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.

June 16, 1954

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

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

Reference is made to the letter dated June 2, 1954, from Mr. Ernest Wm. Ellis, Acting Chairman, Operating Committee, requesting information substantiating the recommended unit price of $29.00 per foot mentioned in the Benson-Stager report on the subject property dated May 6, 1954.

Four copies of a memorandum dated June 14, 1954, from A. C. Johnson, giving the requested information, are attached.

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

Attachment

Copy to: Roscoe Smith, USGS

1605 Evans Ave.
~~xxxxxxxxxx~~

June 14, 1954

Memorandum

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

From: Chief, Mining Division, Region III

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

In compliance with your memorandum of June 9, 1954, the following is a breakdown of costs recommended for work on the Valle Nickel deposit, San Diego County, Calif. (Docket DMEA-3261):

	Total Costs	Per foot
Road to adit location	$370.00	$0.37
Breaking & mucking	9,500.00	9.50
Supervision	1,200.00	1.20
3,000 feet 1-inch water line	530.00	0.53
pipe fittings	35.00	0.03
Drill steel	500.00	0.50
Air hose	150.00	0.15
Timber	300.00	0.30
Track, ties, spikes	1,500.00	1.50
Air line, 2 1/2-inch	629.00	0.63
Fittings for 2-1/2-inch line	200.00	0.20
Explosives, fuse, caps	3,000.00	3.00
Fuel	2,000.00	2.00
Compressor rental	1,600.00	1.60
Jack leg drill	475.00	0.48
2 mine cars @ $250.00/ea.	500.00	0.50
Gunder	180.00	0.18
Water storage tank	82.00	0.08

	Total Cost	Per foot
Additions to existing facilities	$ 500.00	$0.50
Repairs	500.00	0.50
250 feet timbering @ $8.00/ft.	2,000.00	2.00
Compensation Insurance	1,123.27	1.13
Payroll taxes	395.00	0.40
Trucking supplies	1,000.00	1.00
Contingencies	750.00	0.75
Total		$29.00

The cost of drilling the 250 foot diamond drill hole is estimated at $8.00 per foot.

Docket DMEA-3261 is returned herewith.

A. C. Johnson

Encl.

1605 Evans Ave.
~~XXXXXXXXXX~~

June 14, 1954

Memorandum

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

From: Chief, Mining Division, Region III

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

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Docket DMEA-3261 is returned herewith.

A. C. Johnson

Encl.

1605 Evans Ave.

June 14, 1954

Memorandum

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

From: Chief, Mining Division, Region III

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

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Total		$29.00

The cost of drilling the 250 foot diamond drill hole is estimated at $8.00 per foot.

Docket DMEA-3261 is returned herewith.

A. C. Johnson

Encl.

June 11, 1954

Memorandum

To: The Administrator
Through: Mr. W. S. Martin

From: Acting Assistant Solicitor, DMEA

Subject: Valle's Mining Syndicate, Docket No. DMEA-3261 (Nickel)

Attached is a contract covering the above-described project in satisfactory legal form for execution subject to the submission of evidence 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 partners should sign.

J. L. Hofflund
J. L. Hofflund
Acting Assistant Solicitor

Attachments 6

HCRubin:ep

Copy to: Docket
Mr. Martin (2)
Mr. Hofflund
Mr. Rubin
Chron.

400

Assistant Solicitor, DMEA

June 8, 1954

Chief, Iron and Ferro-Alloys Division, DMEA

Review and preparation of proposed contract
Docket No. DMEA 3261 - Nickel
Valle's Mining Syndicate
Old Ironsides et al. claims
San Diego County, California

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

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

Attachment

cc: Docket
Code 400
Adm. Read. File

FARutledge/ls 6/8/54

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3261

COMMODITY Nickel

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Valle's Mining Syndicate, a partnership, 2424 Fifth Avenue, San Diego 1, California, composed of: Iva C. Valle, 2718 Fifth Avenue, San Diego, Calif.; Paul Valle, Jr., 4381 Piedmont Drive, San Diego, Calif.; Howard C. Valle, 510 Tarento Drive, San Diego, Calif.; Charles Byron Valle, 2424 Fifth Avenue, San Diego, Calif.; C. Byron Valle, 1640 Golden Hill Terrace, El Paso, Texas. 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] a group of 12 unpatented mining claims located within the E ½ Sec. 1, T. 12 S., R. 1 E., and the W½ Sec. 6, T. 12 S., R. 2 E., SBB & M, as set forth in Annex I.

the Operator represents and undertakes:[4]

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

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

ARTICLE 3. *Exploration project.*—The Operator, within _____ 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 _____ 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 which is 75 percent of $30,900.00 the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 9. *Changes and added provisions* _____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

_____
(Operator)

By _____

By _____

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

_____ [CORPORATE SEAL]

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

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

ANNEX I

Old Ironsides group

The twelve (12) unpatented mining claims recorded by 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
Mick		4650		464
Donna		4650		468
Byron		4650		467
Jay		4650		475
Mary		4650		466

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

EXHIBIT "A"

Description of the Work

The exploration work on this project 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 is to go to the Field Team and the other to the Operator.

Stage I

Time Schedule: 0 - 2 months

1. Diamond drill two holes, 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

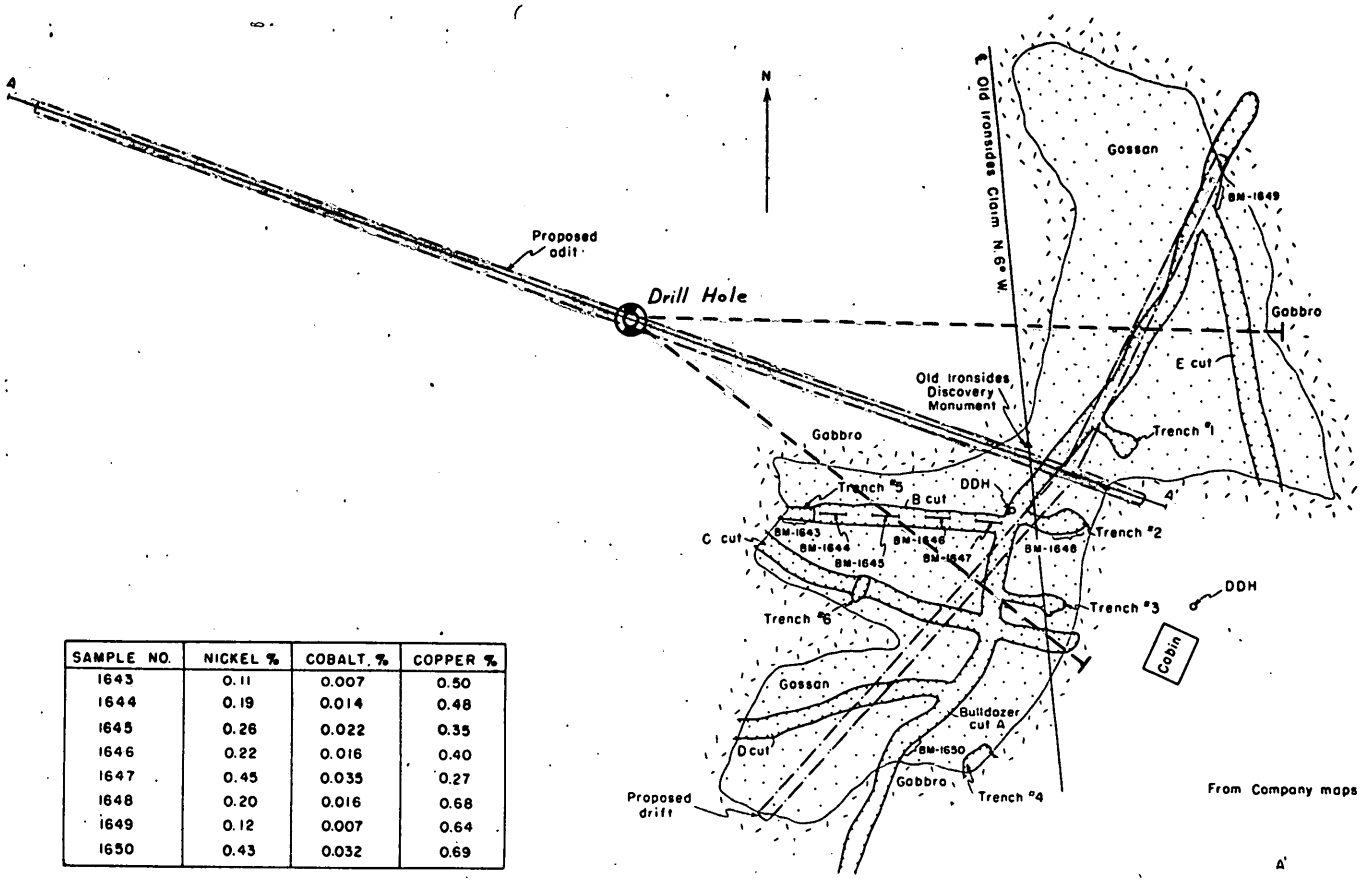
The work under Stage II is to depend upon the results achieved under Stage I and is to be undertaken only with the prior written approval of the Government in the event that metallurgical testing proves to the satisfaction of the Government that the mineralized material is amenable to current metallurgical processes.

1. Drive a crosscut adit approximately 500 feet in length to intersect the mineralized zone.
2. From the adit, drift north and south along the mineralized zone for a total distance of not more than 400 feet.

ESTIMATED COSTS OF PROJECT

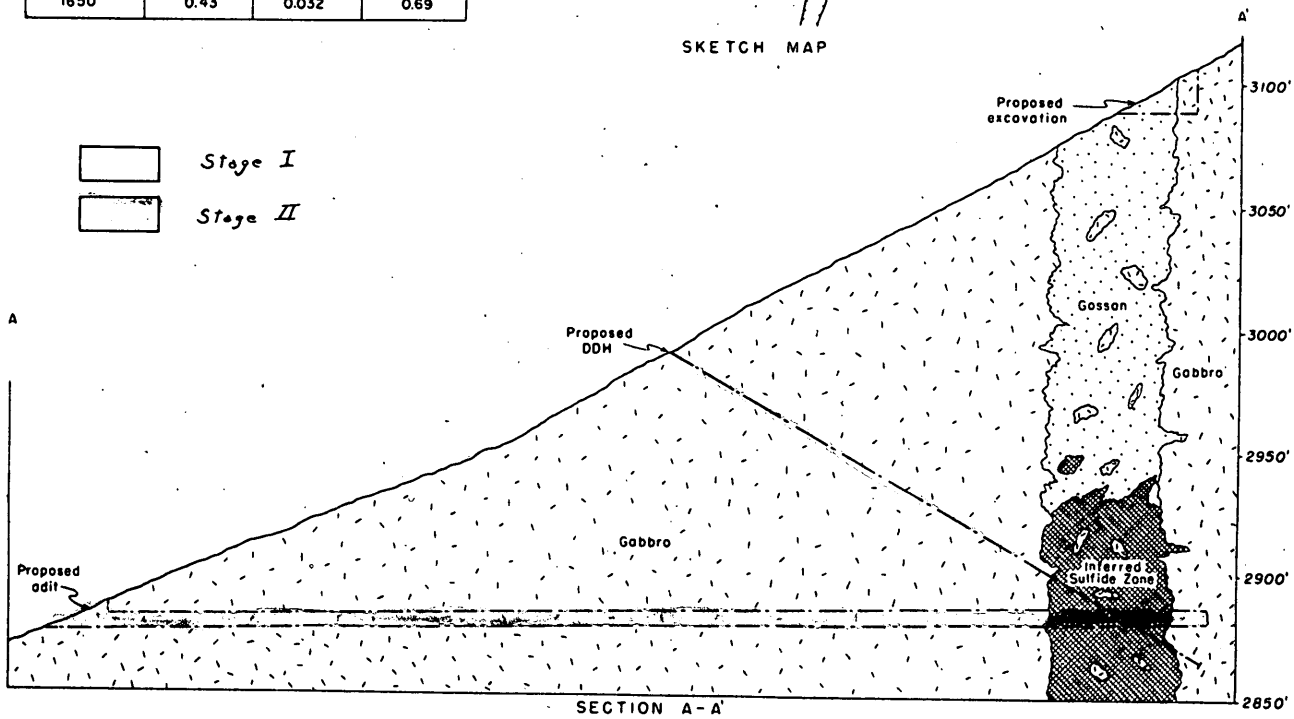
AGREED UNIT COSTS

Stage I		
Diamond drill 600 feet @ $8.00/ft.	$4,800.00	
Stage II		
Drift and/or crosscut 900 feet @ $29.00/ft.	26,100.00	
TOTAL AGREED UNIT COSTS		$30,900.00
GOVERNMENT PARTICIPATION @ 75%		$23,175.00



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

400

Code 400

JUN 2 1954

Mr. H. C. Miller, 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

Dear Mr. Miller:

Reference is made to our letter of May 28, 1954, to Mr. Howard C. Valle, regarding the subject application.

It will be appreciated if you will supplement the report of examination of May 6, 1954, with information substantiating the recommended unit price of $29.00 per foot.

Sincerely yours,

Ernest Wm. Ellis

ACTING Chairman, Operating Committee

Copy to: DOCKET
FT, REG. 3
CODE 400
OPER. COMM.
ADM. READ. FILE
H. W. DAVIS, USBM
P. W. GUILD, USGS

Approved:

J. H. Hedges

Member, Bureau of Mines

D. M. Barrabee

Member, Geological Survey

WSMartin/ls 6/1/54

400

Air Mail

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

Re: Docket No. DMEA 3261 - Nickel
Old Ironsides, et al. claims
San Diego County, California

Dear Mr. Valle:

Reference is made to the subject application and the examination of your property on March 11, 1954, by an engineer and a geologist from our Field Team.

The Field Team recommends a first stage of at least one diamond drill hole. A 250-foot hole, costing about $2000.00, collared about 200 feet down the slope below the outcrop, on the line of the proposed adit, and at an angle of -30 degrees, would cut the projected sulphide body at about the depth of the proposed adit, and would give information as to the grade, thickness, mineralogy and metallurgical possibilities of the deposit. Such information should be available before the adit is started.

The examiners report that the proposed drilling has not been discussed with you but that you have expressed your willingness to modify your proposal to suit the suggestions of the Field Team.

Without making any commitment to enter into a contract, we believe that two such holes, drilled to intersect the ore about 100 feet apart and on opposite sides of the proposed adit, would give us more reliable information. It will be appreciated if you will advise at your early convenience whether you would be agreeable to our same suggestion.

We note from the last sentence on page 4 of your application that several mining companies are in process of preparing bids for driving your adit. Please send us copies of any such bids that you have now received.

Sincerely yours,

A. D. Mitterdorf

Administrator

cc: DOCKET
FIELD TEAM, REG. 3
CODE 400
OPER. COMM.
ADM. READ. FILE
H. W. DAVIS, USBM
P. W. GUILD, USGS

WSMartin/ls 5/28/54

400

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

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

May 12, 1954

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

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

Reviewed by
DMEA OPERATING COMMITTEE
5-21-54
(date)

Reference is made to your undated letter received in this office on February 23, 1954, requesting a field examination of the subject property.

The property was examined on March 11, 1954. Attached are four copies of a report entitled "DMEA-3261, Valle's Mining Syndicate, Old Ironsides Claim, San Diego County, California, -Nickel-" by W. T. Benson, Mining Engineer, U. S. Bureau of Mines, and Harold K. Stager, Geologist, U. S. Geological Survey, dated May 6, 1954.

The applicants have asked for a loan of $38,698.00 for crosscutting and drifting. Their proposal is essentially sound but the engineer and geologist believe that the work should be set up in two stages. The first stage would be to diamond drill one hole to obtain further information on the deposit at depth and also to determine values below the oxidized zone. If the preliminary drilling should prove values to be sufficient, then the second part of the program could be carried out for the drifting and crosscutting, on a unit basis.

The engineer and geologist have recommended that the DMEA give favorable consideration for a limited amount of exploration work. I concur with their recommendations.

We acknowledge also your letter dated May 6, 1954, requesting information on the status of the above-docketed application.

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

Attachment

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA-3261, Valle's Mining Syndicate

Old Ironsides Claim

San Diego County, California

- Nickel -

W. T. Benson, Mining Engineer
U. S. Bureau of Mines

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

May 6, 1954

Reviewed by
DMEA OPERATING COMMITTEE

5-21-54
(date)

EXAMINATION REPORT

Docket No.: DMEA-3261 (Nickel)

Name and address of applicant: Valle's Mining Syndicate
c/o Howard C. Valle
2424 Fifth Avenue
San Diego 1, Calif.

Name and location of property: Old Ironsides Claim
San Diego County, Calif.

SUMMARY

Howard C. Valle, an officer of the Valle Mining Syndicate, 2424 Fifth Avenue, San Diego, Calif., applied to the Defense Minerals Exploration Administration for government assistance in a $38,698.00 program to explore a copper-nickel showing on the Old Ironside claim, situated in northwestern San Diego County, Calif.

A field examination was requested by the Executive Officer, DMEA Field Team, Region III, to determine if the showing was sufficient to justify the project proposed by the applicant and to obtain data necessary to complete a contract. Accordingly, an examination was made of the property on March 11, 1954 by an engineer of the Bureau of Mines and a geologist of the Geological Survey.

The applicant proposed to do some crosscutting to intersect the primary zone, and then drift to the limits of the deposit; estimated cost $38,698.00.

The problems of economically mining and milling a low grade nickel deposit are great, and it was decided by the examining engineer and geologist that some preliminary diamond drilling be done to determine if ore grade material exists, and whether the material can be successfully treated metallurgically, before Government participation is committed.

The alternate proposal suggests that the work be done in two stages, with the second stage being dependent upon results obtained in Stage I. It is estimated that stage one will cost about $2,000.00, and providing that arrangements are made to complete Stage II on a unit basis, such work should not exceed $29.00 per foot. The over-all cost would, therefore, amount to $31,000.00 with the Government's share amounting to $23,250.00.

Geologic conditions on the Old Ironsides claim appear to be favorable for the discovery of a moderate tonnage of nickel ore. The problems of economically mining and milling a low grade nickel deposit in this area are great and should be closely considered before Government participation is committed, since there is a high risk that the Government's share of the expense of the program will not be returned.

In order to determine the nickel possibilities in the area, it is recommended that Government participation in a modified exploration program on the Old Ironsides Claim be favorably considered.

INTRODUCTION

In connection with an application for exploration assistance, docket DMEA-3261, the property of the Valle's Mining Syndicate's prospect was examined March 11, 1954 by an engineer of the Bureau of Mines and a geologist of the Geological Survey for the purpose of inspecting development openings that pertained to Mr. Howard C. Valle's application for aid in exploring nickel showings found in a gossany outcrop on the Old Ironsides claim.

DESCRIPTION OF PROPERTY AND LOCATION

Property holdings comprise 12 unpatented lode mining claims, known as the Old Ironsides, Santa Ysabel, Howard, Doris, Iva, Paul, Nora, Nick, Donna, Byron, Jay and Mary, situated in sec. 2, T. 12 S., R. 1 E., and sec. 6, T. 12 S., R. 2 E., San Diego County, Calif., 13.6 miles northeast of the small settlement of Ramona, and 49 miles northeast of San Diego, the supply and shipping point on the Santa Fe Railroad.

To reach the property from San Diego, Highway 395 is followed north 25 miles to the Poway turnoff. The Poway road is then traveled east 10 miles to the small settlement of Ramona. Turn left on 7th Avenue in Ramona and follow the Pamo valley road 7.5 miles to the Black Mountain Lookout road. The Black Mountain road is then traveled east and north 6.1 miles to the property, which is about 0.5 mile west of the Lookout Station atop Black Mountain.

COMPETENCY OF APPLICANT

The Valle family are engaged in the restaurant business in San Diego and at LaJolla, Calif. Mr. Howard C. Valle, who accompanied the representatives of the Field Team on the inspection, is familiar with mining terms, but admits he has had no mining experience.

As expressed in the application, Chas. B. Valle would be in charge of operations. According to the applicant, he has been identified with various mining ventures and operations in this country and in Mexico since 1906. It appears that most of his experience was in a clerical capacity.

If competent miners are employed, it is possible the proposed work could be satisfactorily completed.

HISTORY

The deposit is a recent discovery. About a year ago the gossan area was outlined by dozer trenches and hand made cuts. These openings were systematically sampled. An attempt was made to determine the downward continuation of the mineralized zone by core drilling methods. Results of the drilling were unsatisfactory. There has been no production from the property.

PHYSICAL FEATURES

The claims are located on the east slope of Pamo valley near the summit of Black Mountain at an altitude of about 3500 feet. The topography in the area is moderately steep and is cut by small ravines that

trend westward in the valley below. Varieties of small shrubs with a few pine trees constitute the vegetation on the property. The climate in the area is typical of the southwestern coastal area with moderate weather the entire year. Precipitation occurs mostly as rain during the winter months. Except for short periods of heavy rainfall, the property should be accessible at all times. Water for domestic and mining use can be piped from a small spring about 175 feet above the gossan area. It is not certain this supply will be continuous the year around and may dry during late fall. In that event, it would be necessary to supply water from the valley below the property, six miles west.

Transmitted electric power is available in Pamo valley, four miles west. For the purpose of this project, it will be necessary to supply fuel for power purposes from San Diego, 49 miles southwest.

HOUSING FACILITIES

A small house on the property is sufficient to accommodate four men. Should more than four men be necessary, accommodations with board are available in Ramona, 13.6 miles south.

EQUIPMENT

No equipment for mining is on the property.

DEVELOPMENT

The gossan outcrop has been cleared of vegetation, and considerable trenching and bulldozing has been done (fig. 1). The drilling of two diamond drill holes was attempted but because of loss of water, mechani-

cal difficulties, and lack of core recovery, the holes were abandoned before the drill had penetrated the gossan zone. One hole, located behind the cabin (fig. 1), was drilled to a depth of 90 feet but with very poor c core recovery. A few ribs of pyrrhotite-bearing gabbro were cored but were apparently in the wall of the deposit and assayed less than 0.01 percent nickel. The other hole was drilled near the center of the body and was entirely in gossan with no core recovered to about 50 feet where the drill tools were lost and the hole abandoned.

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 Mtn. 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 described by Hudson[2/] and of Jurassic age. Intruding the quartz diorite is a dark-greenish-gray, coarse grained gabbro containing plagioclase, hornblende, and some pyrite. It crops out over an area about 2,000 feet in diameter and weathers to a distinctive

1/ Merriam, R. H., 1946, Igneous and metamorphic rocks of the southwestern part of the Ramona quadrangle, San Diego County, California: 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.

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 underlying the Old Ironsides claim, is a nickel and cobalt-bearing gossan, that has apparently been derived from the oxidation of an iron, nickel, cobalt, and copper sulfide deposit. A few isolated grains of pyrrhotite and pyrite in less oxidized material were the only sulfides observed in the gossan outcrop. Oxidation appears to be nearly complete and only small percentages of the nickel, cobalt, and copper are contained in the heavy limonitic matrix. The contact between gossan and gabbro is sharp in most places and the outcrop has an area of about 25,000 square feet (fig. 1).

ORE DEPOSITS

Hudson believes the nickeliferous pyrrhotite deposits in the Ramona area to have resulted from accumulation as an ultrabasic differentiate of the magma. The Old Ironsides deposit is, however, similar to the occurrence at the Friday mine near Julian, about 17 miles to the southeast. The geology of the Friday mine has been described in detail by Creasey[3/]. He believes the nickel deposits in the area to have resulted from the replacement of gabbro along fractures by ascending nickel-bearing solutions that formed irregular sulfide bodies controlled by the intensity of fracturing,

3/ Creasey, S. C., 1946, Geology and nickel mineralization of the Julian-Cuyamaca area, San Diego Co., Calif.: Calif. Jour. Mines and Geol., State Min. Report, vol. 42, no. 1, pp. 15-29.

permeability, temperature, and pressure. Oxidation at the Friday mine is nearly complete to the 132-foot level where massive sulfides were encountered. Assays of the oxidized material at the Friday mine are comparable in grade to those at the Old Ironsides. Progressively higher grade material, up to several percent nickel, was encountered from 130 to 170 feet in the Friday mine. It seems reasonable to expect similar unoxidized material at comparable depths on the Old Ironsides claim.

SAMPLING

A series of eight samples were taken from surface cuts and one from an unaltered section of core. These samples were taken at random for the purpose of checking sampling done by the company. Details regarding them follows:

Sample No.	Percent Ni	Percent Co	Percent Cu	Oz./T Au	Oz./T Ag	Description
1643	0.11	0.007	0.50	Tr	Tr	Cut along trench No. 5, Fe and Fe stain in altered granite.
1644	0.19	0.014	0.48	Tr	Tr	Cut along 10 feet in trench above trench No. 5.
1645	0.26	0.022	0.35	Tr	Tr	Cut along 10 feet trench B.
1646	0.22	0.016	0.40	Tr	Tr	Do
1647	0.45	0.035	0.27	Tr	Tr	Top 10 feet trench B.
1648	0.20	0.016	0.68	Tr	Tr	15-feet cut along side trench No. 2.
1649	0.12	0.007	0.64	Tr	Tr	10-feet cut north end dozer trench.
1650	0.43	0.032	0.69	Tr	Tr	10-feet cut south end dozer trench.
1655	0.01	-	0.01	-	-	About 8 inches hornblende core.

The assay results show 0.11 to 0.45 percent nickel, 0.007 to 0.035 percent cobalt, and 0.27 to 0.69 percent copper (fig. 1). These assays check closely with the assays of samples taken previously by the owners.

An average of 0.018 for cobalt indicates the percentage of this metal in the ore is probably too low to be considered as having any economic importance.

ORE RESERVES

There are no measured or indicated ore reserves on the Old Ironsides claim. If ore grade material is encountered by exploration, an irregular sulfide-bearing body with a dumbbell shaped cross sectional area equal to the size of the outcrop (25,000 sq. ft.) and containing about 2,000 tons per foot of depth, is inferred.

PROPOSED EXPLORATION

The applicants propose to drive a crosscut adit from surface, 500 feet in a southeasterly direction to intersect the unoxidized sulfide material at a depth of about 200 feet below the outcrop. They then propose to drift north and south in the body to its outer limits. The proposal is apparently sound in that it will (1) permit detailed observation and sampling of the Unoxidized material; (2) provide points from which further exploration by diamond drilling can be carried out cheaply; and (3) permit immediate mining to commence if material of ore grade is intersected. The applicant estimates the work would cost $38,697.75 with the Government's share amounting to $29,023.31.

In the opinion of the examining engineer and geologist, the exploration proposed by the applicants should be broken down into two stages.

The first stage would include the drilling of at least one diamond drill hole. This hole should be collared about 200 feet down the slope below the outcrop of the deposit, on the line of the proposed adit, and at an angle of -30° (fig. 1). A 250-foot hole so located would cut the projected sulfide body at about the depth of the proposed adit and would provide information relative to the thickness, mineralogy, and grade of the deposit. This hole would probably cost $2,000 and should be completed before starting the adit so as to allow for possible changes in Stage II which may effect adit locations or other modifications in the proposed exploration plan, which may be indicated by the results of the drilling.

This proposal for drilling has not been discussed with the applicants although at the time of the field examination Mr. Valle expressed his willingness to modify their proposal in any way that might be suggested by the field team.

In the event ore grade material is disclosed by drilling, and metallurgical testing proves the material can be successfully treated, arrangements then could be made to complete Stage II, which would include the driving of 500 feet of crosscutting and drifting in north and south directions to the limits of the deposit. This work should not exceed 1,000 feet, nor should the cost on a unit basis exceed $29.00 per foot, which amount is ample to include all necessary accessory costs.

Providing the program as outlined is completed, the overall cost

would approximate $31,000 with the Government's share amounting to $23,250.

CONCLUSIONS AND RECOMMENDATIONS

Geologic conditions on the Old Ironsides claim appear to be favorable for the discovery of a moderate tonnage of nickel ore. The problems of economically mining and milling a low grade nickel deposit in this area, if exploration is successful, are great and should be considered before Government participation is committed. There is a high risk that the Government's share of the expense of the program would not be returned. Government participation in an exploration project in this area, would probably stimulate exploration in adjacent areas and would supply valuable geologic information relative to the deposit and the nickel resources of San Diego County.

For the above reasons, it is recommended that Government participation in a modified exploration program on the Old Ironsides claim be favorably considered.

400

MAY 6 - 1954

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

Re: Docket No. DMEA3261 - Nickel
Valle's Mining Syndicate
Old Ironsides et al. claims
San Diego County, California

Dear Mr. Miller:

We have received a request for information regarding the status of the above-docketed application for exploration assistance that was referred to your office on February 19, 1954.

It would, therefore, be appreciated if you would advise us when we may expect to receive the Field Team's report.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

J. H. Hedges

Member, Bureau of Mines

Philip W. Guild

Member, Geological Survey

cc: Docket
FT, Reg. 3
Code 400
Oper. Comm.
Adm. Read. File
H. W. Davis, USBM
P. Guild, USGS

FARutledge/ls 5/5/54

MAR 8 1954

Mr. H. C. Miller, Executive Officer
DMEA Field Team, Region XII
Mint Plaza Building
870 Market Street
San Francisco 2, California

Re: Docket No. DMEA XMX - Michel
Valle'e Mining Syndicate
Old Ironsides et al. claims
San Simeon Creek, California

Dear Mr. Miller:

Copies of the following exhibits for attachment to the above-referenced application for exploration assistance are enclosed:

1. Exhibit "B" - Map of Old Ironsides mine (survey map)
2. Exhibit "C" - San Simeon, California quadrangle sheet, scale 1:24,000 (claim map)
3. Exhibit "F" - Map of Old Ironsides mine (proposed explorations)

Sincerely yours,

George C. Selfridge
Chairman, Sponsoring Committee

Hedges
n of Mines

Guild
mal Survey

FAHutchinson:fbc
3-4-54
cc to: Docket
Code 140
Adm. Reading File
Gen. Counsel
FT. Reg. 3
R. M. Davis, USBM
Phillip Gatlin, USGS

400

FEB 23 1954

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

Re: Docket No. DMEA 3861 - Nickel
Valle's Mining Syndicate
Old Ironsides, etal. claims
San Diego County, Calif.

Dear Mr. Valle:

The above-docketed application for exploration assistance has been reviewed by the Iron and Ferro-Alloys Division of the Defense Minerals Exploration Administration and is being referred to Mr. H. C. Miller, Executive Officer, DMEA Field Team, Region III. 1012 Flood Building, 870 Market Street, San Francisco 2, California, for review and possibly a field examination of the property.

Any assistance that you can render the members of the Field Team will be appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

WSMartin/ls
2/19/54

cc: DOCKET
FT, REG. III
CODE 400
ADM. READ. FILE
H. W. DAVIS, USBM
PHILLIP GUILD, USGS

400

FEB 19 1954

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

Re: Docket No. DMEA 3861 - Nickel
Valle's Mining Syndicate
Old Ironsides, etal. claims
San Diego County, California

Dear Mr. Miller:

The subject application for exploration assistance is being referred to your office for review and possibly a field examination of the property if required.

The applicant submitted only one set of the exhibits mentioned in the supplement to the MF-103. Exhibits A and F are white prints of mine plans, and you can probably obtain duplicates directly from the applicant. Exhibit A also includes a tabulation of the assay results shown on Exhibit B, which is a signed assay report from Hanley & Hawley, Douglas, Arizona. Exhibits D and E are spectrographic reports from Smith-Emery, Los Angeles, California. Exhibit C is the U. S. Geological Survey's Mesa-Grande, California, quadrangle sheet, scale 1:24,000, and shows the group of claims listed in the application at about 116° 44' West and about 33° 5' North on the mountain trunk trail west of Black Mountain.

The applicant has asked us to advise him at our earliest convenience if his application will be approved.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

J. H. Hedges

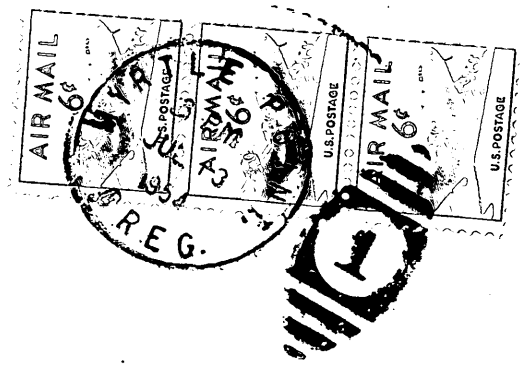
Member, Bureau of Mines

Philip W. Guild

Member, Geological Survey

Copy to: DOCKET
FT, REG. III
OPER. COMM.
CODE 400
PHILLIP GUILD, USGS
H. W. DAVIS, USBM
ADM. READ. FILE

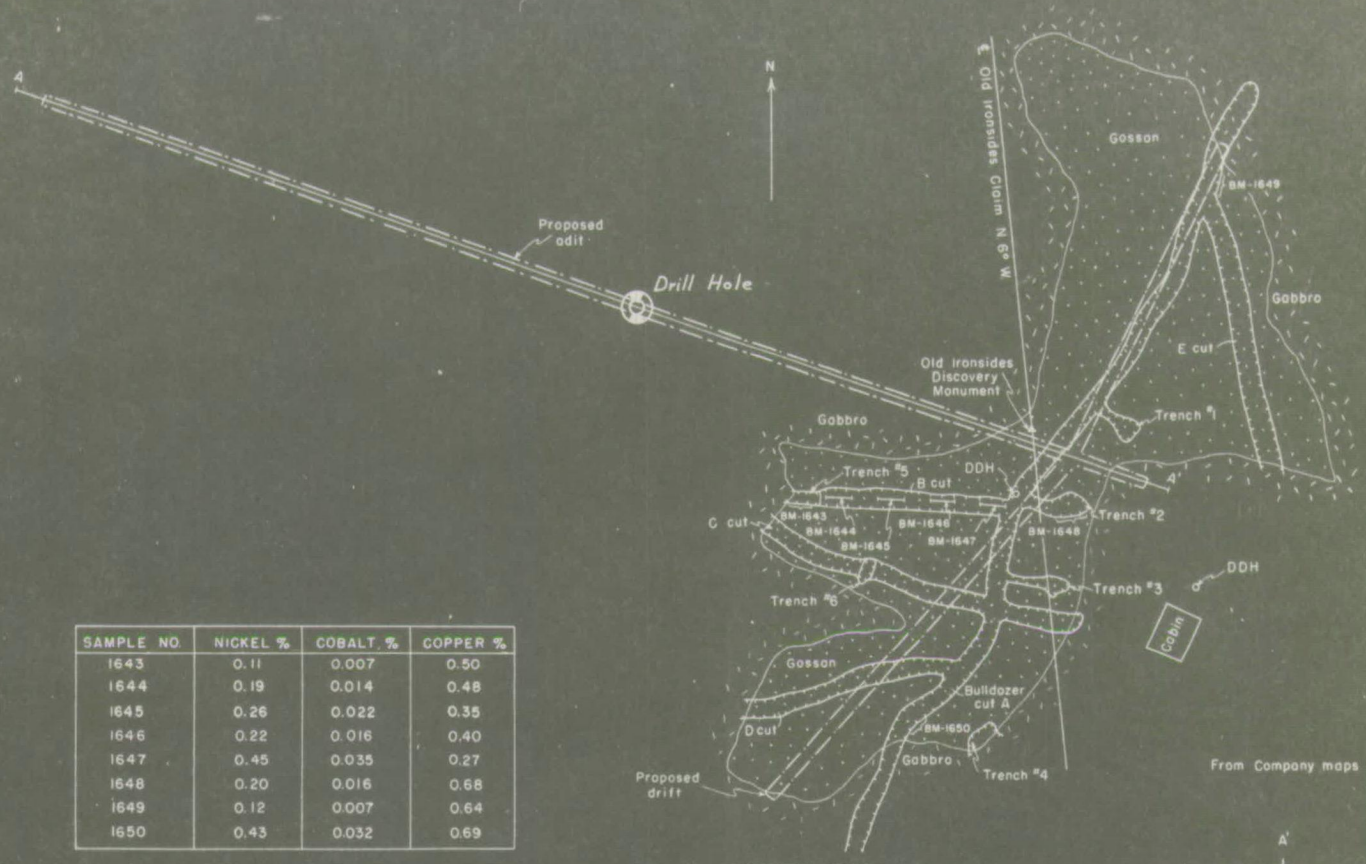
WSMartin/ls 2/19/54



Mr. C. O. Michendorf, Administrator
Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D.C.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

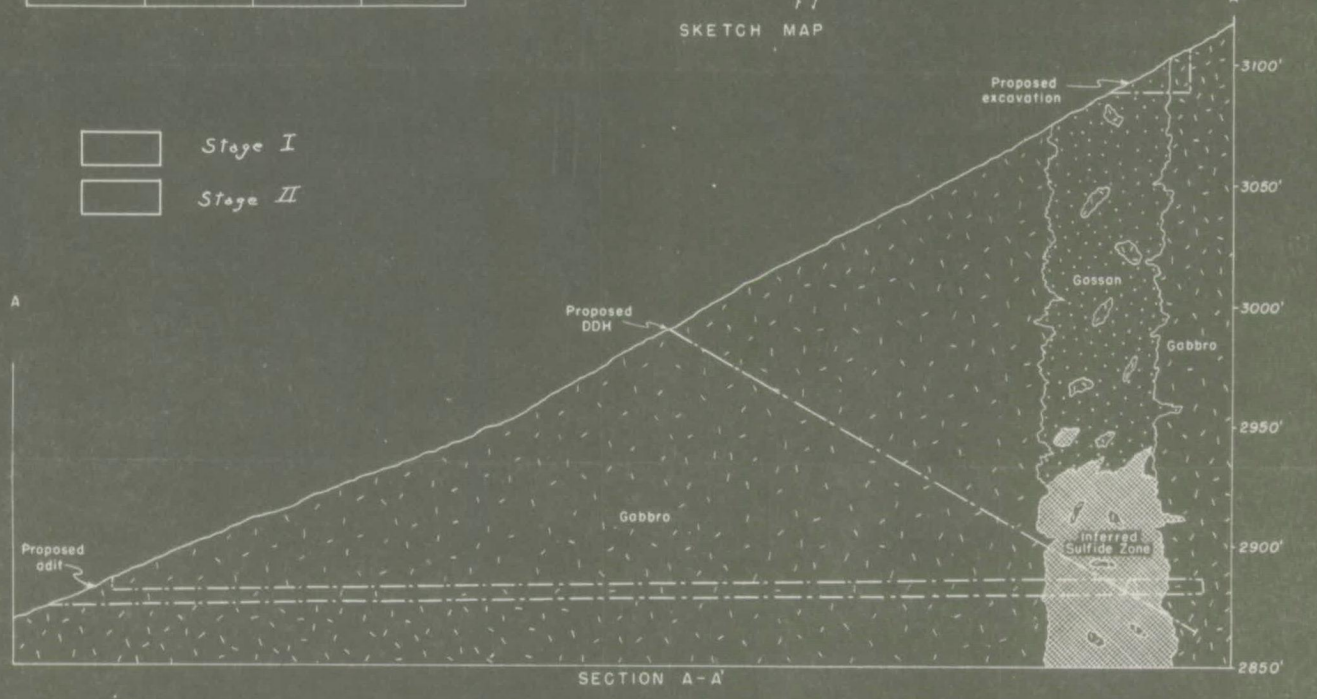
DMEA 3261
(NICKEL)



From Company maps

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



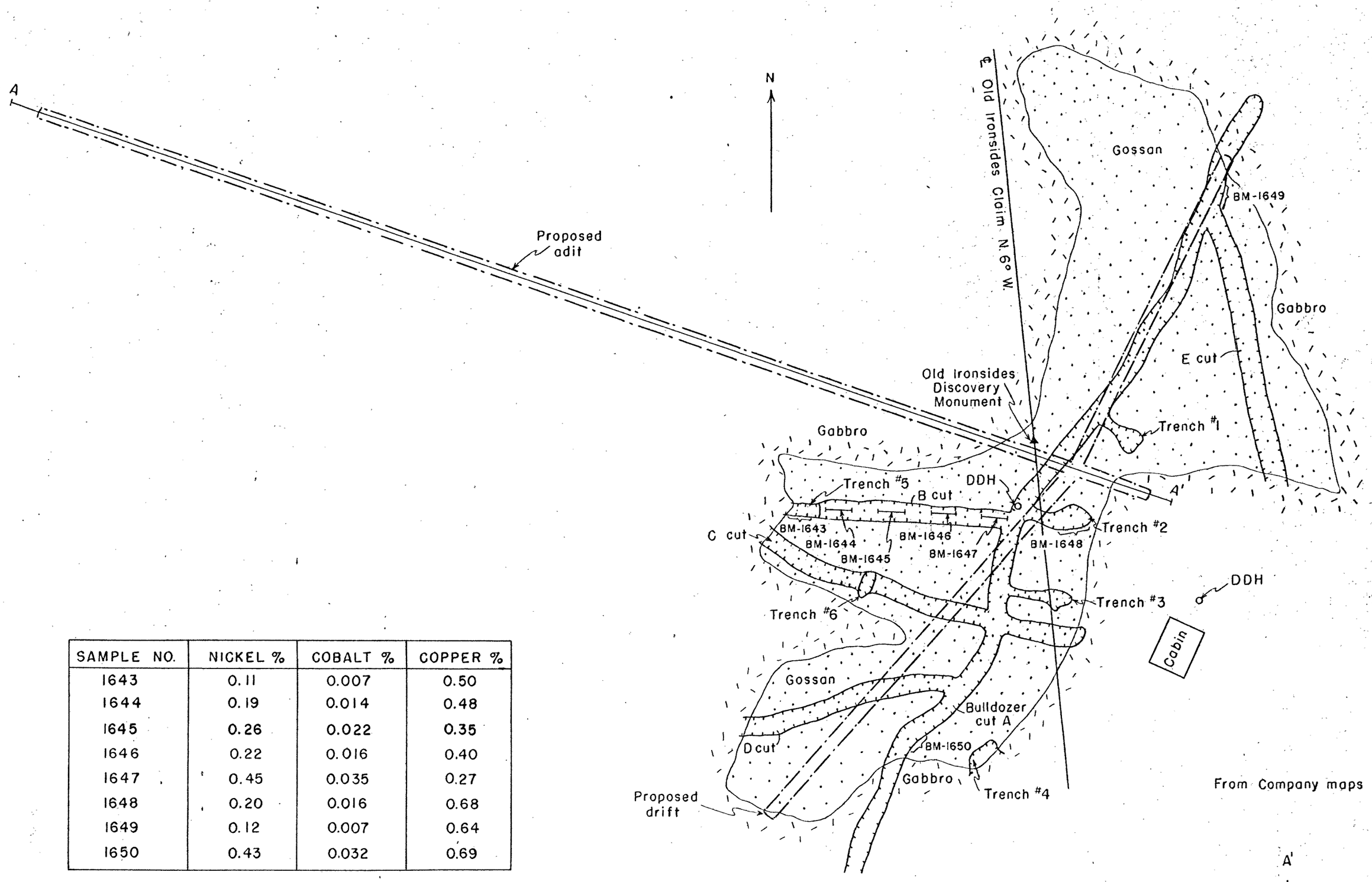
SECTION A-A'

OLD IRONSIDES NICKEL DEPOSIT, SAN DIEGO COUNTY, CALIFORNIA

40 0 40 80 FEET

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 3261
(NICKEL)



From Company maps

SKETCH MAP

SAMPLE NO.	NICKEL %	COBALT %	COPPER %
1643	0.11	0.007	0.50
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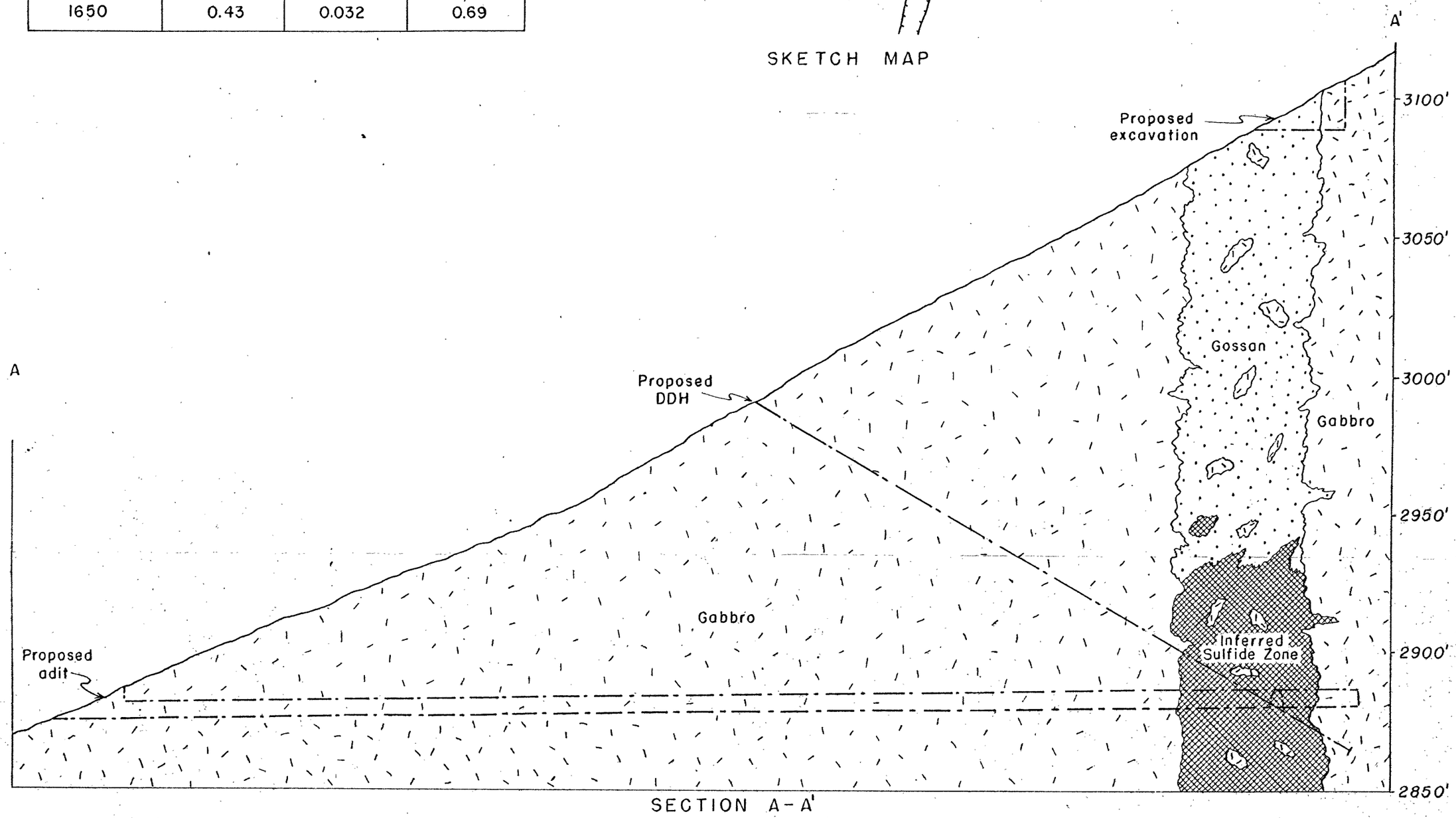
1647	0.45	0.035	0.27
1648	0.20	0.016	0.68
1649	0.12	0.007	0.64
1650	0.43	0.032	0.69



SECTION A-A'

OLD IRONSIDES NICKEL DEPOSIT, SAN DIEGO COUNTY, CALIFORNIA

40 0 40 80 FEET

FIGURE 1

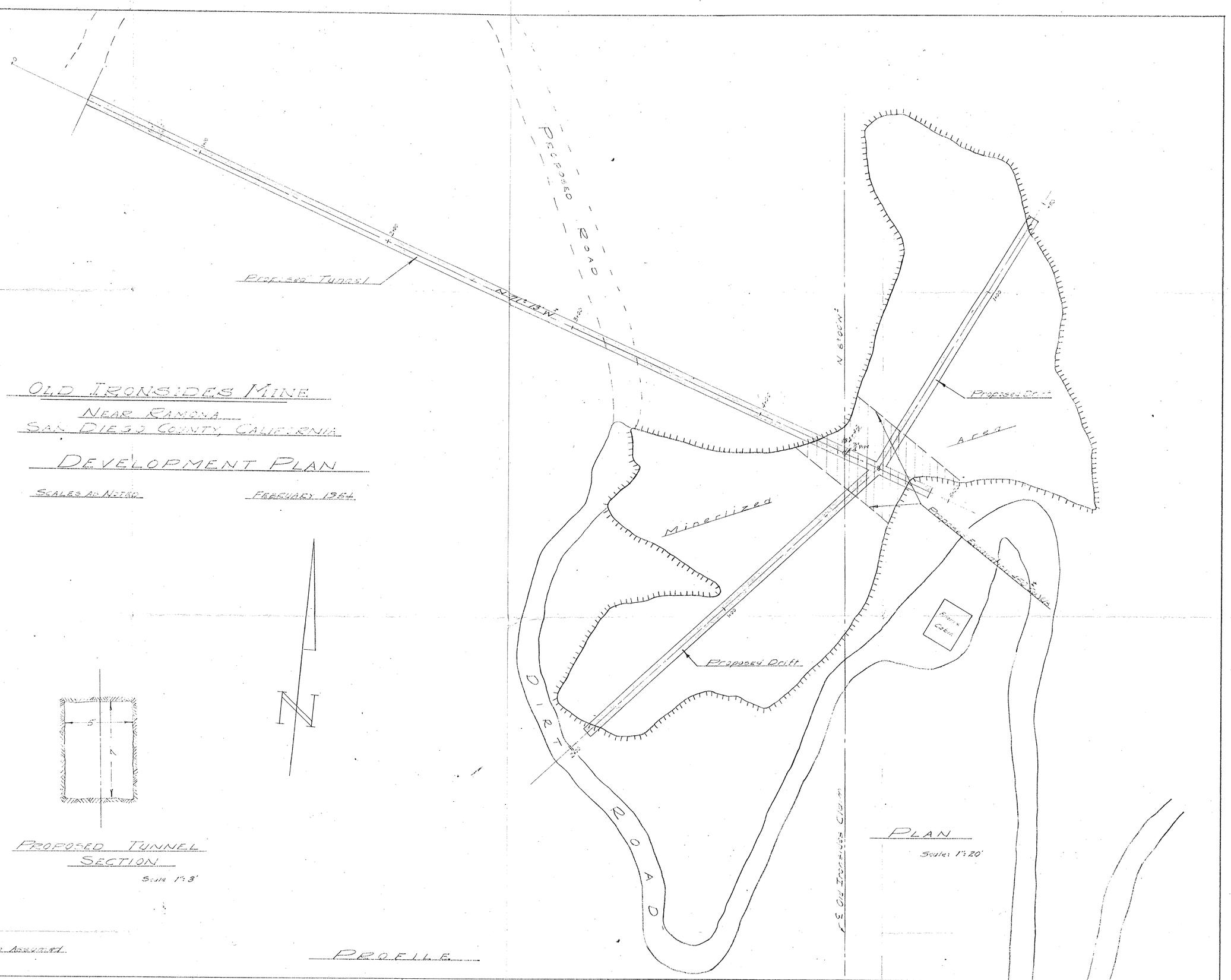
Exhibit "F"

OLD IRONSIDES MINE

NEAR CAMPO
SAN DIEGO COUNTY, CALIFORNIA

DEVELOPMENT PLAN

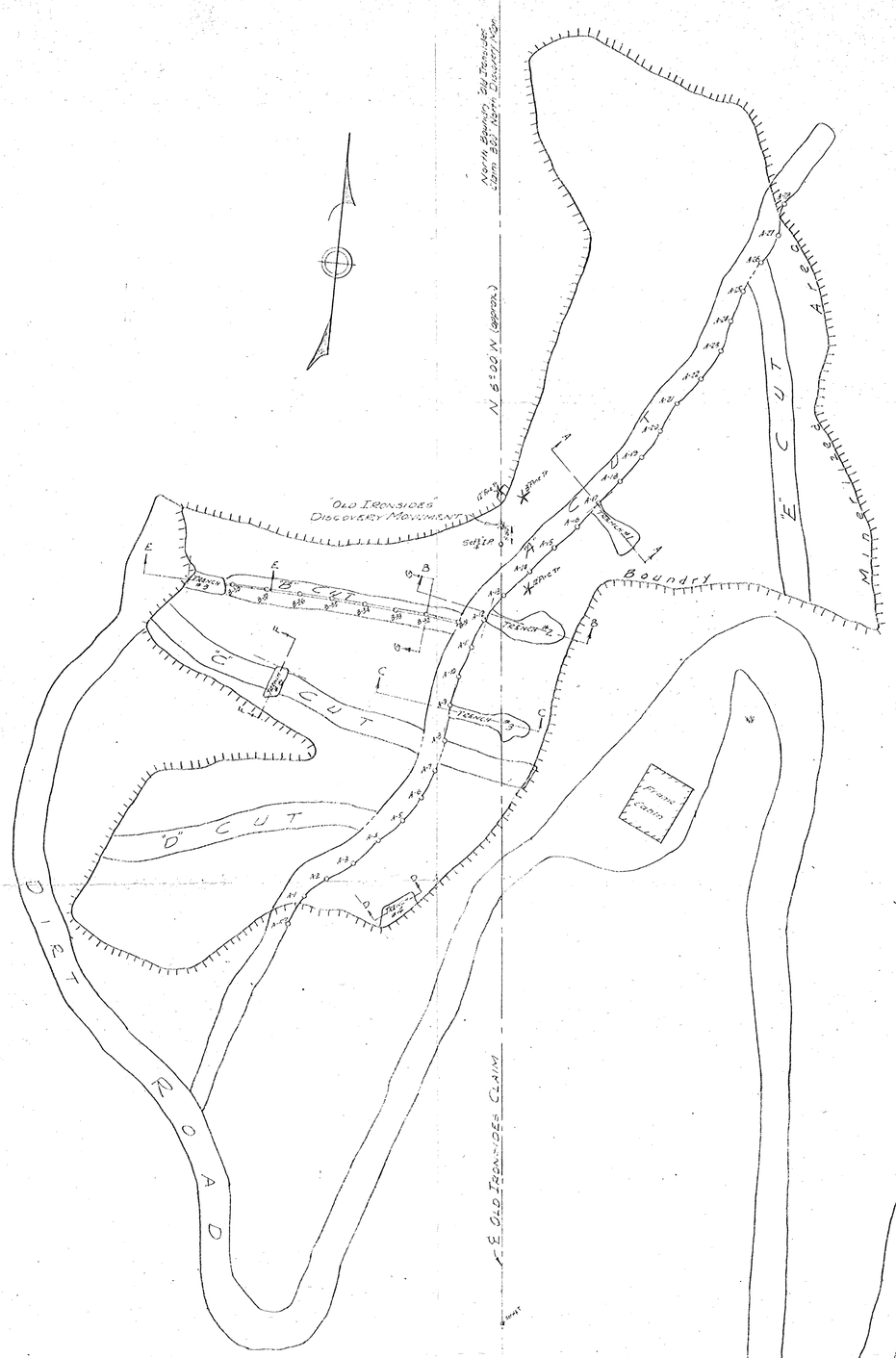
SCALES AS NOTED — FEBRUARY 1964



PROPOSED TUNNEL SECTION
Scale 1" = 3'

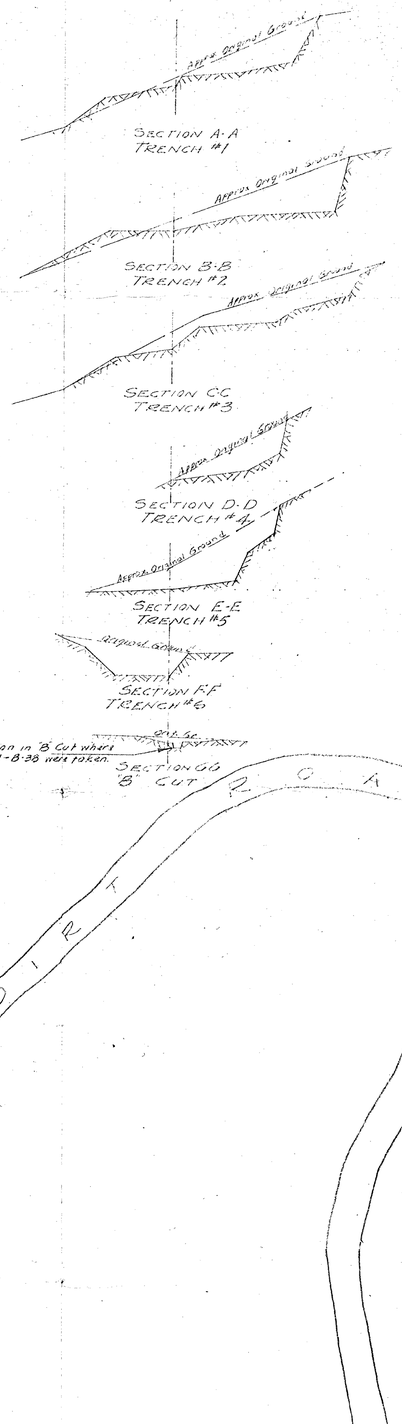
PLAN
Scale: 1" = 20'

R.E.Y. 2-64



CROSS SECTIONS

Scale 1" = 10'



NOTES

1. A Samples taken between sample number stakes following stake along the east side of A Cut which is a 7-8' wide bull-dozer cut 2-3' deep. See Sections A-A, B-B, & CC, the center line of each is shown along the east side of A cut.
2. #1 Sample - taken along south side Trench #2.
3. #2 Sample - Annabergite from Trench #2.
4. #3 Sample - General Surface samples.
5. #4 Sample - taken along entire length of Trench #1.
6. #5 Sample - taken along north wall of Trench #3.
7. Cuts A, B, C, D, & E are bulldozer cuts approximately 2' deep.

Sample Number	Width Feet	Copper %	Cobalt %	Nickel %
A-1	See Note	.12	.10	.34
A-3	" "	.11	.04	.20
A-5	" "	.65	.09	.39
A-7	" "	.84	.07	.42
A-9	" "	.25	.08	.31
A-11	" "	.09	.03	.14
A-13	" "	.35	.07	.37
A-15	" "	.50	.09	.54
A-17	" "	.36	.04	.18
A-19	" "	.34	.03	.18
A-21	" "	.68	.09	.60
A-23	" "	.23	.03	.24
A-25	" "	.10	.04	.14
A-27	" "	.38	.08	.22
A-29	" "			
B-31	" "	.30	.10	.35
B-33	" "	.38	.04	.24
B-35	" "	.31	.05	.31
B-37	" "	.51	.06	.21
1		.64	.06	.20
2		16.16	.23	.61
3		.77	.09	.36
4		.34	.02	.09
5		.36	.07	.25

Exhibit - "A"

MAP OF OLD IRONSIDES MINE

NEAR RAMONA

SAN DIEGO COUNTY, CALIFORNIA

Scale 1" = 20'

Drawn By R.E. Young, R.E. 8454
Dec. 1951