YES Audited Oct. 26, 54 W[illegible] ANALYSIS SHEET - DMEA PROJECT[illegible] Actual Cost

NO Certified Analysis as of 12-16-54 Agreed Unit Costs

Incl. Voucher for ~~aug 54~~

Name Walle's Mining Syndicate Docket No. 3261

State California Commodity Nickel Idm-E No. 678

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	900	26100			
Raising					
Shafts					
Winzes					
Drilling (Specify) Diamond	600	4800	600 ~~389~~	4,800 ~~3096~~	3096
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify) Analysis of Samples		560		55	
Totals		31460		~~3096~~ & 4,855.00 & 3,641.25	3096

AWAITING FINAL REPORT OF OPERATOR GOV'T. PARTICIPATION

Prepared by [illegible]

DRC. 2/16/56

71626

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of ~~October~~ Sept., 195 4 Docket No. DMEA 3261 Contract No. Idm E 678
Operator's Name Vallo's Mining Syndicate Minerals Nickel
Address 2424 Fifth Ave., San Diego, California
Contract Amount, $ 31,460.00 Government Participation: 75 % Amount, $ 23,595.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	1 704.00	3 096.00	4 800.00			WSM
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	55.00		55.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1 759.00	3 096.00	4 855.00			

I certify that the above bill is correct and just and that payment therefor has not been received.

Date 10-18-54 *Payee Vallo's Mining Syndicate

Per Howard O. Vallo Title Agent

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1319.25

Lloyd H. Spencer
Acting Certifying Officer

Signature
(Authorized Certifying Officer)

Date DEC 3 1954 Vou. No. SF-DMEA-1

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Iam-E678 in accordance with the terms of the contract.

Signature A. C. Johnson Title Chief, Mining Div. Region III Date Oct. 20, 1954.

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature H. C. Miller Title Executive Officer DMEA Field Team Region III Date October 21, 1954

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(*a*) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(*b*) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(*c*) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form 2-MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

RECEIVED
DEC 20 1954
OCT 26 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of ~~October~~ Sept. 1954 Docket No. DMEA 3261 Contract No. Idm E 678
Operator's Name Valle's Mining Syndicate Minerals Nickel
Address ~~p~~ 2424 Fifth Ave., San Diego, California

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
& Crosscutting	ft		0			0	900	$ 29.00
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	ft	1 704.00	213	4 800.00	600	8.00	600	8.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1 704.00	213	4 800.00				Total Costs Authorized by Contract: 31 460.00
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Sampling & Analysis		55.00		55.00				
Total Costs		1 759.00	213	4 855.00				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date 10-18-54 Operator Valle's Mining Syndicate

Per Howard C. Valle Title Agent

Remarks:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

(Rev.)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1954 Docket No. DMEA 3261 Contract No. Idm B 678
Operator's Name Valle's Mining Syndicate Minerals Nickel
Address 2424 Fifth Avenue, San Diego, California
Contract Amount, $ 31,460.00 Government Participation: 75 % Amount, $ 23,595.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	2,456.00	640.00	3,096.00			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2,456.00	640.00	3,096.00			

I certify that the above bill is correct and just and that payment therefor has not been received.

Date 9/7/54 *Payee Valle's Mining Syndicate

Per [signature] Title Agent

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1842.00

Signature _____
(Authorized Certifying Officer)

Date NOV 5 1954 Vou. No. SF-DMEA-11

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Ken-D678 in accordance with the terms of the contract.

Signature A. C. Johnson Title Chief, Mining Div. Date Oct. 20, 1954.
A. C. Johnson
Region III

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Executive Officer

Signature H. C. Miller Title DMEA Field Team Date October 21, 1954
H. C. Miller
Region III

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(*a*) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(*b*) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(*c*) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ACCEPTED OCT 22 1954
Defense Minerals Administration

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED
NOV 15 1954

Month of August 1954 Docket No. DMEA 3261 Contract No. Idm E 678
Operator's Name Valle's Mining Syndicate Minerals Nickel
Address 424 Fifth Ave., San Diego, California

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting & Crosscutting	Ft		0		0		900	$ 29.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	2,456.00	307	3,096.00	387	8.00	600	8.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		2,456.00	307	3,096.00				Total Costs Authorized by Contract
Operating Equipment Purchased								31,460.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		2,456.00		3,096.00				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date 9/7/54 Operator Valle's Mining Syndicate

Per Howard A. Valle Title Agent

Remarks:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
RECEIVED
OCT 22 1954

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1954 Docket No. DMEA 2261 Contract No. Idm-5 678
Operator's Name Valle's Mining Syndicate Minerals Nickel
Address 3424 Fifth Avenue, San Diego, California
Contract Amount, $ 31,480.00 Government Participation: 75 % Amount, $ 23,595.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	640.00	None	640.00			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$640.00	None	$640.00			

I certify that the above bill is correct and just and that payment therefor has not been received.

Date 8/25/54 *Payee Valle's Mining Syndicate

Per Howard C. Valle Title Agent

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 480.00

Lloyd H. Sjolander
Authorized Certifying Officer

Signature
(Authorized Certifying Officer)

Date Vou. No. SF-DMEA-11

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMA-2670 in accordance with the terms of the contract.

Signature R. C. Johnson Title Chief, Mining Div. Region III Date Oct. 20, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. C. Miller Title Executive Officer DMEA Field Team Region III Date October 21, 1954

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(*a*) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(*b*) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(*c*) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

ACCOUNTS OCT 22 1954
Defense Minerals Administration

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 15 1954

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1954 Docket No. DMEA 5261 Contract No. Ico-X 678
Operator's Name Valle's Mining Syndicate Minerals Nickel
Address 2424 Fifth Avenue, San Diego, California

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting & Crosscutting	Ft.		0		0		900	$29.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	640.00	80	640.00	80	8.00	600	8.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		640.00	80	640.00			TOTAL COSTS AUTHORIZED BY CONTRACT	
Operating Equipment Purchased							31,460.00	
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		640.00		640.00				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date 8/26/54 Operator Valle's Mining Syndicate

Per Howard C. Valle Title Agent

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

400

R 2 8 1955

Mr. Spangler Bleiler, Executive Secy
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

3261 - Michel
Re: Decision M.E. Syndicate
Fulle, et al., claims
Old Dominion County, California
Serial No. [illegible]
Contest

Dear Mr. Bleiler:

Acknowledge your letter of April 19, 1955, recommending that the fictional pertinent information would be waived inasmuch as it is obtained by the Government.

This will serve to the above-referenced operator be

We assume this is true and that the Government has the data resulting from the exploration already secured direct. The operator, therefore, is being completed under permit is closing its books and records with advised that the contract without creating a lien against the respect to the property.

It is appreciated, however, if in future cases the withhold from the funds due the operator an amount Field Team and the contract that is deemed sufficient to influence within the furnish an acceptable final report.

the operator

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

FAKnickledge:fcc
4-26-55

cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. II
H. W. Davis, USBM
T. H. Kilsgaard, USGS

APPROVED

Earl W. Gechan
Director, Bureau of Mines
Member

Walter H. Kilsgaard
Director, Geological Survey

400

APR 28 1955

Mr. Howard C. Valle, Agent
Valle's Mining Syndicate
[illegible] Fifth Avenue
San Diego 1, California

Re: Docket No. DMEA [illegible] - Mineral
Old Ryanniden, et al., claims
San Diego County, California
Contract No. [illegible]

Dear Mr. Valle:

This is with reference to the subject Exploration Contract between you and the Government.

It is not our intention to make a certification of discovery or development which would create a lien against the subject property. We are, therefore, closing our books and records with respect to this project. Your attention is called, however, to the provisions of the Contract which require the Operator to keep and preserve certain records for the period indicated.

We regret that the exploration work performed did not result in a certification of discovery or development. Your participation in the exploration program, however, is sincerely appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

FARwtlodge:foc
4-26-55
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. II
Messrs. H. W. Davis, USBM
T. H. Kiilsgaard, USGS

400

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

Department of the Interior
Defense Minerals Administration
RECEIVED
APR 21 1955

1605 Evans Avenue
Reno, Nevada

JWR

April 19, 1955

Memorandum

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

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3261 - Nickel
Valle's Mining Syndicate
Old Ironsides, et al., claims
San Diego County, California
Contract No. Idm-E678

Reference is made to your letter of April 13, 1955 regarding the Operator's final report on above subject docket.

We have had no response from the operator to our requests that his final report be submitted. In the meantime, I reviewed our final report on the contract and discussed it with B. H. Sheahan, one of the authors. Neither Mr. Sheahan nor I believe that the Operator can furnish any pertinent information relative to the property, and recommend that the Operator's final report be waived.

S. Ricker

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

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

400

APR 13 1955

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

Re: Docket No. DMEA 3261 - Michael Valle's Mining Syndicate
Old Ironside, et al., claims
San Diego County, California
Contract No. Ida-3678

Dear Mr. Richer:

Review of our files shows that we are awaiting the final report of the Operator of the above referenced project. We would appreciate having you either obtain this report or, if you have doubts about its worth to us, recommend that it be waived so that we may close our files on the project.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

Thor H. Kiilsgaard
Geological Survey

TIChapman:foc
4-12-55
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. II
H. W. Davis, USBM
Thor H. Kiilsgaard, USGS

402

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 14 1955

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

WSay

February 10, 1955

Mr. Howard C. Valle
Valle's Mining Syndicate
2424 Fifth Avenue
San Diego 1, California

Re: Docket No. DMEA-3261 - Nickel
Valle's Mining Syndicate
Old Ironsides, et al., claims
San Diego County, California
Contract No. Idm-E678

Dear Mr. Valle:

For the records, this is to formally advise you that as a result of the diamond drilling under Stage I of the subject contract the Government does not approve of the work as set forth under Stage II and will not participate in its execution.

We hope to receive your final report on the project as requested in our letter of January 18, 1955, in the near future.

Sincerely yours,

S. RICKER

S. Ricker
Executive Officer
DMEA Field Team, Region II

Copy to: DMEA, Washington, D. C.
A. C. Johnson, Reno
R. M. Smith, USGS

FEB 8 1955

Mr. Spencer Richey, Executive Officer
DMEA Field Team, Region II
420 Graham Hence,
555 Battery Street
San Francisco 11, California

Re: Contract No. DMEA 3441 - Michael Valle's Mining Syndicate
Old Ironsides, et al., claims
San Diego County, California
Contract No. [illegible]

Dear Mr. Richey:

Reference is made to your letter of January 18, 1955, regarding termination of the subject contract.

A formal notice of termination is not required in contracts such as this where the results of the work under a completed stage do not warrant Government approval of the succeeding stage. In these cases, it is only necessary to advise the operator by letter that the results under the stage of the contract completed were such that Government approval of the following stage is not warranted. The operator at the same time should also be advised to render his final report and final account.

Therefore as the operator has submitted his final voucher and has been advised by your letter of January 18, 1955, to furnish a final report, it will only be necessary for you to advise Mr. Valle that Government approval of Stage II is not warranted by the results obtained under Stage I. When an acceptable final report is received from the operator, we will then prepare the usual letter for closing out contracts that do not result in a certification of discovery or development.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges

[redacted]

Thor H. Kiilsgaard

[redacted]

FABartledge:fbc
cc to: Patent
Code 400
Adm. Reading File
Operating Comm.
FT. REG. II
H. M. Davis, USBM
T. H. Kiilsgaard, USGS

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

400

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

January 18, 1955

Memorandum

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

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3261 - Nickel
Valle's Mining Syndicate
Old Ironsides, et al., claims
San Diego County, California
Contract No. Idm-E678

Reference is made to your letter of January 10, 1955, regarding termination of the subject contract.

Is a termination agreement to be written in Washington or should I prepare a notice of termination of exploration project contract? Your advice on this matter will be appreciated.

S. RICKER
S. Ricker
Executive Officer
DMEA Field Team, Region II

Copy to: A. C. Johnson, Reno
Roscoe Smith, USGS

400

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

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

January 18, 1955

WSay

Mr. Howard C. Valle
Valle's Mining Syndicate
2424 Fifth Avenue
San Diego 1, California

Re: Docket No. DMEA-3261 - Nickel
Valle's Mining Syndicate
Old Ironsides, et al. Claims
San Diego County, California
Contract No. Ida-5678

Dear Mr. Valle:

We would be pleased to have your final report in quintuplicate (five copies) in accordance with your obligation under Article 5(b) of the above-cited contract.

Your cooperation during the work on the project is very much appreciated.

Sincerely yours,

S. RICKER

S. Ricker
Executive Officer
DMEA Field Team, Region II

Copy to: DMEA, Washington, D. C.
A. C. Johnson, Reno
R. M. Smith, USGS

400 File

IN REPLY REFER TO:

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

January 13, 1955

Re: DMEA-3261
Valle's Mining
Syndicate
(Old Ironsides Claim)
San Diego Co., Calif.
$4,855 - Nickel

WSM

Memorandum

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

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of Final Field Team report

This project has been terminated by mutual agreement and the Field Team has recommended that a certificate of discovery should not be issued.

The purpose of exploration was to test for continuation of nickel-copper mineralization below outcrops on Old Ironsides claim. Two diamond drill holes cut a thin seam of low grade material ranging from a few grains to 1.5 feet of low grade nickel and copper mineralization.

There are no reserves of ore grade on the Old Ironsides claim, although an inferred tonnage of low grade material can be assumed to a depth of 100 feet.

Results of drilling appear to indicate that the deposit is a shallow, lens-shaped body of limited size.

I concur with the Field Team's conclusions, and recommend no further DMEA exploration be undertaken and a certificate of discovery not be issued.

E. L. Newcomb

ELNewcomb:hlm
G-1/13/55

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
H. W. Davis, 3519 Interior

400

JAN 1 0 1955

400

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region III
420 Custom House, 555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA 3261 - Nickel
Valle's Mining Syndicate
Old Ironsides, et al., claims
San Diego County, California
Contract No. Idm-E678

Dear Mr. Ricker:

This will acknowledge the receipt of the thoroughly informative final report by the Field Team on the exploration completed under the subject contract.

After review of this report, we agree that it is in the interest of both parties to terminate the subject contract. However, the operator should be advised of his obligation under Article 5(b) of the contract to furnish his final report as well.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Approved:

J. H. Hedges
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

cc: DOCKET
FT, REG. III
CODE 400
OPER. COMMITTEE
ADM. READ. FILE
T. KIILSGAARD, USGS
H. W. DAVIS, USBM

FARutledge/~~ls~~
1/7/55

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

420 Custom House
555 Battery Street
San Francisco 11, California

December 21, 1954

Memorandum

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

That's that
WSM

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMM-3261 (Nickel)
Valle's Mining Syndicate
Old Ironsides, et al., claims
San Diego County, California
Contract No. Idm-2678

Enclosed are the original and three copies of the final joint report, dated December 17, 1954, on the subject docket by B. H. Sheahan of the Bureau of Mines and H. K. Stager of the Geological Survey.

The exploration by diamond drilling failed to indicate the possibility of finding either commercial or marginal grade ore bodies. The examining engineer and geologist do not believe that further exploration is warranted and recommend that a certificate of discovery should not be issued.

Roscoe Smith and I agree with the conclusions of the examining engineer and geologist - that there has been no discovery and that further exploration is not warranted.

S. RICKER

S. Ricker
Executive Officer
DMEA Field Team, Region III

Attachments

Copy to: R. M. Smith-USGS
A. S. Johnson-Reno, Nevada

Reviewed by
DMEA OPERATING COMMITTEE
1-5-55
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

Final Report

Idm-E678

DMEA-3261, (Nickel) Valle's Mining Syndicate

Old Ironsides, et al., claims

San Diego County, California

B. H. Sheahan, Mining Engineer
U. S. Bureau of Mines

H. K. Stager, Geologist
U. S. Geological Survey

December 17, 1954

Reviewed by
DMEA OPERATING COMMITTEE
1-5-55
(date)

FINAL REPORT

Docket No.: DMEA-3261 (Nickel)

Name and address of operator: Mr. Howard C. Valle, Agent
Valle's Mining Syndicate, a partnership
2424 Fifth Avenue
San Diego 1, California

Name and location of property: Old Ironsides, et al., claims
San Diego County, Calif.

The property is located 49 miles northeast of San Diego, Calif. The claims are situated in sec. 1, T. 12 S., R. 1 E., and sec. 6, T. 12 S., R. 2 E., S.B.B.&M., on the east slope of Pamo Valley and near the summit of Black Mountain at an altitude of about 3100 feet. The topography of the area is shown by the USGS map of the Ramona Quadrangle.

Contract No.: Idm-E678

SUMMARY

An exploration contract, No. Idm-E678, was granted to Valle's Mining Syndicate to explore a nickel prospect near Ramona, San Diego County, California in June 1954. The purpose of the project was to explore the possible downward continuation of a nickel-copper deposit that crops out on the Old Ironsides claim. Two diamond drill holes with an aggregate length of 606 feet were put down to intersect the deposit from 150 to 200 feet beneath the outcrop. Although the results obtained by the drilling were of geologic interest, the thin zone of low grade nickel- and copper-bearing material cored by the drill was not of economic

interest and the program was terminated in October 1954. No further exploration is warranted and inasmuch as no ore was discovered a certificate of discovery is not required.

CONCLUSIONS AND RECOMMENDATIONS

In view of the absence of nickel- and copper-bearing material of minable thickness or possible ore grade in the ground explored by the diamond drilling under stage I of the contract, no further exploration is warranted. A certificate of discovery or development should not be issued.

WORK COMPLETED

Two diamond drill holes were drilled from the surface with a total footage of 606 feet (see fig. 1). The drilling was done by an independent contractor, B. & R. Diamond Drilling Co., 1025 East Main St., El Cajon, San Diego County, Calif. The total agreed unit cost per foot was $8.00. Mr. Howard C. Valle did the general supervision.

Drilling operations were started July 17, 1954 and hole No. 2 was completed to a depth of 219 feet in October 1954. Eleven check samples were taken by the operator.

EXPLORATION PROJECT

The project was justified by the following reasons: (1) Geologic conditions appeared to be favorable for the discovery of a moderate tonnage of nickel ore; (2) it was believed that Government participation

in an exploration project in this area would stimulate exploration in adjacent areas; and (3) the project was certain to supply valuable geologic information relative to the deposits and nickel resources of San Diego County.

The original program proposed by the applicants consisted of a 500-foot adit and 500 feet of drifting to intersect and explore the unoxidised sulfide material at a depth of about 200 feet below the outcrop. Total cost of this program was estimated at $38,698.

This program was modified by the Government to include the drilling of two diamond-drill core holes to test the ground to be explored by the adit. The drilling was designated as stage I of the contract and was to be followed by the adit and drifting as stage II. Stage II was made contingent upon the success of stage I.

The contract was signed on June 21, 1954. Drilling was started on July 17, 1954 and two holes with an aggregate length of 606 feet were completed by October 18, 1954. Hole No. 1 intersected about 1-1/2 feet of low grade nickel- and copper-bearing sulfide material but hole No. 2 intersected only a few sparse grains of iron sulfides in the ore zone interval. The contract was terminated, by mutual consent of the applicants and the Government, at the completion of the drilling.

GEOLOGY

The Old Ironsides and adjoining group of claims are underlain by a small body of gabbro that has been intruded into quartz-diorite on

the northwest side of Black Mountain. The geology of the area has been described in considerable detail by Merriam 1/.

A light gray, medium- to coarse-grained quartz diorite is the most abundant rock in the Black Mountain area. It is composed of plagioclase, orthoclase, quartz, biotite, and hornblende with a little sphene and pyrite as accessories. It is probably the Stonewall quartz diorite of Jurassic age described by Hudson 2/. Intruding the quartz diorite is a dark-greenish-gray, coarse-grained gabbro containing plagioclase, hornblende, olivine, and some pyrite. It crops out over an area about 2,000 feet in diameter and weathers to a distinctive reddish-brown soil. The name of San Marcos gabbro has been applied by Merriam to this rock that was first described by Hudson and called the "Cuyamaca basic intrusive." It is believed to be of Cretaceous age. Near the center of the gabbro body, and within the Old Ironsides claim, is a nickel- and copper-bearing gossan, that has apparently been derived from the oxidation of an iron, nickel, and copper sulfide deposit. A few isolated grains of pyrrhotite and pyrite in less oxidised material were the only sulfides observed in the gossan outcrop. Oxidation appears to be nearly complete and only small percentages of the nickel and copper

1/ Merriam, R. H., 1946, Igneous and metamorphic rocks of the southwestern part of the Ramona quadrangle, San Diego Co., Cal.: Geol. Soc. Am. Bull., vol. 57, pp. 223-260.

2/ Hudson, F.S., 1922, Geology of the Cuyamaca region of Calif.: Univ. Calif. Dept. Geol. Sci., Bull. 13, No. 6, pp. 175-252.

are contained in the heavy limenitic matrix. The contact between gossan and gabbro is sharp in most places and the outcrop has an area of about 25,000 square feet (see fig. 1).

ORE DEPOSITS

Hudson believes the nickeliferous pyrrhotite deposits in the Ramona area are an ultrabasic differentiate of the gabbro magma. This theory of origin appears to fit the deposit exposed on the Old Ironsides claim. It is evident from the results of drilling that the deposit is a shallow pod-shaped body in the middle of the intrusion and is surrounded on all sides by gabbro. Oxidation is nearly complete to about 60 feet. The average nickel content of the body on the surface is about 0.25 percent and where encountered by drilling at 160 feet averages about 0.75 percent. The average copper content ranges from about 0.5 percent on the surface to 1.5 percent at a depth of 160 feet.

There has been no production of ore from the Old Ironsides deposit.

ORE RESERVES

There are no reserves of ore grade material on the Old Ironsides claim. About 40,000 tons of material with an average grade of about 0.35 percent nickel and 0.7 percent copper is inferred to be present in the deposit to a depth of about 100 feet (fig. 1).

EXPENDITURES

a.	Total approved	$31,460.00
b.	Total cost of project (claimed on MF-104 s)	4,855.00
c.	Government's share of cost	3,641.25
d.	Government's share unexpended	19,953.75
e.	Value of production during operations and Government's royalty	None

EFFICIENCY OF OPERATIONS

The exploration work was conducted efficiently. The actual drilling operation was done by the independent contractor, however, Mr. Howard C. Valle devoted most of his time to the project while the drilling operation was being conducted, and he competently supervised the work.

EQUIPMENT PURCHASED FOR THE PROJECT

No equipment was purchased for the project.

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

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

November 29, 1954

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

WSM

Subject: Docket No. DMEA-3261 - Nickel
Valle's Mining Syndicate
Old Ironsides, et al., claims
San Diego County, California
Contract No. Idm-5678

Reference is made to your letter of November 22, 1954, on above subject docket, regarding MF-104 and MF-104A Forms and Narrative report by the Operator.

The MF-104 Forms and MF-104A Forms for July, August, and September were covered by one Narrative report for those three months. The payment for September is being withheld until final audit is accepted and for that reason we were withholding the final Narrative report.

We are enclosing four verifax copies of the Narrative report. We trust that this will be a satisfactory arrangement until the September payment has been made. If this does not meet with your approval we will be pleased to have your suggestions.

S. Ricker

S. Ricker
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: Finance Officer, Region III

Vallo's

Dining Room
Banquet Room
Cocktail Lounge

2424 - 5th Avenue
San Diego, California
Franklin 9-4383

October 18, 1954

Progress Report

Hole # 2 was completed on September 21st to a depth of 219 feet with no showing whatsoever. We deemed it necessary not to drill further until advised by your field team, due to the fact that our total allotted footage had been drilled and in as much as sulphides were contacted at the 150' mark in Hole # 1.

4 Copies

Howard C. Vallo

Howard C. Vallo

Docket DMEA 3261 (Nickel)
Vallo's Mining Syndicate
Old Families et al., Claims
San Diego County, California
Contact # Adm E 678

Recommended by Duncan Higgs

Vallé's

DEPARTMENT OF ...
Defense Minerals ...
RECEIVED
DEC - 2 1954

Dining Room
Banquet Room
Cocktail Lounge

2424 - 5th Avenue
San Diego, California
Franklin 9-4383

October 18, 1954

Progress Report

Hole # 2 was completed on September 21st to a depth of 219 feet with no showing whatsoever. We deemed it necessary not to drill further until advised by your field team, due to the fact that our total allotted footage had been drilled and in as much as sulphides were contacted at the 150' mark in Hole # 1.

L Cobin

Howard C. Valle

Howard C. Valle

Locket DMEA 3261 (Nickel)
Valle's Mining Syndicate
Old Promises et al., Claims
San Diego County, California
Contract # Adm E 678

Recommended by Duncan Hines

Valle's

Dining Room
Banquet Room
Cocktail Lounge

2424 - 5th Avenue
San Diego, California
Franklin 9-4383

October 18, 1934

Progress Report

Hole # 2 was completed on September 21st to a depth of 219 feet with no showing whatsoever. We deemed it necessary not to drill further until advised by your field team, due to the fact that our total allotted footage had been drilled and in as much as sulphides were contacted at the 150' mark in Hole # 1.

H. Cavin

Howard C. Valle

Howard C. Valle

Ticket DMEA 3261 (Michel)
Valle Mining Syndicate
Old Francisco et al. Claims
Inyo County, California
Contract # Adm E 678

Recommended by Duncan Higgs

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

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

November 22, 1954

No reply necessary

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA-3261 - Nickel
Valle's Mining Syndicate
Old Ironsides, et al, claims
San Diego County, California
Contract No. 16-678

Relative to your letter of November 1, 1954, inquiring as to the possible justification of doing some additional diamond drilling on above subject property, I am enclosing a copy of a letter dated November 18, 1954, from Mr. Roscoe Smith.

Mr. Smith is of the opinion that sufficient drilling has been done and that the objective of the work has been achieved. The copper and nickel content of the best mineralized material certainly does not offer much encouragement for continued exploration and I recommend that Mr. Stager's conclusion be accepted.

S. RICKER

S. Ricker
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno

400

COPY

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

Geological Survey
Mineral Deposits Branch
4 Homewood Place
Menlo Park, California

November 18, 1954

Mr. S. Ricker, Executive Officer
DMEA Field Team, Region III
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA 3261 (Nickel)
Valle's Mining Syndicate
Old Ironsides, et al., claims
San Diego County, California
Contract No. Idm-E678

Dear Mr. Ricker:

The following is in answer to the questions raised by Mr. George C. Selfridge in a letter to Mr. Miller dated Nov. 1, 1954 concerning termination of the contract at the Old Ironsides property.

The Old Ironsides property was visited by Mr. Stager on October 29, 1954 for the purpose of logging the core of drill hole No. 2. He was accompanied by Mr. Henry R. Cornwall, nickel commodity specialist of the U. S. Geological Survey.

Hole No. 2 was drilled on a bearing of S 82° E at an inclination of minus 30 degrees to a total depth of 219 feet. Sparse sulfides were cored from 150 to 165 feet and a sample of the material at 160 feet was sampled and sent for assay by the operator. This sample represents the best mineralized material cut by the drill but contained only 0.01 percent copper and 0.005 percent nickel.

Mr. Stager has plotted the drill holes and assay data on our geologic maps and sections of the property and considers that the holes were drilled to the depth necessary to test the target area.

Sincerely yours,

/s/ Roscoe M. Smith by HRC

Roscoe M. Smith

400

NOV 22 1954

Mr. Spangler Klemm, Executive Officer
DMEA Field Team, Region XII
400 Custom House Building
555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA 3061 - Michael Valle's Mining Syndicate
Old Ironsides, et al., claims
San Diego County, California
Contract No. 14-2678

Dear Mr. Klemm:

Inferences is made to the subject docket and the Operator's cost reports for July and August 1954. These reports are unacceptable to this Administration as they do not include narratives describing the work performed or logs of the drill holes.

Your attention is called to Article 5 of the contract which states: "Progress reports. The Operator shall provide the Government with monthly reports of units of work performed under the contract." This monthly report shall consist of three parts as set forth on the back of the DMEA form as follows: (a) Form MP-3064--Operator's Monthly Report and Vouchers, (b) Form MP-3064a--Operator's Unit Cost and Progress Report, and (c) Narrative.

In the future, please arrange to have no payments made by the fiscal officer on any account unless your technical review shall have indicated that it appears to be supported by the required data.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

T. H. Hedges

Bureau, Bureau of Mines

E. L. Newcomb

Bureau, Geological Survey

FAEtledge:fec
11-17-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
Pt. Reg. XII
H. W. Davies, USBM
Thor N. Kiilsgaard, USGS

COPY

DMEA 3261

WESTERN UNION

NOV 19 1954 3 16 PM

WP040 LONG GOVT PD-RENO NEV 19 1128 AMP

O O MITTENDORF, ADMINISTRATOR
DEFENSE MINERALS EXPLORATION ADMN INTERIOR DEPT

GLEN GENTRY PLANS TAKE ME FOLLOWING SCHEDULE OF INSPECTION NOVEMBER 20 VIA NIGANZ MINE DOCKET 3395 TO ELY: NOVEMBER 21 VIA MOUNT WHEELER DOCKET 2082 and BACK TO ELY: NOVEMBER 22 VIA MIA DOCKET 2688 TO PIOCHE: NOVEMBER 23 VIA WAH CHANGE DOCKET 3512 AND YZ DOCKET 3273 TO GLENDALE NEVADA: NOVEMBER 24 VIA KEY WEST DOCKET 3479 TO LAS VEGAS. WILL GO TO SALT LAKE CITY ONLY IF I MISS J WILLIAMS AT THE MINE OR AT REQUEST OF MIA IF NECESSARY OTHERWISE PLAN TO RETURN FROM LAS VEGAS TO WASHINGTON. UNDERSTAND FROM ROSCOE SMITH AND A C JOHNSON THAT FURTHER WORK AT VALLE DOCKET 3261 UNWARRANTED. PLEASE WIRE S RICKET IF ANY FURTHER INFORMATION IS REQUIRED BEFORE CONTRACT CAN BE SENT TO HELMKE ETC. DOCKET 3407. UNDERGROUND INSPECTION AT IDAHO MARYLAND DOCKET 3347 INDICATES THAT CONTRACT AS DRAFTED SHOULD BE SENT OUT FOR EXECUTION. COVERING LETTER TO S RICKER SHOULD STATE THAT DMEA WILL CONSIDER AN AMENDMENT SUBSTITUTING NEW WORK FOR THE RAISING NOW ALLOWED, AND THAT TO THE EXTENT THAT THE NEW PROPOSED WORK INCLUDES RAISING AN EQUIVALENT AMOUNT OF DRIFTING COULD BE TRANSFERRED BUT I DO NOT RECOMMEND ANY INCREASE IN THE COST.

W S MARTIN

400

NOV 1 1954

Mr. H. G. Miller, Executive Officer
DMEA Field Team, Region III
420 Customhouse Building
555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA 3361 - Michael Valle's Mining Syndicate
Old Ironsides, et al., claims
San Diego County, California
Contract No. Ldm-8678

Dear Mr. Miller:

This will acknowledge your letter of October 22, 1954, requesting authority to terminate the subject contract.

Hole No. 1 of the referenced project was drilled along the strike of Hole No. 2 as authorized by the contract. This hole, drilled at an inclination of minus 30 degrees and bearing of S. 53° E., intersected 1.5 feet of sulphides between 159 and 160.5 feet and was bottomed at 387 feet.

Without knowing the bearing and inclination of the second hole drilled, we are unable to determine whether this hole was deep enough. If Hole No. 2 was drilled along the strike of the authorized Hole No. 1 and at an inclination of minus 30 degrees or more, that hole may have been stopped short of its target.

We would, therefore, appreciate your reviewing the results of the subject project. If you determine that Hole No. 2 was not long enough to intersect the target, you are hereby authorized and requested to approve up to 150 feet of additional drilling in Hole No. 2, and prepare an appropriate amendment.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

FARutledge:foc
10-28-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. III
H. W. Davis, USBM
Thor H. Kiilsgaard, USGS

400

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

RECEIVED
OCT 29 1954

I have reviewed the Monthly Reports of:

Valle's Mining Syndicate,
a partnership, 2424 Fifth Avenue,
San Diego 1, California, composed of:
Iva C. Valle, Paul Valle Jr., Howard C. Valle,
and Charles Byron Valle, all of San Diego,
California; and C. Byron Valle, El Paso, Texas

pertaining to Exploration Project Contract No. Id-7678, Docket No. [illegible]-3261, for the months of July, August and September 1954, covering a project for the exploration of Nickel, on property known as Old Ironside, et al mining claims, located in San Diego County, California.

My review included an examination of the Monthly Reports (Forms MP-104) and supporting documents attached thereto, comparison of costs claimed with the contract and pertinent schedules, consultation with the Executive Officer in charge of the project, and a determination of the reasonableness and propriety of the costs.

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

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

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

Total cost as billed by contractor	$4,[illegible]55.00
Exceptions	-0-
Total accepted cost	$4,[illegible]55.00

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in amount of Three Thousand Six Hundred Forty-one and 25/100 Dollars:

** $3,641.25 **

is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the project.

George Mayor
George Mayor
Auditor

October 26, 1954

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

400

orig to MT7

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

October 22, 1954

Air Mail

WSM

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-3261 - Nickel
Vallo's Mining Syndicate
San Diego County, California
Contract No. ID[illegible]-3678

Stage I under the subject contract, consisting of the drilling of two diamond drill holes, has been completed. According to the interim report by B. H. Sheahan, dated September 10, 1954, Hole No. 1 cored sulphides at a depth between 159 and 160.5 feet. Assays of the cores from this 1-1/2 foot section made by Smith Emery Company ran 0.71 per cent nickel and 1.44 per cent copper. The hole was drilled to a depth of 387 feet according to Sheahan's report.

According to the Operator's narrative report dated October 16, 1954, no showings whatsoever were found in Hole No. 2, which was drilled to a depth of 219 feet. In that narrative report, the Operator states: "We deemed it necessary not to drill further until advised by your field team, due to the fact that our total allotted footage had been drilled and in as much as sulphides were contacted at the 150' mark in Hole #1."

The contract states that "The work under Stage II shall be undertaken only with the prior written approval of the Government. Such approval shall not be given without consideration of the results of metallurgical testing of the ore."

Inasmuch as the results of drilling under Stage I exposed only 1-1/2 feet of doubtful commercial ore in one hole and none whatsoever at the corresponding or any other depth in the second hole, it is recommended that the contract be terminated.

As my authority as Executive Officer to terminate a contract can be exercised only after consultation with your office, I suggest you give my recommendation studied consideration and if you agree that the contract should be terminated, you give me the necessary authority. I will then terminate the contract by sending the Operator a "Notice of Termination of Exploration Project Contract" such as is prescribed in DMEA Circular 33, dated June 30, 1954, for use when the Operator has a short form contract MF-200 (A) February 1952. Ground (b) of the suggested notice would be the basis for the termination.

H. C. MILLER

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

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno

400

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 17 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Office of
Executive Officer
DMEA Field Team
Region III

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

Date: September 13, 1954

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

WSM

Subject: Interim Inspection Report

Attached are four copies of Interim Report on -

Docket DMEA -3261

Contract Idm-E 678

Commodity Nickel

Operator - Valle's Mining Syndicate

Property - Old Ironside et al mining claims
San Diego County, California

By D. H. Sheahan, Mining Engineer

Dated September 10, 1954

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

Attachment

Copy to: Finance Officer, Region III (With one copy of report)

Roscoe Smith, USGS (With one copy of report)

INTERIM REPORT

Docket No.: DMEA-3261 (Nickel) Sept. 10, 1954

Name and address of operator: Mr. Howard C. Valle, Agent
Valle's Mining Syndicate, a partnership
2424 Fifth Ave.,
San Diego 1, Calif.

Name and location of property: Old Ironside, et al mining claims
San Diego County, California
(located 49 miles northeast of
San Diego, Calif.)

Contract No.: Idm-E678

SUMMARY

The property was inspected by an engineer of the Bureau of Mines, accompanied by Mr. H. K. Stager, geologist, Geological Survey, and Mr. Howard C. Valle, supervisor, on August 30, 1954.

The contract to explore the property for nickel was signed on June 21, 1954. Exploration work was started on July 17, 1954 under stage I of the contract which consisted of diamond drilling operations.

The diamond drilling was done by an independent contractor, B & R Diamond Drilling Co., 1025 East Main St., El Cajon, San Diego County, Calif. The independent contract price per foot was $6.75, which did not include costs preparatory to starting the drilling operation, supervision, assaying, or cost of drilling water, transportation, or cost of core boxes. The total agreed unit cost was $8.00 per foot. Mr. Howard Valle has done the general supervision.

The work completed included diamond drilling one hole to a depth of 387 feet. The hole was started BX in size on July 20, 1954 and was completed on August 25, 1954. This hole was collared approximately 200 feet down the slope from the gossan outcrop and was drilled at an inclination of minus 30 degrees, and with a bearing of S. 53° E. or approximately 17-1/2 degrees south of the proposed adit line. The hole was completed with AX size drill bits.

Sulphides were cored from a depth of 159 feet to 160.5 feet. An assay of a sample from the best part of this mineralization analyzed by Smith Emery Company contained 0.71 percent nickel and 1.44 percent copper. From the collar to a depth of 150 feet, core recovery was poor. Water consumption was very high because of ground conditions. Casing and cementing was necessary. From a depth of 150 feet to the bottom at 387 feet, core recovery was good and only a little trouble was encountered. Very little sludge was recovered because of poor circulation return of drill water.

CONCLUSIONS

The second stage of the exploration contract is not warranted from the evidence gained to date from the first diamond drill hole. The sulphide mineralization was only a foot and a half wide and was not of an ore grade. A second diamond drill hole should be drilled because of the irregular nature of this type of deposit, and because stage I of the contract should be completed.

RECOMMENDATIONS

(a) For improvement of operations:

The operator understands and was advised by the engineer to start drilling operations with at least BX size drill bits and to plan on casing the hole from the start.

(b) Changes in project or target: None

(c) Amendments to contract: None

(d) Other: The operator was advised to provide covers for core boxes and to properly store the core and sludge recovered.

WORK COMPLETED

Under Stage I of the contract, one diamond drill hole was completed to a depth of 387 feet. The hole was completed AX size. This hole was drilled deeper than was necessary.

COMMENTS

Although very difficult diamond drilling conditions were encountered, the over all progress was fairly good. Water consumption was very high. The difficulties were overcome by cementing and casing through fractures in the granite.

The operator's monthly reports fairly well describe the operation. The operator has listed expenditures of $565.42 for the month of July 1954. The operator shows a unit cost of $7.068 per foot for 80 feet of diamond drill hole. The agreed unit price was $8.00 per foot and the operator could fairly request the additional payment.

No operations were being conducted at the property on the date of the inspection. The diamond drill was set up at the drill site. The operator planned to continue the diamond drilling under Stage I which would include drilling hole No. 2. The work completed was done with fair efficiency.

GEOLOGY AND MINERALIZATION

The first hole was drilled in fractured altered granite gabbro to a depth of 159 feet. From 159 to 160.5 feet heavy iron sulphides were cored. An assay of a few inches of the split core showed 0.71% Ni and 1.44% Cu.

The operator was advised to have the sulphides analyzed for the platinum group metals. From 160.5 to 387 feet, the core was composed of unaltered gabbro.

SAMPLING

No other samples were taken because of the small quantity of the sulphide core. The core was retained by the operator for comparison with sulphides that may be encountered with a second drill hole.

B. H. Sheahan

B. H. Sheahan
Mining Engineer

JUN 21 1954

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Enclosures

APPROVED:

J. H. Hedges
Director, Bureau of Mines

Philip W. Guild
Director, Geological Survey

FAHutchinson:fcc
6-16-[illegible]
cc to: Docket
Code [illegible]
Admr. Reading File
Operating Comm.
FT RSR. 3
M. W. Davis, USBM
Phillip Guild, USGS

The work consists of:

1. Driving a crosscut adit approximately 500 feet in length to intersect the mineralized zone.

2. From the adit, drifting north and south along the mineralized zone for an aggregate distance of not more than 400 feet.

ESTIMATED COSTS OF PROJECT
AGREED UNIT COSTS

Stage I

Diamond drilling 600 feet @ $8.00/ft.	$4,800.00

Stage II

Drifting and crosscutting 900 feet @ $29.00/ft.	26,100.00
TOTAL AGREED UNIT COSTS	31,460.00 ~~$30,900.00~~
GOVERNMENT PARTICIPATION @ 75%	23,595.00 ~~$23,175.00~~

It should also be noted that before the work under Stage II is approved, the results of metallurgical tests are to be considered. These tests should indicate to the satisfaction of the Government that the mineralized material is amenable to current metallurgical processes. Therefore all of mineralized material from the drill holes not required for analyses should be saved for ~~the metallurgical~~ such tests.

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

JUN 21 1954

Mr. H. C. Miller, Executive Officer
DMEA Field Team, Region III
420 Customhouse Building
555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA 3261 - Nickel
Valle's Mining Syndicate
Old Ironsides, et al., claims
San Diego County, California

Dear Mr. Miller:

Enclosed are the original and five copies of a proposed contract for an exploration program by the above-referenced applicant, signed by the Administrator for the Government, together with Annex I (1 page), Annex II (3 pages), Exhibit "A" (2 pages), and one map.

If the terms and conditions of this proposed contract are satisfactory to you and the Operator, all six copies should be signed and the usual distribution made. However, before execution of the proposed contract, evidence should be obtained indicating that Howard C. Valle is authorized to act as agent for the other persons named as partners in the contract; or, as an alternative, all the partners should sign.

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

Please note that the work under Stage I has been increased by the addition of a second drill hole which can be inclined more steeply than the first hole if the first hole encounters the oxidized zone. It should also be noted that before the work under Stage II is approved, the ~~Operator is to submit~~ the results of metallurgical tests ~~that prove~~ should indicate to the satisfaction of the Government that the mineralized material obtained under Stage I is amenable to current metallurgical processes.

Analyses of samples, 112 samples @ $5.00 each	560.00	
TOTAL AGREED UNIT COSTS		$31,460.00
GOVERNMENT PARTICIPATION @ 75%		$23,595.00

Form 100-(A)
(Revised May 1952)

DOCKET DMEA 3261

COMMODITY Nickel

Government Copy

IDM - E 678

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 21st day of June, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Valle's Mining Syndicate, a partnership, 2424 Fifth Avenue, San Diego 1, California, composed of: Iva C. Valle, Paul Valle, Jr., Howard C. Valle, and Charles Byron Valle, all of San Diego, California; and C. Byron Valle, El Paso, Texas,

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

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

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

the Operator represents and undertakes:[4]

(*a*) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: None

(*b*) ~~That the Operator's Consent to Lien is attached.~~
The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

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

in or upon the described land; and shall bring the project to completion within a period of 18 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 75 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $~~23,175.00~~ 23595.00, which is 75 percent of $~~30,900.00~~ 31,460.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

(*b*) *Final report.*—Upon complet[illegible] the exploration work or termination of th[illegible]tract the Operator shall provide the Government with an adequate geologi[illegible] and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

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

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

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

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

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

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

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

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

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations. **SeeAnnex II substituted for Article 6.**

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

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

ARTICLE 9. *Changes and added provisions* _____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Valle's Mining Syndicate
(Operator)

By _____
Administrator, Defense Minerals Exploration Administration

By _____
Howard C. Valle, Agent

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

_____ [CORPORATE SEAL]

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

D.M.E.A. 3261, Idm E-678.

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

400

420 Custom House
555 Battery Street
San Francisco 11, California

July 12, 1954

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-3261 - (Nickel)
Valle's Mining Syndicate
Old Ironsides, et al. claims
San Diego County, California
Contract No. Idm-E678

Reference is made to Mr. George C. Selfridge's letter of June 21, 1954, transmitting to this office the original and five copies of subject contract.

The contract has been executed on the part of the Operator and one copy retained by him. Proper distribution has been made of the Field Team's and Finance Officer's copies, and the original and two remaining copies are returned herewith.

A copy of certified acknowledgment of Howard C. Valle as agent for Valle's Mining Syndicate is attached.

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

Attachments

Copy to: A. C. Johnson, Reno (with copy of contract only)
R. M. Smith (USGS)
Finance Officer, Region III (with copy of contract only)
George Maver

MF-200 (A)
(February 1952)

DOCKET DMEA 3261

COMMODITY Nickel

Division copy
IDM - E 678

Defense Minerals Exploration Administration
RECEIVED
JUL 16 1954

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 21st day of June, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Valle's Mining Syndicate, a partnership, 2424 Fifth Avenue, San Diego 1, California, composed of: Iva G. Valle, Paul Valle, Jr. Howard C. Valle, and Charles Byron Valle, all of San Diego, California; and C. Byron Valle, El Paso, Texas.

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

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

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

the Operator represents and undertakes:[4]

(*a*) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: None

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

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

ARTICLE 3. *Exploration project.*—The Operator, within 45 days from the date of this contract shall commence work on a project of exploration for[5] nickel

in or upon the described land; and shall bring the project to completion within a period of 12 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 75 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $23,595.00, which is 75 percent of $31,460.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided*, That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

---

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

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

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

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

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

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

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

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

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

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

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations. See Index II substituted for Article 6.

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

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

ARTICLE 9. *Changes and added provisions* _____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Valle's Mining Syndicate
(Operator)

By Howard C. Valle
Howard C. Valle, Agent

By O. Mitchell
Administrator, Defense Minerals Exploration Administration

Burbi
Hoffmud
Talbert

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

_____ [CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
VALLE'S MINING SYNDICATE
DOCKET NO. DMEA 3261

ANNEX I

The land included in Article 2 of the contract form and Annex II, attached to the Contract consists of the Old Ironsides group of twelve (12) unpatented mining claims, recorded in the San Diego County recorder's office as follows:

Old Ironsides	Book	919	Page	208
Santa Ysabel		4614		377
Howard		4650		472
Doris		4650		471
Iva		4650		474
Paul		4650		473
Nora		4650		470
Nick		4650		464
Donna		4650		468
Byron		4650		467
Jay		4650		475
Mary		4650		466

The claims are located in the Easterly ½ of Section 1, Township 12 South, Range 1 East; and in the Westerly ½ of Section 6, Township 12 South, Range 2 East; SBBM.

EXPLORATION PROJECT CONTRACT
VALLE'S MINING SYNDICATE
DOCKET NO. DMEA 3261

ANNEX II

The following provisions are in lieu of Article 6 :

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

b. Royalty on production.--The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

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

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

h. No obligation to produce.--Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

i. Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

58694

EXPLORATION PROJECT CONTRACT
VALLE'S MINING SYNDICATE
DOCKET NO. DMEA 3261

EXHIBIT "A"

Description of the Work

The exploration work is to be done in two stages as indicated on the map attached hereto entitled "Old Ironsides Nickel Deposit, San Diego County, California."

The diamond drilling shall be not less than AX in size. All drifts and crosscuts shall be not less than 4 feet by 6½ feet in the clear and timbered where necessary.

Representative samples shall be taken of all mineralized ground encountered. Each sample shall be divided into at least two parts, one of which shall be furnished to the DMEA Field Team.

Stage I

Time Schedule: 0 - 2 months

1. Diamond drill two holes, each approximately 300 feet in depth, to explore the downward extension of the Old Ironsides nickel deposit. The drill holes shall be collared about 200 feet down the slope below the outcrop and on the line of the proposed adit. The first hole shall be drilled at an angle of minus 30° to intersect the ore body approximately 60 feet north of the line of the proposed adit. The second drill hole shall be oriented to intersect the ore body approximately 60 feet south of the line of the proposed adit. Inclination of the second drill hole shall be subject to the prior approval of the Government but shall be not less than minus 30°.

Stage II

Time Schedule: 2 - 18 months

The work under Stage II shall be undertaken only with the prior written approval of the Government. Such approval shall not be given without consideration of the results of metallurgical testing of the ore.

The work consists of:

1. Driving a crosscut adit approximately 500 feet in length to intersect the mineralized zone.

2. From the adit, drifting north and south along the mineralized zone for an aggregate distance of not more than 400 feet.

ESTIMATED COSTS OF PROJECT

AGREED UNIT COSTS

Diamond drilling 600 feet @ $8.00/ft.	$4,800.00	
Drifting and crosscutting 900 feet @ $29.00/ft.	26,100.00	
Analyses of samples, 112 samples @ $5.00 each	560.00	
TOTAL AGREED UNIT COSTS		$31,460.00
GOVERNMENT PARTICIPATION @ 75%		$23,595.00

valle's

Dining Room
Banquet Room
Cocktail Lounge

2424 - 5th Avenue
San Diego, California
Franklin 9-4383

October 18, 1954

Progress Report

Hole # 2 was completed on September 21st to a depth of 219 feet with no showing whatsoever. We deemed it necessary not to drill further until advised by your field team, due to the fact that our total allotted footage had been drilled and in as much as sulphides were contacted at the 150' mark in Hole # 1.

Howard C. Valle

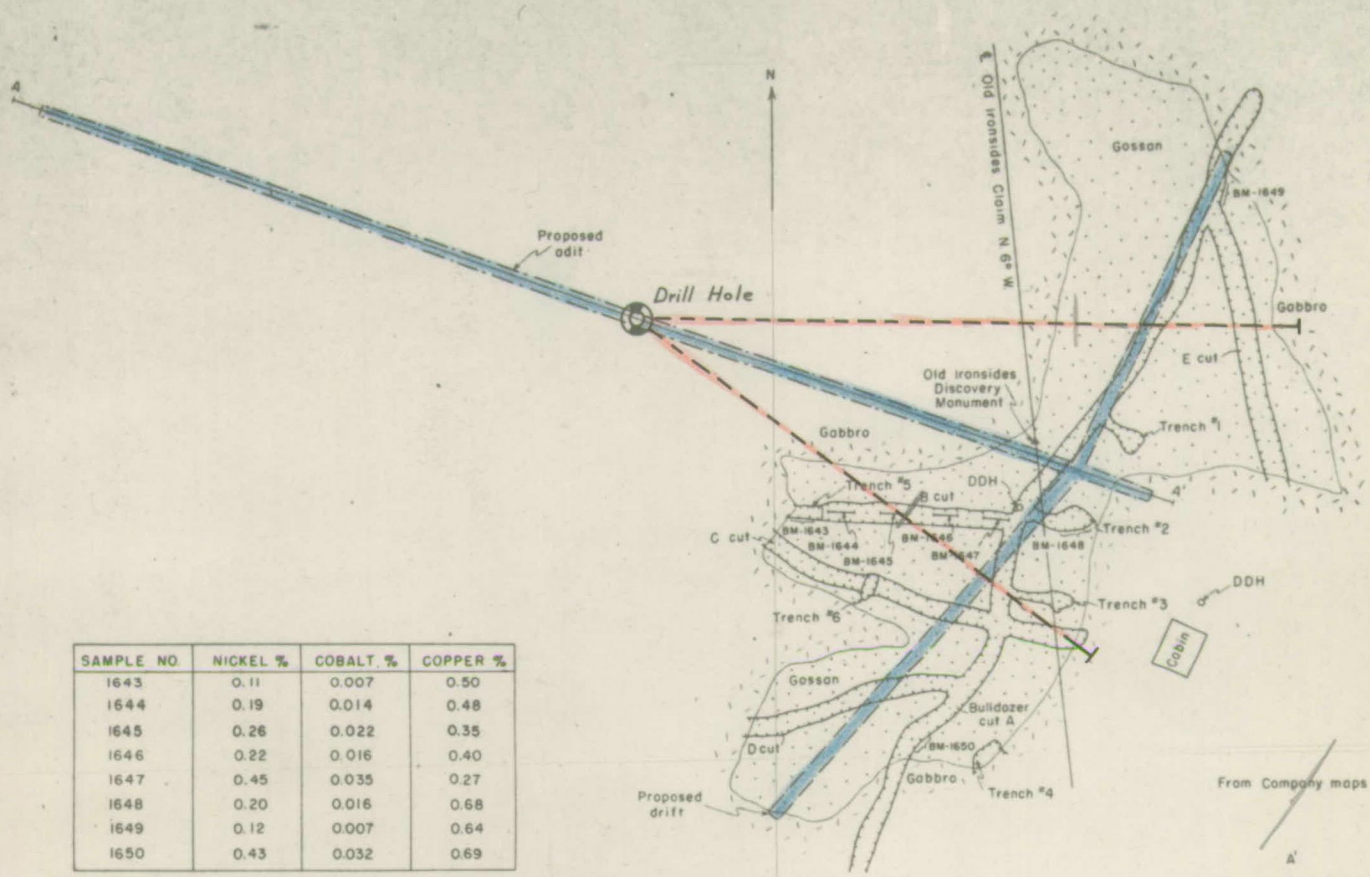
Howard C. Valle

Docket DMEA 3261 (Nickel)
Valle Mining Syndicate
Old Ironsides et al., Claims
San Diego County, California
Contract # Adm E 678

Recommended by Duncan Hines

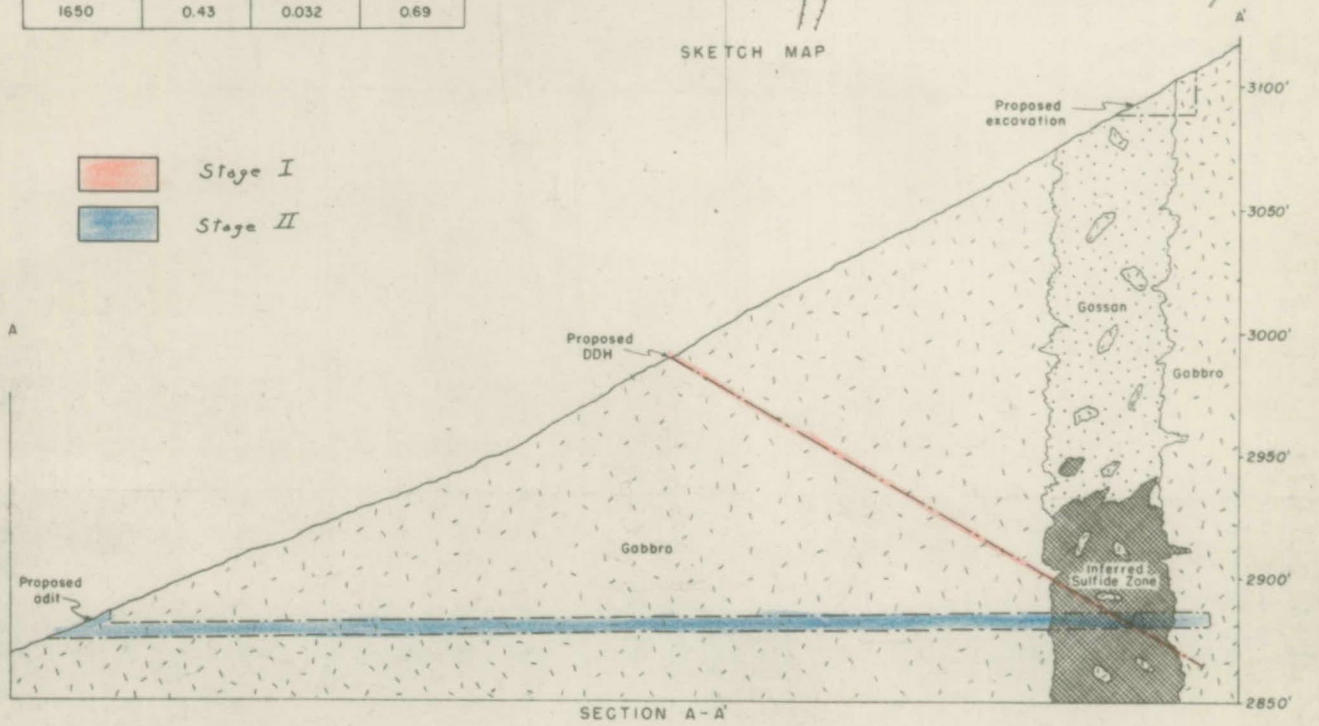
UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 3261
(NICKEL)



SKETCH MAP

SAMPLE NO.	NICKEL %	COBALT %	COPPER %
1643	0.11	0.007	0.50
1644	0.19	0.014	0.48
1645	0.26	0.022	0.35
1646	0.22	0.016	0.40
1647	0.45	0.035	0.27
1648	0.20	0.016	0.68
1649	0.12	0.007	0.64
1650	0.43	0.032	0.69



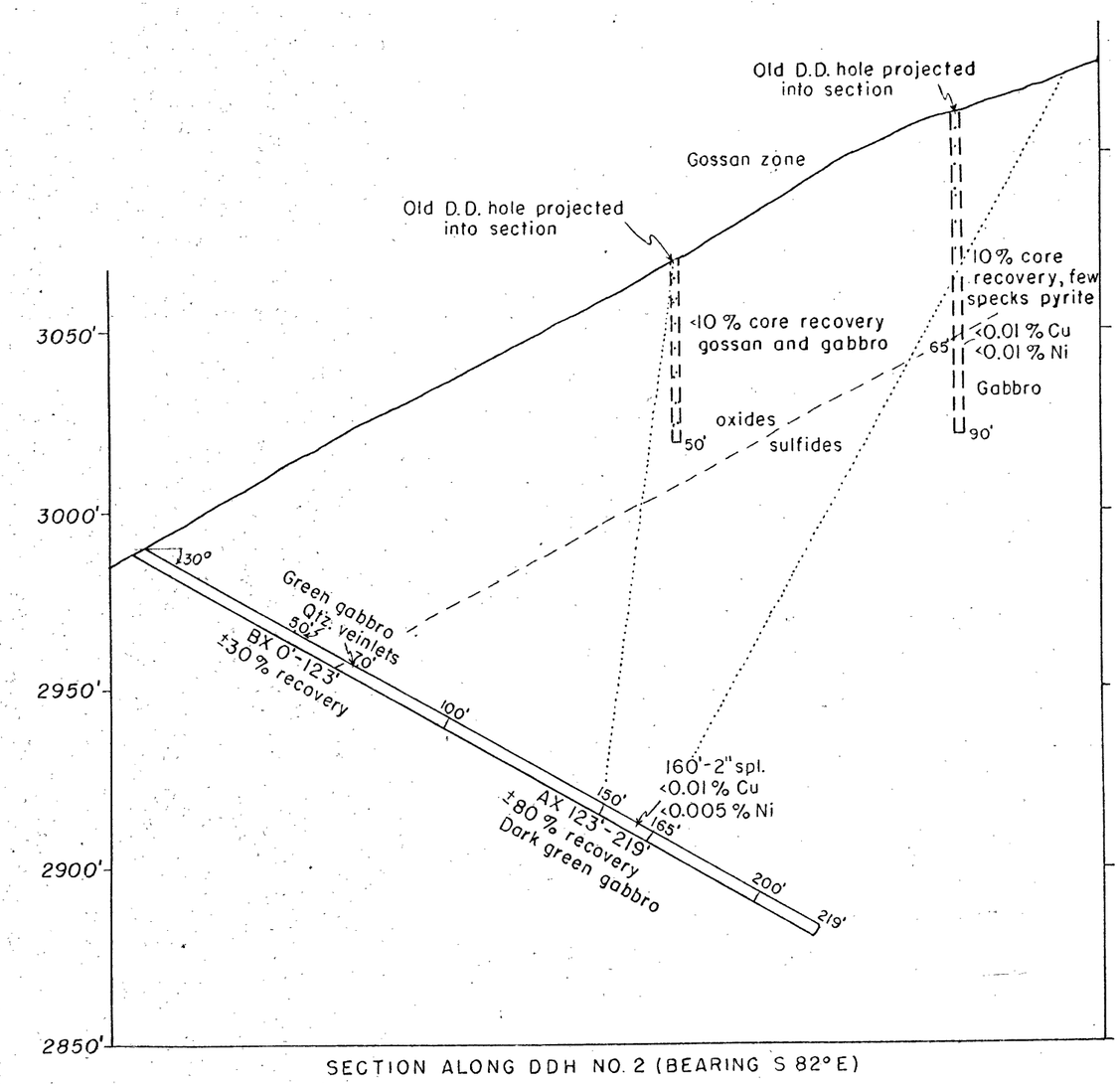
SECTION A-A'

OLD IRONSIDES NICKEL DEPOSIT, SAN DIEGO COUNTY, CALIFORNIA

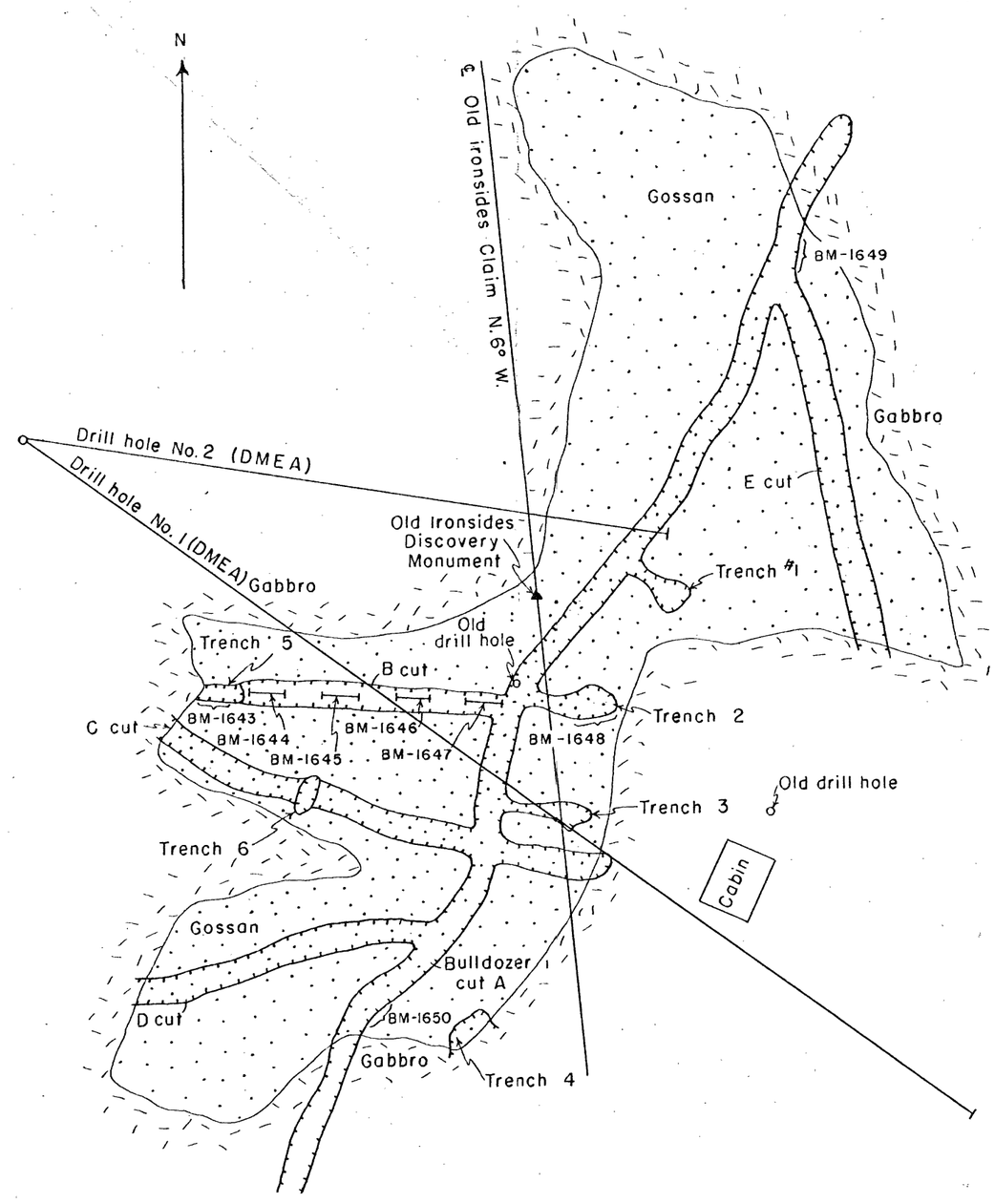
40 0 40 80 FEET

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 3261
Idm E678
(NICKEL)



SECTION ALONG DDH NO. 2 (BEARING S 82° E)



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1643	0.11	0.007	0.50
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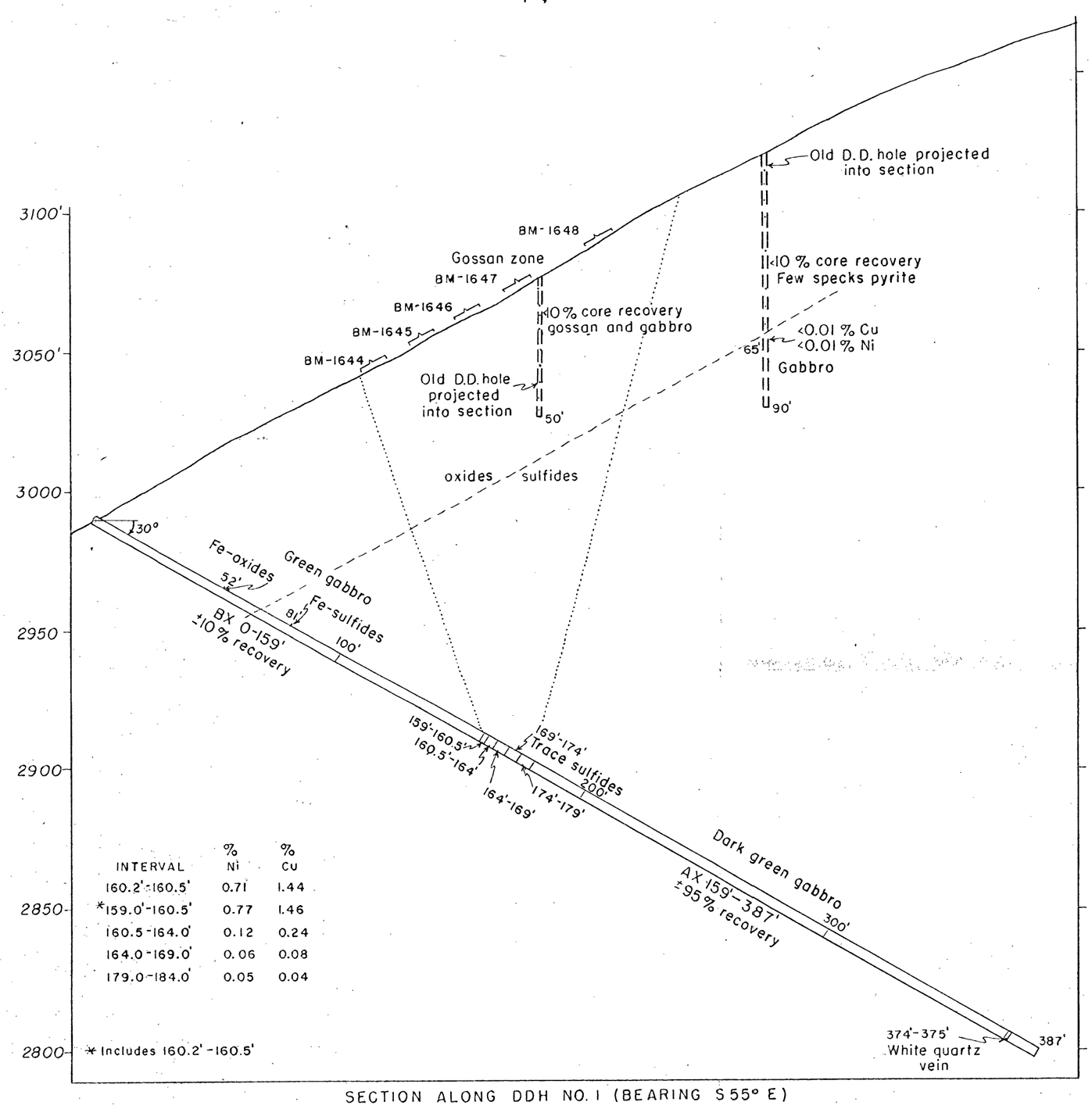

SECTION ALONG DDH NO. 1 (BEARING S 55° E)

GEOLOGIC SKETCH MAP OF THE OLD IRONSIDES NICKEL DEPOSIT, SAN DIEGO COUNTY, CALIFORNIA

40 0 40 80 FEET

FIGURE 1