposa County, said claims are located in Township 3 South, Range 20 East, M.D.B. & M., directly above the Merced River on North Side approximately 3/4 mile N.W. of Barium Mill, together with a filing on a Mill site of approximately 5 acres on the Merced River, as per location notice attached together with all of their right, title and interest in and to any water rights, roads and/or easements they may hold in connection with and for the benefit

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

of said Blue Spot mining claims.

The purchase price of said mine, or claims and premises, shall be Seventy-five thousand dollars ($75,000) in lawful money of the United States of America, payable on or before ten (10) years from the date hereof, provided however, that Second Party may complete payments after said ten (10) year period as long as minerals in paying quantities can be produced, saved or sold therefrom, and is to be paid as follows: One dollar ($1.00) to them in hand paid by Second Party, the receipt of which is hereby acknowledged, and ten per cent (10% of the "Gross returns" from the sale of all ore, bullion or other occurring products taken or recovered from said property and sold to custom mill, smelter, mint or any market source. Payments are to be made monthly, based on receipts received for all shipments during the preceding month. The term "Gross returns" shall provide for the deduction of transportation costs of the finished products, said transportation costs are to be deducted from total gross returns received to arrive at "Gross returns" figure which is the basis the 10% royalty is computed from. Transportation costs shall be interpreted as the cost of shipping mined ore direct to a ore buying custom mill not located in the El Portal area or the costs of shipping concentrates to buyers acceptance point. It is understood that should a mill be built in the El Portal area, the costs of hauling ore from the mines to the mill in the El Portal area are not deductable. The Second Party shall have, however, and is hereby given the right to pay the whole or any part of the purchase price at any time. It is mutually agreed and understood by both parties that when Second Party, or his heirs, executors, administrators or assigns, has paid the total sum of Seventy-five thousand dollars ($75,000) at the times and in the manner set forth in this agreement, then and in that event Second Party shall be relieved of any further payments of any kind or nature and First Parties shall promptly deliver to

Second Party a grant deed or deeds conveying all of their right, title and interest in and to the herein described property to the Second Party.

Second Party shall furnish a monthly report to First Parties of all ores, bullion or other products taken from said premises and sold.

Second Party agrees to pay all future state and county taxes that may be levied or assessed against said premises during the life of this agreement. First Parties agree to pay ten per cent (10%) of any state or county ore or bullion tax which may be levied or assessed against ore or bullion taken from said premises during the life of this agreement, their share of such tax to be deducted from their share of gross returns from ore or bullion.

It is also further understood and agreed that all work done by the said Second Party and all improvements put on said premises by said Second Party shall be done in a good and workmanlike manner and mine fashion and at the sole cost and expense of the Second Party.

The said Second Party further promises and agrees that during the life of this agreement he will not do any act or thing which would cause mechanics' or other liens to be placed against said property, or any part thereof.

The said First Parties shall have the privilege at all times during the life of this agreement of causing to be posted, and of keeping posted, in a conspicous place or places on said mining premises a notice in writing, reading to the effect that the work of developing and mining on said premises and any improvements thereon is being done wholly and solely at the expense of the said Second Party, and stating that the said First Parties will not be responsible for the indebtedness for labor, material or at all, created by the said Second Party in connection with the work and operation of said property during the existence of

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

this agreement.

The said Second Party further covenants, promises and agrees to save the said First Parties harmless from any damage or damages that might occur in the operation of said mining premises, and for that purpose shall insure and keep insured in some reliable accident insurance company, or with the insurance department of the State of California, all persons employed by him or his agents in and about said premises during the life of this agreement.

The said First Parties, or their authorized agents, shall at all times have the right to inspect said premises and the underground workings of said mining claims as long as they do not interfere with mining operations.

In consideration of this agreement and during the life thereof, and before July 1, 1953, and annually thereafter until such time as mining claims may have been patented, Second Party shall perform the annual assessment work provided by law, and shall file in the office of the Recorder of the County of Mariposa, State of California, a Proof of Labor executed in proper form to set forth and establish that the annual assessment work required by law has been performed on said Blue Spot No. 1, 2, 3, 4 mining claims.

Second Party agrees to start active mining operations not later than fifteen (15) days from date of this agreement and to prosecute and continue the same with reasonable diligence during the period of the year when weather permits.

Second Party agrees to advance to First Parties the sum of $225.00 upon receipt of this agreement completed, signed and notorized, said $225.00 advance is to be deducted from future 10% royalties payable to the First Parties as covered in this agreement.

Ore shipments will start from the Blue Spot mining claims within 15 months from the date of this agreement, and shall continue without interruption otherwise Second Party will pay there-

after to First Parties the sum of $150.00 per month for each and every month no shipments are made. Said $150.00 per month payments shall be deductable from future 10% royalty payments due First Parties under this agreement.

It is agreed that the First Parties shall have access to the records pertaining to tonnage and receipts from the sale of tungsten ore at all reasonable times.

Second Party agrees to carry on the mining and sale of ore and bullion or other products with due diligence during the life of this agreement, except that should the market for Tungsten drop below such a price as would show a loss in the operation or a dissipation of the asset, the operation may be closed down until such time as the market price of Tungsten shall have returned to where the operation would return a justifiable profit solely as determined by Second Party, but in no event longer than six months anytime after 1956.

The Second Party, during the life of this agreement, shall have the exclusive right to work, mine, develop, extract and recover the minerals, metals or other occuring products obtained within or on the said premises, and shall also have the right to sell, mill or otherwise reduce and sell the same for his use and benefit. Second Party shall also during the life of this agreement have the use of such land and water as may be necessary for the mining, milling, dumping of waste or tailings, impounding of water, erection of buildings, power plants and lines, roads, dams and the like. Before mill erection is commenced, and if the mill site held by First Parties is desirable, First Parties shall deed their mill site to Second Party, or his heirs, executors, administrators or assigns, for the erection of said mill in the sole discretion of said Second Party.

It is understood and agreed that Second Party reserves the right to terminate this agreement of purchase at any time during the life thereof upon giving sixty (60) days' notice thereof in

writing to First Parties; provided, however, in the event of such termination he will make full settlement with First Parties for all returns due them for all minerals, metals or other occurring products taken from said premises and not theretofore accounted for. Upon such termination, whether by election of Second Party or by forfeiture by First Parties, Second Party shall have ninety (90) days from and after the date of giving said notice or of forfeiture to remove from said mine premises any and all equipment, machinery, structures, buildings, power plants and power lines and any other improvements, except mine and/or shaft timbers in place, placed thereon or thereinby Second Party.

It is further understood and agreed that all notices provided for in this agreement to be served upon the said First Parties shall be deposited in the United States mail, postage prepaid, and addressed to First Parties in care of W. J. Barnett, Box 16, El Portal, Mariposa County, California; and any notices to be served upon Second Party shall be deposited in the United States mail, postage prepaid, and addressed to him at 1770 - 22nd Avenue, San Francisco, Calif., or in case of assignment hereof, to such address as may be requested by the assignees.

Time is of the essence in this agreement, and should the said Second Party, or his heirs, executors, administrators or assigns, fail, neglect or refuse to carry out any of the terms and conditions hereinabove stated for a period of sixty (60) days after written notice of default mailed to him by registered mail at the address above given, or has not started to remedy said complaint or default with reasonable diligence, this agreement shall become null and void and of no further force and effect, and all payments made thereon shall be retained by the said First Parties as liquidated damages for the use and occupancy of said premises and as the consideration for which this agreement is executed, and the said Second Party shall forthwith

deliver up to the said First Parties the Peaceful possession of said premises and every part thereof.

This agreement shall extend to and bind, and be enforceable against, the heirs, executors, administrators and assigns of all parties hereto; it is understood Second Party shall have the right to assign this contract and all rights thereunder.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first hereinabove written.

W. J. Barnett

Garlyen M. Barnett

L. W. Barnett

Nona F. Barnett

John Milanovich

First Parties

L. J. Cuneo, Trustee
Second Party

4 (d)
Blue Spot

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

DEPARTMENT OF THE INTERIOR
Bureau Mines Administration
RECEIVED
1954

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of California, County of Mariposa, described ~~as follows:~~ 1/ in an "Agreement of Purchase and Sale of Mining Property, dated March 26, 1953 and recorded in Book 43, page 81, of the official records of said County," covering the Blue Spot Mining Claims.

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

2/ Incline Mining Co.; a partnership, P.O. Box 86, El Portal, Calif.
L. J. Cuneo, Clarence J. Garibotti and Claudio Garibotti dba -
Incline Mining Co.

hereinafter called the "Operator"; and

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

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

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

2. To secure the payment to the Government of the percentage royalty on production 3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 20,029.20, or ten years have elapsed from the date of the contract.

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

Dated this 1st day of February, 1954.

W J Barnett [Seal]
L. W. Barnett [Seal]
John Milanovich [Seal]

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

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

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

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

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

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

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

15 1954

AGREEMENT FOR PURCHASE AND SALE OF MINING PROPERTY

THIS AGREEMENT, made and entered into (in duplicate) this 26th day of March , 1953, by and between W. J. Barnett, L. W. Barnett and John Milanovich, all of El Portal, Mariposa County, California, hereinafter designated as First Parties, and L. J. Cuneo, Trustee, hereinafter designated Second Party.

W I T N E S S E T H:

That said First Parties warrant that they are the legal and equitable owners of the hereinafter mentioned mining claims and warrant that there are no liens or encumbrances against said mining claims, and agree to defend title to said mining claims and mill sites herein described at their sole expense and to indemnify said Second Party from all expense or damages as a result of any breach of such warranties.

That the said First Parties, for the consideration hereinafter mentioned, hereby agree to sell and convey unto said Second Parties, his heirs, executors, administrators and assigns, all of their right, title and interest in and to that certain group of mining claims, or mines, known as the "Blue Spot" consisting of the Blue Spot No. 1, 2, 3, and 4, situated in the El Portal Mining District, County of Mariposa, State of California, as described in location notice recorded in volume A-2, page 419 and 479 covering No. 1 & 2 and two claims now being recorded, copies to be provided, recorded in Mining records of Mariposa County, said claims are located in Township 3 South, Range 20 East, M.D.B. & M., directly above the Merced River on North Side approximately 3/4 mile N.W. of Barium Mill, together with a filing on a Mill site of approximately 5 acres on the Merced River, as per location notice attached together with all of their right, title and interest in and to any water rights, roads and/or easements they may hold in connection with and for the benefit

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

4 (d)
Blue Spot

of said Blue Spot mining claims.

The purchase price of said mine, or claims and premises, shall be Seventy-five thousand dollars ($75,000) in lawful money of the United States of America, payable on or before ten (10) years from the date hereof, provided however, that Second Party may complete payments after said ten (10) year period as long as minerals in paying quantities can be produced, saved or sold therefrom, and is to be paid as follows: One dollar ($1.00) to them in hand paid by Second Party, the receipt of which is hereby acknowledged, and ten per cent (10%) of the "Gross returns" from the sale of all ore, bullion or other occurring products taken or recovered from said property and sold to custom mill, smelter, mint or any market source. Payments are to be made monthly, based on receipts received for all shipments during the preceding month. The term "Gross returns" shall provide for the deduction of transportation costs of the finished products, said transportation costs are to be deducted from total gross returns received to arrive at "Gross returns" figure which is the basis the 10% royalty is computed from. Transportation costs shall be interpreted as the cost of shipping mined ore direct to a ore buying custom mill not located in the El Portal area or the costs of shipping concentrates to buyers acceptance point. It is understood that should a mill be built in the El Portal area, the costs of hauling ore from the mines to the mill in the El Portal area are not deductable. The Second Party shall have, however, and is hereby given the right to pay the whole or any part of the purchase price at any time. It is mutually agreed and understood by both parties that when Second Party, or his heirs, executors, administrators or assigns, has paid the total sum of Seventy-five thousand dollars ($75,000) at the times and in the manner set forth in this agreement, then and in that event Second Party shall be relieved of any further payments of any kind or nature and First Parties shall promptly deliver to

4 (d)
Blue Spot

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif

Second Party a grant deed or deeds conveying all of their right, title and interest in and to the herein described property to the Second Party.

Second Party shall furnish a monthly report to First Parties of all ores, bullion or other products taken from said premises and sold.

Second Party agrees to pay all future state and county taxes that may be levied or assessed against said premises during the life of this agreement. First Parties agree to pay ten per cent (10%) of any state or county ore or bullion tax which may be levied or assessed against ore or bullion taken from said premises during the life of this agreement, their share of such tax to be deducted from their share of gross returns from ore or bullion.

It is also further understood and agreed that all work done by the said Second Party and all improvements put on said premises by said Second Party shall be done in a good and workmanlike manner and nine fashion and at the sole cost and expense of the Second Party.

The said Second Party further promises and agrees that during the life of this agreement he will not do any act or thing which would cause mechanics' or other liens to be placed against said property, or any part thereof.

The said First Parties shall have the privilege at all times during the life of this agreement of causing to be posted, and of keeping posted, in a conspicous place or places on said mining premises a notice in writing, reading to the effect that the work of developing and mining on said premises and any improvements thereon is being done wholly and solely at the expense of the said Second Party, and stating that the said First Parties will not be responsible for the indebtedness for labor, material or at all, created by the said Second Party in connection with the work and operation of said property during the existence of

4 (d)
Blue Spot

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

this agreement.

The said Second Party further covenants, promises and agrees to save the said First Parties harmless from any damage or damages that might occur in the operation of said mining premises, and for that purpose shall insure and keep insured in some reliable accident insurance company, or with the insurance department of the State of California, all persons employed by him or his agents in and about said premises during the life of this agreement.

The said First Parties, or their authorized agents, shall at all times have the right to inspect said premises and the underground workings of said mining claims as long as they do not interfere with mining operations.

In consideration of this agreement and during the life thereof, and before July 1, 1953, and annually thereafter until such time as mining claims may have been patented, Second Party shall perform the annual assessment work provided by law, and shall file in the office of the Recorder of the County of Mariposa, State of California, a Proof of Labor executed in proper form to set forth and establish that the annual assessment work required by law has been performed on said Blue Spot No. 1, 2, 3, 4 mining claims.

Second Party agrees to start active mining operations not later than fifteen (15) days from date of this agreement and to prosecute and continue the same with reasonable diligence during the period of the year when weather permits.

Second Party agrees to advance to First Parties the sum of $225.00 upon receipt of this agreement completed, signed and notorized, said $225.00 advance is to be deducted from future 10% royalties payable to the First Parties as covered in this agreement.

Ore shipments will start from the Blue Spot mining claims within 15 months from the date of this agreement, and shall continue without interruption otherwise Second Party will pay there-

after to First Parties the sum of $150.00 per month for each and every month no shipments are made. Said $150.00 per month payments shall be deductable from future 10% royalty payments due First Parties under this agreement.

It is agreed that the First Parties shall have access to the records pertaining to tonnage and receipts from the sale of tungsten ore at all reasonable times.

Second Party agrees to carry on the mining and sale of ore and bullion or other products with due diligence during the life of this agreement, except that should the market for Tungsten drop below such a price as would show a loss in the operation or a dissipation of the asset, the operation may be closed down until such time as the market price of Tungsten shall have returned to where the operation would return a justifiable profit solely as determined by Second Party, but in no event longer than six months anytime after 1956.

The Second Party, during the life of this agreement, shall have the exclusive right to work, mine, develop, extract and recover the minerals, metals or other securing products obtained within or on the said premises, and shall also have the right to sell, mill or otherwise reduce and sell the same for his use and benefit. Second Party shall also during the life of this agreement have the use of such land and water as may be necessary for the mining, milling, dumping of waste or tailings, impounding of water, erection of buildings, power plants and lines, roads, dams and the like. Before mill erection is commenced, and if the mill site held by First Parties is desirable, First Parties shall deed their mill site to Second Party, or his heirs, executors, administrators or assigns, for the erection of said mill in the sole discretion of said Second Party.

It is understood and agreed that Second Party reserves the right to terminate this agreement of purchase at any time during the life thereof upon giving sixty (60) days' notice thereof in

4 (d)
Blue Spot

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

writing to First Parties; provided, however, in the event of such termination he will make full settlement with First Parties for all returns due them for all minerals, metals or other occurring products taken from said premises and not theretofore accounted for. Upon such termination, whether by election of Second Party or by forfeiture by First Parties, Second Party shall have ninety (90) days from and after the date of giving said notice or of forfeiture to remove from said mine premises any and all equipment, machinery, structures, buildings, power plants and power lines and any other improvements, except mine and/or shaft timbers in place, placed thereon or thereinby Second Party.

It is further understood and agreed that all notices provided for in this agreement to be served upon the said First Parties shall be deposited in the United States mail, postage prepaid, and addressed to First Parties in care of W. J. Barnett, Box 16, El Portal, Mariposa County, California; and any notices to be served upon Second Party shall be deposited in the United States mail, postage prepaid, and addressed to him at 1770 - 22nd Avenue, San Francisco, Calif., or in case of assignment hereof, to such address as may be requested by the assignees.

Time is of the essence in this agreement, and should the said Second Party, or his heirs, executors, administrators or assigns, fail, neglect or refuse to carry out any of the terms and conditions hereinabove stated for a period of sixty (60) days after written notice of default mailed to him by registered mail at the address above given, or has not started to remedy said complaint or default with reasonable diligence, this agreement shall become null and void and of no further force and effect, and all payments made thereon shall be retained by the said First Parties as liquidated damages for the use and occupancy of said premises and as the consideration for which this agreement is executed, and the said Second Party shall forthwith

deliver up to the said First Parties the Peaceful possession of said premises and every part thereof.

This agreement shall extend to and bind, and be enforceable against, the heirs, executors, administrators and assigns of all parties hereto; it is understood Second Party shall have the right to assign this contract and all rights thereunder.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first hereinabove written.

W. J. Barnett

Garlyen M. Barnett

L. W. Barnett

Nona F. Barnett

John Milanovich

First Parties

L. J. Cuneo, Trustee
Second Party

4 (d)
Blue Spot

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

MF-203

OWNER'S CONSENT TO LIEN

RECEIVED
15 1954

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of California, County of Mariposa, described ~~as follows:~~ 1/ in an "Agreement of Purchase and Sale of Mining Property, dated March 26, 1953 and recorded in Book 43, page 81, of the official records of said County," covering the Blue Spot mining claims.

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

2/ Incline Mining Co., a partnership, P.O. Box 86, El Portal, Calif.
L. J. Cuneo, Clarence J. Garibotti & Claudio Garibotti dba -
Incline Mining Co.

hereinafter called the "Operator"; and

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

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

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

2. To secure the payment to the Government of the percentage royalty on production 3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 20,029.20, or ten years have elapsed from the date of the contract.

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

Dated this 1st day of February, 1954.

W. J. Barnett [Seal]
L. W. Barnett [Seal]
John Milosevich [Seal]

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

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

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

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

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

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

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

AGREEMENT FOR PURCHASE AND SALE OF MINING PROPERTY

THIS AGREEMENT, made and entered into (in duplicate) this 26th day of March , 1951, by and between W. J. Barnett, L. V. Barnett and John Milanovich, all of El Portal, Mariposa County, California, hereinafter designated as First Parties, and L. J. Gunso, Trustee, hereinafter designated Second Party.

W I T N E S S E T H:

That said First Parties warrant that they are the legal and equitable owners of the hereinafter mentioned mining claims and warrant that there are no liens or encumbrances against said mining claims, and agree to defend title to said mining claims and mill sites herein described at their sole expense and to indemnify said Second Party from all expense or damages as a result of any breach of such warranties.

That the said First Parties, for the consideration hereinafter mentioned, hereby agree to sell and convey unto said Second Parties, his heirs, executors, administrators and assigns, all of their right, title and interest in and to that certain group of mining claims, or mines, known as the "Blue Spot" consisting of the Blue Spot No. 1, 2, 3, and 4, situated in the El Portal Mining District, County of Mariposa, State of California, as described in location notice recorded in volume A-2, page 419 and 479 covering No. 1 & 2 and two claims now being recorded, copies to be provided, recorded in Mining records of Mariposa County, said claims are located in Township 3 South, Range 20 East, M.D.B. & M., directly above the Merced River on North Side approximately 3/4 mile N.W. of Darius Mill, together with a filing on a Mill site of approximately 5 acres on the Merced River, as per location notice attached together with all of their right, title and interest in and to any water rights, roads and/or easements they may hold in connection with and for the benefit

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

4 (d)
Blue Spot

of said Blue Spot mining claims.

The purchase price of said mine, or claims and premises, shall be Seventy-five thousand Dollars ($75,000) in lawful money of the United States of America, payable on or before ten (10) years from the date hereof, provided however, that Second Party may complete payments after said ten (10) year period as long as minerals in paying quantities can be produced, saved or sold therefrom, and is to be paid as follows: One dollar ($1.00) to them in hand paid by Second Party, the receipt of which is hereby acknowledged, and ten per cent (10%) of the "Gross returns" from the sale of all ore, bullion or other occurring products taken or recovered from said property and sold to custom mill, smelter, mint or any market source. Payments are to be made monthly, based on receipts received for all shipments during the preceding month. The term "Gross returns" shall provide for the deduction of transportation costs of the finished products, said transportation costs are to be deducted from total gross returns received to arrive at "Gross returns" figure which is the basis the 10% royalty is computed from. Transportation costs shall be interpreted as the cost of shipping mined ore direct to a ore buying custom mill not located in the El Portal area or the costs of shipping concentrates to buyers acceptance point. It is understood that should a mill be built in the El Portal area, the costs of hauling ore from the mines to the mill in the El Portal area are not deductable. The Second Party shall have, however, and is hereby given the right to pay the whole or any part of the purchase price at any time. It is mutually agreed and understood by both parties that when Second Party, or his heirs, executors, administrators or assigns, has paid the total sum of Seventy-five thousand dollars ($75,000) at the times and in the manner set forth in this agreement, then and in that event Second Party shall be relieved of any further payments of any kind or nature and First Parties shall promptly deliver to

4 (d)
Blue Spot

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

Second Party a grant deed or deeds conveying all of their right, title and interest in and to the herein described property to the Second Party.

Second Party shall furnish a monthly report to First Parties of all ores, bullion or other products taken from said premises and sold.

Second Party agrees to pay all future state and county taxes that may be levied or assessed against said premises during the life of this agreement. First Parties agree to pay ten per cent (10%) of any state or county ore or bullion tax which may be levied or assessed against ore or bullion taken from said premises during the life of this agreement, their share of such tax to be deducted from their share of gross returns from ore or bullion.

It is also further understood and agreed that all work done by the said Second Party and all improvements put on said premises by said Second Party shall be done in a good and workmanlike manner and nine fashion and at the sole cost and expense of the Second Party.

The said Second Party further promises and agrees that during the life of this agreement he will not do any act or thing which would cause mechanics' or other liens to be placed against said property, or any part thereof.

The said First Parties shall have the privilege at all times during the life of this agreement of causing to be posted, and of keeping posted, in a conspicous place or places on said mining premises a notice in writing, reading to the effect that the work of developing and mining on said premises and any improvements thereon is being done wholly and solely at the expense of the said Second Party, and stating that the said First Parties will not be responsible for the indebtedness for labor, material or at all, created by the said Second Party in connection with the work and operation of said property during the existence of

4 (d)
Blue Spot

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

this agreement.

The said Second Party further covenants, promises and agrees to save the said First Parties harmless from any damage or damages that might occur in the operation of said mining premises, and for that purpose shall insure and keep insured in some reliable accident insurance company, or with the insurance department of the State of California, all persons employed by him or his agents in and about said premises during the life of this agreement.

The said First Parties, or their authorized agents, shall at all times have the right to inspect said premises and the underground workings of said mining claims as long as they do not interfere with mining operations.

In consideration of this agreement and during the life thereof, and before July 1, 1953, and annually thereafter until such time as mining claims may have been patented, Second Party shall perform the annual assessment work provided by law, and shall file in the office of the Recorder of the County of Mariposa, State of California, a Proof of Labor executed in proper form to set forth and establish that the annual assessment work required by law has been performed on said Blue Spot No. 1, 2, 3, 4 mining claims.

Second Party agrees to start active mining operations not later than fifteen (15) days from date of this agreement and to prosecute and continue the same with reasonable diligence during the period of the year when weather permits.

Second Party agrees to advance to First Parties the sum of $225.00 upon receipt of this agreement completed, signed and notorized, said $225.00 advance is to be deducted from future 10% royalties payable to the First Parties as covered in this agreement.

Ore shipments will start from the Blue Spot mining claims within 15 months from the date of this agreement, and shall continue without interruption otherwise Second Party will pay there-

4 (d)
Blue Spot

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

after to First Parties the sum of $150.00 per month for each and every month no shipments are made. Said $150.00 per month payments shall be deductable from future 10% royalty payments due First Parties under this agreement.

It is agreed that the First Parties shall have access to the records pertaining to tonnage and receipts from the sale of tungsten ore at all reasonable times.

Second Party agrees to carry on the mining and sale of ore and bullion or other products with due diligence during the life of this agreement, except that should the market for Tungsten drop below such a price as would show a loss in the operation or a dissipation of the asset, the operation may be closed down until such time as the market price of Tungsten shall have returned to where the operation would return a justifiable profit solely as determined by Second Party, but in no event longer than six months anytime after 1956.

The Second Party, during the life of this agreement, shall have the exclusive right to work, mine, develop, extract and recover the minerals, metals or other occuring products obtained within or on the said premises, and shall also have the right to sell, mill or otherwise reduce and sell the same for his use and benefit. Second Party shall also during the life of this agreement have the use of such land and water as may be necessary for the mining, milling, dumping of waste or tailings, impounding of water, erection of buildings, power plants and lines, roads, dams and the like. Before mill erection is commenced, and if the mill site held by First Parties is desirable, First Parties shall deed their mill site to Second Party, or his heirs, executors, administrators or assigns, for the erection of said mill in the sole discretion of said Second Party.

It is understood and agreed that Second Party reserves the right to terminate this agreement of purchase at any time during the life thereof upon giving sixty (60) days' notice thereof in

writing to First Parties; provided, however, in the event of such termination he will make full settlement with First Parties for all returns due them for all minerals, metals or other occurring products taken from said premises and not theretofore accounted for. Upon such termination, whether by election of Second Party or by forfeiture by First Parties, Second Party shall have ninety (90) days from and after the date of giving said notice or of forfeiture to remove from said mine premises any and all equipment, machinery, structures, buildings, power plants and power lines and any other improvements, except mine and/or shaft timbers in place, placed thereon or thereby Second Party.

It is further understood and agreed that all notices provided for in this agreement to be served upon the said First Parties shall be deposited in the United States mail, postage prepaid, and addressed to First Parties in care of W. S. Barnett, Box 16, El Portal, Mariposa County, California; and any notices to be served upon Second Party shall be deposited in the United States mail, postage prepaid, and addressed to him at 1770 - 22nd Avenue, San Francisco, Calif., or in case of assignment hereof, to such address as may be requested by the assignees.

Time is of the essence in this agreement, and should the said Second Party, or his heirs, executors, administrators or assigns, fail, neglect or refuse to carry out any of the terms and conditions hereinabove stated for a period of sixty (60) days after written notice of default mailed to him by registered mail at the address above given, or has not started to remedy said complaint or default with reasonable diligence, this agreement shall become null and void and of no further force and effect, and all payments made thereon shall be retained by the said First Parties as liquidated damages for the use and occupancy of said premises and as the consideration for which this agreement is executed, and the said Second Party shall forthwith

4 (d)
Blue Spot

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

deliver up to the said First Parties the peaceful possession of said premises and every part thereof.

This agreement shall extend to and bind, and be enforceable against, the heirs, executors, administrators and assigns of all parties hereto; it is understood Second Party shall have the right to assign this contract and all rights thereunder.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first hereinabove written.

W. J. Barnett

Carlyon H. Barnett

L. W. Barnett

Nona F. Barnett

John Milarovich

First Parties

L. J. Cuneo, Trustee
Second Party

4 (d)
Blue Spot

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.

MF-203

OWNER'S CONSENT TO LIEN

Defense Minerals Administration
RECEIVED
FEB 5 1954

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of California, County of Mariposa, described ~~as follows~~ 1/ in an "agreement of Purchase and Sale of Mining Property," dated March 26, 1953 and recorded in Book 43, page 81 of the official records of said County, covering the Blue Spot mining claims.

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

2/ Incline Mining Co., a partnership. P.O. Box 86, El Portal, Calif.
L. J. Cuneo, Clarence J. Garibotti & Claudio Garibotti dba -
Incline Mining Co.

hereinafter called the "Operator"; and

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

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

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

2. To secure the payment to the Government of the percentage royalty on production 3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 20,029.20, or ten years have elapsed from the date of the contract.

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

Dated this 1st day of February, 1954.

W J Barnett [Seal]
L. W. Barnett [Seal]
John Milinovich [Seal]

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

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

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

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

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

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

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

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of California, County of Mariposa, described ~~as follows:~~ 1/ in an "Agreement of Purchase and Sale of Mining Property" dated March 26, 1953 and recorded in Book 43, page 81, of the official records of said County, covering the Blue Spot mining claims,

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

2/ Incline Mining Co., a partnership, P.O. Box 86, El Portal, Calif.
L. J. Cuneo, Clarence J. Garibotti & Claudio Garibotti dba -
Incline Mining Co.

hereinafter called the "Operator"; and

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

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

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

2. To secure the payment to the Government of the percentage royalty on production 3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 20,029.20, or ten years have elapsed from the date of the contract.

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

Dated this 1st day of February, 1954.

W J Barnett [Seal]
L. W. Barnett [Seal]
John Milanovich [Seal]

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

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

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

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

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

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

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

DEPARTMENT OF INTERIOR
BUREAU OF MINES
DIVISION OF MINERAL
REGION III
RECEIVED
1954 FEB 9 AM 8:48
SAN FRANCISCO, CALIFORNIA

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of California, County of Mariposa, described ~~as follows~~:1/ in an "Agreement of Purchase and Sale of Mining Property, dated March 26, 1953 and recorded in Book 43, page 81, of the official records of said County," covering the Blue Spot Mining Claims.

* - - - - -

\- - - - -

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

2/ Incline Mining Co., a partnership, P.O. Box 86, El Portal, Calif.
L. J. Cuneo, Clarence J. Garibotti and Claudio Garibotti dba -
Incline Mining Co.

hereinafter called the "Operator"; and

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

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

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

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 20,029.20, or ten years have elapsed from the date of the contract.

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

Dated this 1st day of February, 1954.

W. J. Barnett [Seal]
L. W. Barnett [Seal]
John Milanovich [Seal]

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

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

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

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

RELEVANT CONTRACT PROVISIONS

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

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

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

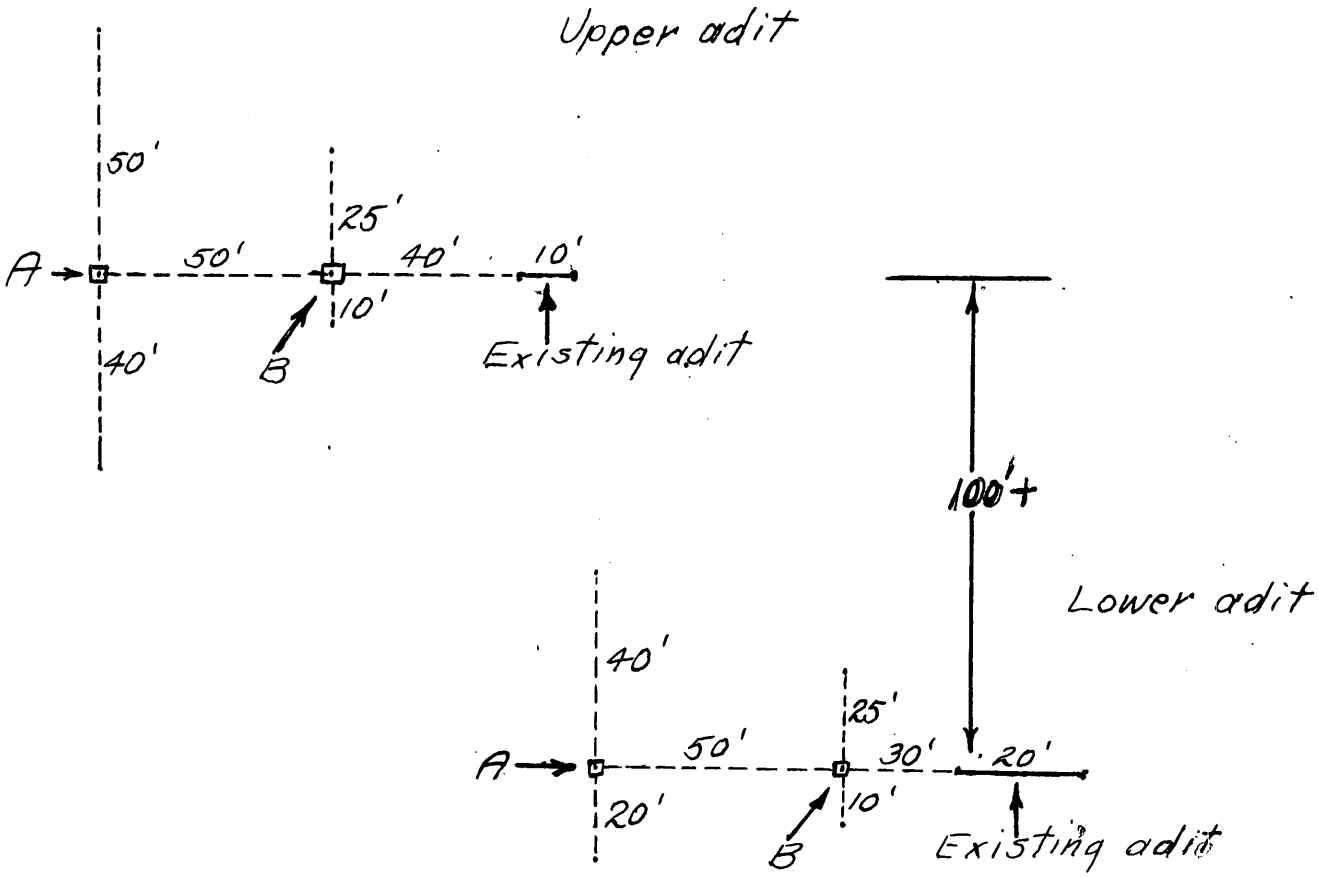
(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

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

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

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

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



Note:—

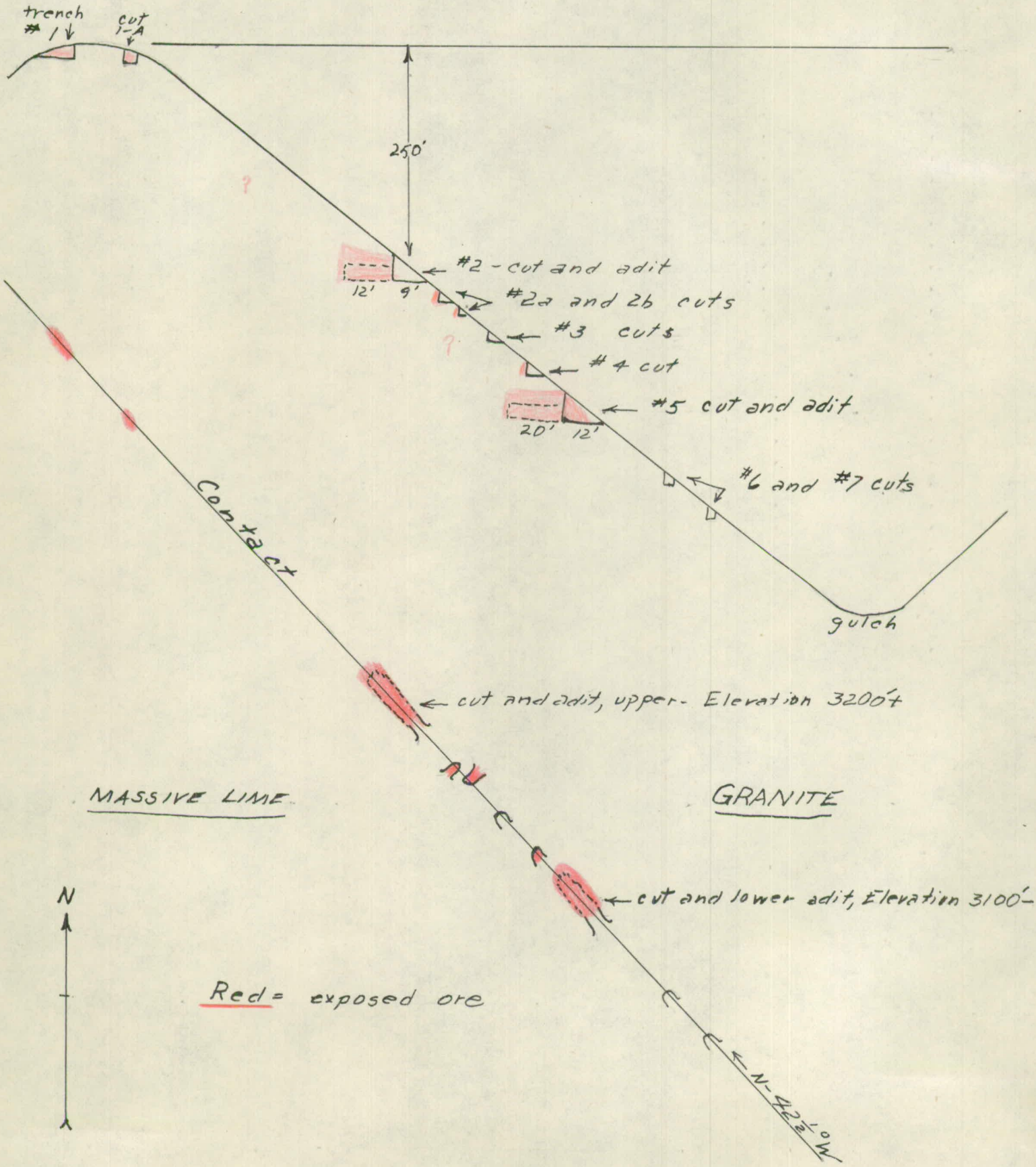
Crosscut to width of ore at A. & B.

Solid lines = existing tunnels

Dotted lines = proposed developments

Blue Spot
5 - (b)

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.



Blue Spot
Sketch - 4 (c)

Incline Mining Co.
1770 - 22nd Avenue
San Francisco 22, Calif.