400

MAY 19 1955

Mr. Howard Terrill Sartain, President
Terhal Farms, Inc.
P. O. Box 491
Colusa, California

Re: Docket No. DMEA 3262 - Manganese
Mt. Hough claims
Plumas County, California

Dear Mr. Sartain:

Reference is made to the above-docketed application for exploration assistance at the Mt. Hough manganese property and your April 28, 1955 letter to Mr. S. Richey, Executive Officer, DMEA Field Team, Region II, requesting that the same docket be continued in the pending files.

When the related contract was prepared, only the Mt. Hough and the Mt. Hough No. 1 claims were listed as the land under Article 2, Operator's property rights, in accordance with your letter dated August 11, 1954. At present you request additional time in which the ownership of surrounding claims may be determined.

The subject application has been held in abeyance at your request since December 1954. For administrative reasons, as it is now apparent that additional time will be required to settle the question of ownership of the surrounding claims, we are placing your application in the inactive files without prejudice to the property. If you subsequently desire exploration assistance under the Defense Minerals Exploration Program, you should submit a revised application and refer to the subject docket. Such a revised application should be accompanied by a surety bond on the standard Government form in lieu of an Owner's Consent to Lien.

Sincerely yours,

E. O. Mittendorf

Administrator

FARutledge:fcc
5-18-55
cc to: Docket
Code 400
Adm. Read. File
Operating Comm.
FT. REG. II
Messrs. DeNuff, USBM
Kiilsgaard, USGS

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

Mr. Howard Terrill Sartain, President
Terhel Farms, Inc.
P. O. Box 491
Colusa, California

Re: Docket No. DMEA 3262 - Manganese
Mt. Hough claims
Plumas County, California

Dear Mr. Sartain:

Reference is made to the above-docketed application for exploration assistance at the Mt. Hough manganese property and your April 28, 1955 letter to Mr. S. Ricker, Executive Officer, DMEA Field Team, Region II, requesting that the same docket be continued in the pending files.

When the related contract was prepared, only the Mt. Hough and the Mt. Hough No. 1 claims were listed as the land under Article 2, Operator's property rights, in accordance with your letter dated August 11, 1954. At present you request additional time in which the ownership of surrounding claims may be determined.

The subject application has been held in abeyance at your request since December 1954. For administrative reasons, as it is now apparent that additional time will be required to settle the question of ownership of the surrounding claims, we are ~~withdrawing~~ placing your application without prejudice to the property. If you subsequently desire exploration assistance under the Defense Minerals Exploration Program, you should submit a revised application and refer to the subject docket. Such a revised application should be accompanied by a surety bond on the standard Government form in lieu of an Owner's Consent to Lien.

Sincerely yours,

in the inactive files

Administrator

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

Defense Minerals Administration
RECEIVED
MAY 13 1955

1605 Evans Avenue
Reno, Nevada

May 11, 1955

Memorandum

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

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3262 - Manganese
Terhel Farms, Inc.
Mt. Hough claims
Plumas County, California

Reference is made to your letter of May 4, 1955 in which were enclosed letters to be sent to Mr. Terrill Sartain if certain information had not yet been received.

In the meantime you have probably received my letter of May 4, 1955 relating to same subject. I am returning all copies of Mr. Frank E. Johnson's letter to Mr. Sartain, as I do not believe that under the circumstances they should be sent.

Will be pleased to have your suggestions if there is any thing additional we should do at this time. Mr. Johnson may possibly wish to supplement my letter of May 5, 1955 to Mr. Sartain since he has received a copy of Mr. Sartain's letter of April 28, 1955 to me.

S. Ricker

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

Mr. Terrill Sartain, President
Terhal Farms, Inc.
P. O. Box 491
Colusa, California

Re: Docket No. DMEA 3262 - Manganese
Terhal Farms, Inc.
Mt. Hough claims
Plumas County, California

Dear Mr. Sartain:

Reference is made to the subject docket and Mr. Richer's letter of December 22, 1954, that requested you to advise the Defense Minerals Exploration Administration not later than May 1, 1955, if you wish to start work in June as suggested in your letter of December 8, 1954.

To date no such correspondence has been received and the referenced docket, therefore, is being transferred to the inactive files and closed.

Such a withdrawal is made without prejudice to the property. A revised application will be considered subject to your furnishing a surety bond on the standard Government form in lieu of an Owner's Consent to Lien.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

FARutledge:fee
5-3-55
cc to: Docket
Code 400
Adm. Read. File
Operating Comm.
FT. REG. II
Messrs. DeRuff, USBM
Killsgaard, USGS

400

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

1605 Evans Avenue
Reno, Nevada

May 4, 1955

Memorandum

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

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-3262 - Manganese
Terhel Farms, Inc.
Mt. Hough Mining Claims
Plumas County, California

Two copies of letter dated April 28, 1955 from Terhel Farms, Inc. and two copies of my reply dated May 5, 1955 are attached.

These will inform you of the status of above subject docket.

S. Ricker

Attach.

SRicker:gh
cc: H. C. Miller
R. M. Smith
File

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

1605 Evans Avenue
Reno, Nevada

May 5, 1955

Mr. Terrill Sartain, President
Terhel Farms, Inc.
P. O. Box 491
Colusa, California

Re: Docket No. DMEA-3262 (Manganese)
Terhel Farms, Inc.
Mt. Hough claims
Plumas County, California

Dear Mr. Sartain:

We regret that complications have arisen that will delay any action on the possible reinstatement of the proposed contract relative to above referenced docket.

The copies of the proposed contract are being held in our Washington office. We will be pleased to hear from you any time you wish to reopen negotiation towards continuing with the project.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Teams, Region II

SRicker:gh
cc: Operating Committee, DMEA, Washington, D.C. (2)
H. C. Miller
R. M. Smith
File

HOWARD TERRILL SARTAIN
PRESIDENT

WALTER T. WEBER
VICE-PRESIDENT

HELEN SARTAIN
SECRETARY-TREASURER

TERHEL FARMS, Inc.

General Farming

P. O. BOX 491, TELEPHONE 87 OR 204-W
COLUSA, CALIFORNIA

Answered

April 28, 1955.

Defense Minerals Exploration Administration
420 Custom House
555 Battery Street
San Francisco, 11, California.

Attention: S. Ricker, Executive Officer.

Re: Docket No. DMEA-3262 (Manganese)
Your letter December 22, 1954.

Dear Sir:

In compliance with the request contained in the above referred to letter may we offer the following information relative to our position on these claims at the present time.

It will not be possible for us to proceed with the work for which this contract was solicited until later this summer the reason for which is as follows:

We own several adjoining claims which it was hoped would be developed in connection with the work on the claims covered by the contract. These claims are now in litigation, and it was previously expected that the matter would have been heard in court and settled prior to this time. The present hearing is set for July and until this is settled we do not wish to do any proving or development work in this vicinity.

This litigation was caused by the betrayal of confidence on the part of a former employee who illegally usurped privileges because of his trusted position and because of this it is necessary for us to sue him to clear these adjoining claims.

The immediate claims concerned in this contract (3262) are not involved in this suit, but it is not our desire to proceed with any work until the entire matter is cleared.

It would be greatly appreciated if this could be held open until the latter part of July, 1955, when we should be able to make a definite statement as to whether or not we will continue with the program.

Thank you for your courtesy and attention.

Terhel Farms, Inc.

Howard Terrill Sartain, Pres.

HTS:s

400

MAY - 4 1955

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

Re: Docket No. DMEA 3262 - Manganese
Terial Funes, Inc.
Mt. Rough claims
Fresno County, California

Dear Mr. Richer:

Reference is made to the subject docket and your letter of December 22, 1954, to the applicant.

If the referenced information has not been received, please date all copies of the attached letter and after mailing the applicant's copy return the rest to Washington.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

FARutledge:foc
5-2-55
Copy to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. II
Messrs. DeRuff, USBM
Killegaard, USGS

APPROVED:

M. E. Volin
Director, Bureau of Mines

/s/ R. D. Trace
Director, Geological Survey

Enclosure

400

JAN 14 1955

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

Re: Docket No. DMEA 3262-Manganese
Terhel Farms, Inc.
Mt. Hough claims
Plumas County, California

Dear Mr. Ricker:

Reference is made to the subject docket, our letter of December 16, 1954, and your letter dated December 22 to Mr. Terrill Sartain, President, Terhel Farms, Inc.

Please return all copies of the proposed contract to Washington. As stated in our letter of December 16, there should be no difficulty in resubmitting the proposed contract in substantially its present form next spring. Execution by the applicant, however, will be subject to the operator's furnishing a surety bond on the standard Government form in lieu of an Owner's Consent to Lien.

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. 2 - S. Fran.
CODE 400
ADM. READ. FILE
OPER. COMMITTEE
G. DeHUFF, USBM
T. KIILSGAARD, USGS

FARutledge/ls
1-13-55

DEC 16 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 3262 - Manganese
Terbal Farms, Inc.
Mt. Hough claims
Plumas County, California

Dear Mr. Ricker:

This will acknowledge receipt of your letter of December 9, 1954, enclosing letter from the subject operator. We especially appreciate having a specific recommendation as expressed in your final paragraph.

Please advise the operator that the contract must be returned, but that he should inform you not later than May 1, 1955, if he then wishes to start work in June as he now suggests.

We can, of course, make no commitment but there should be no difficulty in resubmitting the contract at that time in substantially its present form.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

C. H. JOHNSON

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

WSMartin/foc
12-15-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. III
~~MxxWxxRxx~~
Mr. DeHuff, USBM
Mr. Kiilsgaard, USGS

400

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

December 9, 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-3252 - Manganese
Terhel Farms, Inc.
Mt Hough Claims
Plumas County, California

Reference is made to your letter of December 2, 1954, concerning the subject docket.

I am enclosing a copy of a letter dated December 6, 1954, from Mr. Terrill Sartain, President, Terhel Farms, Inc., which is in reply to my letter of December 7 requesting information as to what action is contemplated in regard to the proposed contract for an exploration program on the above-cited property.

The letter is self-explanatory and I agree with the statement that the coming winter months would be a poor time to do surface diamond drilling in the Mt. Hough area. However, I do not know what your policy is in a matter of this kind. Should I advise Mr. Sartain that we will hold the contract in abeyance until spring and make an amendment then extending the completion time, or suggest that they make a new application for aid when they can give us some assurance as to when they intend to start operations?

I believe the project is one of our better small-scale manganese explorations and would recommend that it be completed if the necessary arrangements can be made with a responsible operator.

S. RICKER

S. Ricker
Executive Officer
DMEA Field Team, Region III

Copy [illegible] 400

Attachment

Copy to: Roscoe Smith, USGS

402

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

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

December 7, 1954

Mr. H. T. Sartain, President
Terhel Farms, Inc.
P. O. Box 491
Colusa, California

Re: Docket No. DMEA-3262 - Manganese
Terhel Farms, Inc.
Mt. Hough Mining Claims
Plumas County, California

Dear Mr. Sartain:

In order to expedite the Defense Minerals Exploration Program, we would be pleased to know what action you are taking towards sending the surety bonds referred to in our letter of October 26, 1954, in respect to the above-referenced docket.

Work in accordance with the contract we are holding for your signature upon receipt of surety bonds was to be started on or before November 1, 1954 and concluded by May 1, 1955. Will you please inform us as to what disposition you wish to make of the contract.

Sincerely yours,

S. RICKER

S. Ricker
Executive Officer
DMEA Field Team, Region XIX

Copy to: DMEA, Washington, D. C.
Roscoe Smith, USGS

DEC - 2 1954

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

Re: Docket No. DMEA 3262 - Manganese
Terhal Farms, Inc.
Mt. Hough claims
Plumas County, California

Dear Mr. Ricker:

Reference is made to the subject docket and your letters of September 29 and October 26, 1954, to the applicant advising him that copies of a proposed contract were being held awaiting six copies of a surety bond.

If the surety bond has not been received, the applicant should be advised that, in the interest of expediting the Defense Minerals Exploration Program, the surety bond be promptly provided.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

FARutledge:fcc
12-1-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. III
G. DeHuff, USBM
Thor 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
NOV 1 - 1954

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

October 26, 1954

Mr. H. T. Sartain, President
Terhel Farms, Inc.
P. O. Box 491
Colusa, California

Re: Docket No. DMEA-3262 - Manganese
Terhel Farms, Inc.
Mt. Hough Mining Claims
Plumas County, California

Dear Mr. Sartain:

To date we have had no reply to our letter dated September 29, 1954, advising you that we were holding the copies of a proposed contract for exploration at the Mt. Hough claims awaiting six copies of a surety bond. Six copies of Government Standard Form 25 for use in lieu of Owner's Consent to Lien were sent you with our letter.

Kindly give this your immediate attention so that we may send the contract copies to you for execution.

Sincerely yours,

H. C. MILLER

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

Copy to: DMEA, Washington, D. C.
Roscoe Smith, USGS

400

Interior Department
Defense Minerals Exploration
Administration
14X4401(01) Revolving Fund
Defense Production Act, Interior
(Allocated Working Fund to
the Office of the Secretary)

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

Rett September 27, Docket DMEA 3262, Terhel Farms, Inc. Standard surety bond form to be used is Performance Bond, Standard Form 25, as prescribed by General Services Administration Regulation No. 5. Six copies being airmailed.

George C. Selfridge

Chairman, Operating Committee

cc: DOCKET
CODE 400
FT, Reg. 3
OPER. COMM.
ADM. READ. FILE
G. DeHUFF, USBM
THOR KIILSGAARD, USGS

FARutledge/ls
9-29-54

AIR MAIL

SEP 29 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 3262-Manganese
Terhel Farms, Inc.
Mt. Hough claims
Plumas County, California

Dear Mr. Miller:

Reference is made to the subject docket and your teletype of September 27, 1954, requesting Government surety bond forms.

Enclosed are six copies of Standard Form 25, Performance Bond.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

DOCKET
CODE 400
FT, REG. III
OPER. COMM.
ADM. READ. FILE
G. DeHUFF, USBM
THOR KIILSGAARD, USGS

FARutledge/ls
9-29-54

Enclosures

APPROVED:

W. E. Hedges

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

Docket 3262

Defense Minerals Administration
RECEIVED
SEP 28 1954

XDXXXXXX-158K SW116-WAF SFF 51 I-BOM

SAN FRANCISCO CALIF 9-27-54 414P

GEORG C SELFRIDGE CHAIRMAN

OPERATING COMMITTEE DEFENSE MINERALS EXPLORATION ADMN INTERIOR BLDG WA

DOCKET NO. DMEA-3262 - MANGANESE, TERHEL FARMS, INC., PLUMAS COUNTY, CALIFORNIA. REFERENCE IS MADE TO YOUR SUBJECT LETTER DATED SEPTEMBER 23, 1954, WITH COPIES OF CONTRACT ATTACHED. KINDLY AIRMAIL SIX COPIES STANDARD GOVERNMENT FORM FOR SURETY BOND MENTIONED IN YOUR LETTER.

H C MILLER EXECUTIVE OFFICER DMEA FIELD TEAM REGION III

DMEA-3262 23 1954

AC 414P

1 copy to Fed Loan 9-28-54

SEP 23 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 3262 - Manganese
Terhal Farms, Inc.
Mt. Hough claims
Plumas 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), Exhibit "A" (1 page), and two maps.

If the terms and conditions of this proposed contract are satisfactory to you and the Operator, subject to the Operator furnishing a surety bond on the Government standard form, with copies for attachment to the several copies of the contract, all six copies should be signed and the usual distribution made.

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.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

APPROVED:

J. H. Hedges

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

FARutledge:foc
9-20-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. III
Mr. DeHuff, USBM
Mr. Kiilsgaard, USGS

400

August 24, 1954

MEMORANDUM

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Iron and Ferro-Alloys Division, DMEA

Subject: Review and revision of Exploration Project Contract
Docket No. DMEA 3262 - Manganese
Terhel Farms, Inc.
Mt. Hough claims
Plumas County, California

Transmitted herewith is the proposed contract as previously prepared in your office.

We have now been informed that Terhel Farms, Inc., has definite control of only the two Mt. Hough claims. See memorandum from H. C. Miller, Executive Officer, DMEA Field Team, Region III, dated August 16, 1954.

It is recommended, therefore, that a contract be prepared with the land referred to in Article 2 being the Mt. Hough and the Mt. Hough No. 1 unpatented claims.

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

Attachment

FARutledge/ls
8/24/54

cc: Docket
Code 400
Adm. Reading File

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.

August 16, 1954

Air Mail

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-3262 - Manganese
Terhel Farms, Inc.
Mt. Hough Claims
Plumas County, California

Reference is to your teletype dated July 28, 1954, requesting certain information on the claims surrounding the Mt. Hough Claims, Docket No. DMEA-3262, Terhel Farms, Inc.

In reply to my letter dated July 29, requesting the desired information, I now have a letter from Mr. Howard Terrill Sartain, President, Terhel Farms, Inc., dated August 11, 1954. Three copies of the letter are attached.

Copies of Owner's Consent to Lien forms sent to the applicant were returned unexecuted.

H. C. MILLER

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

Attachment

Copy to: Roscoe Smith, USGS

HOWARD TERRILL SARTAIN
PRESIDENT

WALTER T. WEBER
VICE-PRESIDENT

HELEN SARTAIN
SECRETARY-TREASURER

TERHEL FARMS, Inc.

General Farming

P. O. BOX 491, TELEPHONE 87 OR 204-W
COLUSA, CALIFORNIA

August 11, 1954.

Mr. H. C. Miller, Exec.Officer
DMEA Field Team, Region III
San Francisco, 11, California.

Dear Mr. Miller;

Referring to Docket No. DMEA-3262 and your letter of July 29 we would like to offer the following information.

Our application for government assistance was predicated on the Mt. Hough and Mt. Hough No. 2 mining claims, even though the Helen claims did appear on the plats submitted. The Mt. Hough claims are owned by Hymer et al and leased by Terhel Farms, Inc. as evidenced by the copies of "Bond and Lease" attached to the application.

We employed a civil engineer, Mr. J.A. Bumgarner, to survey the Helen claims so that we could file on them, and in this work assigned one of our employees to assist the surveyor. This employee, Mr. A. W. Mastelotto, was on our payroll to do this work and was to act in our interest, not as a principal in his own right.

When the survey was completed and the descriptions of the Helen claims ascertained our employee told Mr. Bumgarner that he would take care of the filing for us. In doing this he violated his position of trust by inserting his own name as co-locator.

We were not aware of this until several months later, as Mr. Mastelotto secreted the original documents from us, and this act first came to our knowledge when we secured certified copies from the Plumas County Recorder's Office.

We then approached Mr. Mastelotto to rectify this but he refused to do anything about it and we are now in the process of suing him to cause him to make restitution and quit-claim back in our favor.

As previously stated the Helen claims do not enter into our application, but we are offering this statement for your information.

Yours very truly,

TERHEL FARMS, INC.

Howard Terrill Sartain

Howard Terrill Sartain, Pres.

HTS:s

COPY

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

July 28, 1954

Memorandum

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

From: Acting Assistant Solicitor, Defense Minerals

Subject: Terhel Farms, Inc., Docket No. DMEA-3262 (Manganese)

Attached is a contract covering the above-described project in satisfactory legal form for execution, subject to the following:

1. Although there are ten claims described in Article 2, we find only one lease covering two claims (Hough and Hough No. 1) and have no information on the operator's interest in the other eight claims. 1/

2. As to the surety bond, the memorandum dated July 16, 1954, from the Chief, Iron and Ferro-Alloys Division, suggested that we initiate the "necessary action for obtaining the required bond. However, there is no action for us to take. The operator should be advised that the surety bond must be on the Government standard form of surety bond, and the surety company concerned will, no doubt, be familiar with the form.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments 6

HCRubin:lm - 7-28-54

Copies to: Solicitor Docket
DMEA Docket
✓ Mr. Martin (2)
Mr. Hofflund
Mr. Rubin
Chron.

1/ If these eight claims are also leased, we require a copy of the lease. If these claims are owned, the (a) in Article 2 will require reformation prior to execution.

JLH

Interior Department

[illegible] exploration /dm.
[illegible] Fund, Defense
[illegible] reduction Act.
Interior [illegible] and to the
Office of the Secretary

JUL 28 1954

[illegible], [illegible] Executive Officer, [illegible]
San Francisco, California

[illegible] wire us [illegible] claims [illegible]
[illegible] claims, [illegible] [illegible]
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George C. Selfridge

[illegible], [illegible] Committee

[illegible] [illegible] to [illegible], [illegible] 3
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[illegible] Committee
Gilbert [illegible], [illegible]
[illegible] Newcomb, [illegible]

[illegible]/la
7/23/54

400

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

Defense Minerals Administration
RECEIVED
JUL 12 1954

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

21R.

July 6, 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-3262 - Manganese
Terhel Farms, Inc.
Mt. Hough Claims
Plumas County, California

Reference is made to your letter dated March 31, 1954, requesting a review and field examination of the subject property.

The property was examined in June 1954, and there are attached four copies of the examination report entitled "DMEA-3262, Mt. Hough Mine, Plumas County, California, (Manganese)," by R. M. Smith, Geologist, U. S. Geological Survey, and R. R. Trengove, Mining Engineer, U. S. Bureau of Mines, dated June 30, 1954.

According to the report by the engineer and geologist, the property warrants a small program of diamond drilling to determine the depth of oxidation and also to obtain information on possible tonnages of manganese that might be developed at depth.

I concur with the recommendations that have been made.

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

Attachment

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

Reviewed by
DMEA OPERATING COMMITTEE

7-16-54
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

EXAMINATION REPORT

DMEA-3262, Mt. Hough Mine

Plumas County, California

(Manganese)

R. M. Smith, Geologist
U. S. Geological Survey

R. R. Trengove, Mining Engineer
U. S. Bureau of Mines

June 30, 1954

Reviewed by
DMEA OPERATING COMMITTEE

7-16-54
(date)

EXAMINATION REPORT

Docket No.: DMEA-3262 (Manganese)

Name and address of applicant: Terhel Farms, Inc.
Terrill Sartain, President
P. O. Box 491
Colusa, Calif.

Name and location of property: Mt. Hough Mine, 13 miles northeast of Quincy, Plumas County, Calif.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

An engineer of the Bureau of Mines and a geologist of the Geological Survey made a joint examination of the Mt. Hough manganese mine in June 1954. The property is situated about 13 miles northeast of Quincy, Calif. (fig. 1). The purpose of the examination was to determine if the geological conditions and the grade of mineralization were favorable to justify approval of an application for a Government loan. The total estimated cost of the applicant's proposed exploration is $16,890.00.

The application was not dated. The work proposed was exploration by diamond drilling.

The ore minerals are almost wholly of secondary origin with psilomelane and a small amount of pyrolusite forming the ore. The ore bodies are pods, lenses, and veins of manganese oxides which occur in faults and fractures along or in the chert lenses. Not all of the chert lenses contain ore bodies; the chert lenses with which the ore bodies occur are from 2 to 12 feet thick. The ore bodies range from a few inches to 12 feet

in thickness, and from a few feet to about 100 feet in length; they have been mined down the dip for about 85 feet. Four ore bodies have been mined on the property. The average grade of ore mined from these locations is 24 to 47 percent Mn; the total production is about 1,260 tons of ore. The best ore revealed is on the 48-foot level from the inclined shaft, where two samples were taken (fig. 3), BM-1 across two feet containing 50.4 percent Mn, and BM-2 across two feet containing 50.7 percent Mn.

In addition to several tons of measured ore, a few hundred tons of ore may be inferred in the downward continuation of all ore bodies revealed on the property. No reserves of primary ore are inferred as the grade is not known.

It is concluded that the inferred ore reserves justify a small exploratory program. The diamond drilling proposed will give sufficient information on the deposit to determine depth of oxidation and extent of the ore bodies. A smaller amount of drilling might possibly furnish the information desired. The program of 1,000 feet of drilling will give information on other leases adjacent to the main workings which will aid in determining the potential tonnages of manganese in the area.

It is recommended that the Government enter into a contract with the applicant to do the work in the revised program The estimated cost of this work is as follows:

1,000 feet of drilling @ $6.75/ft.	$6,500.00
Core boxes, 100 boxes @ $1.00/box	100.00
Analyses - Mn, Fe, SiO_2 - 30 samples @ $11.00	330.00
Truck trail building	570.00
Supervision	500.00
Total cost	$8,000.00

This is a cost of $8.00 per foot of drilling. The Government's share of the expenditure of $8,000.00 would be $6,000.00. The applicant is financially able to pay the entire cost of the proposed exploration.

INTRODUCTION

An application for a Government loan under sec. 202 of the Defense Production Act of 1950 was made by Terrill Sartain, President, Terhel Farms, Inc., in the spring of 1954. An engineer[1/] of the Bureau of Mines examined the property in September 1953 and revisited the property in October 1953 and made a preliminary report. This deposit was known as the Crystal Lake mine in 1917. In June 1954, an engineer of the Bureau of Mines and a geologist of the Geological Survey made a joint examination of the Mt. Hough manganese mine. The mine was not operating at the time and they were unaccompanied.

HISTORY, OWNERSHIP AND PRODUCTION

The following paragraph was obtained from page 173, Bull. 152, Manganese Deposits of California, California Division of Mines:

"In 1917, the claims were owned by H. Kloppenberg, R. L. Kloppenberg and H. S. Myton of Quincy, Calif., and were leased to W. S. Robinson of Quincy and J. W. Plant and G. K. Allen of San Francisco, Calif. The

1/ Trengove, Russell R.

lessees built one mile of road from the Quincy road, which terminated near the Federal Lookout station, to the manganese deposits. Subsequent to August 1917, over 1,000 tons of manganese ore was shipped. It was not operated during World War II.

C. W. Hymer, Quincy, Calif. purchased the property at a tax sale in the 1920's. In July 1953, the Terhel Farms, Inc., P. O. Box 491, Colusa, Calif. acquired a lease and option on the property from C. W. Hymer. The property now consists of ten mining claims.

Mining operations were conducted intermittently from mid-July until September 1953 when equipment was moved in from their stripping operation on the Collins Pine manganese property, 3 airline miles distant.

The property was operated under the firm name of Terhel Farms, Inc. Terrill Sartain, President, reported to be the largest rice grower in the United States, has the controlling interest in the property.

Because of the late start of rehabilitation of the adit, the stripping operation and the sinking of the inclined shaft, there was a small production in 1953. It was reported that one 48-ton shipment of 28.9% Mn was shipped to the U.S. Steel Co. at Geneva, Utah and four cars were shipped to the G.S.A. The only car settlement sheets made available to the Bureau of Mines are as follows:

Date	Long Tons, Dry	%, Mn	Shipped to
9/11/53	38.32	27.45	G.S.A. Wenden, Ariz.
10/6/53	35.23	47.02	G.S.A. Avondale, Colo.

The Mineral Industry Division of the U. S. Bureau of Mines reports the following 1953 shipments from the Mt. Hough mine:

Over 35% Mn:

Long tons	%, Mn	%, Fe	%, SiO_2	%, Al_2O_3	%, P
155	41.41	2.93	11.88	1.73	0.06

Under 35% Mn:

108	24.33	5.67	40.10	-	-

Operations ceased in the fall of 1953 because of the heavy snowfall. The mine will not be operated until litigation on the ownership of eight adjoining claims is settled.

LOCATION AND PHYSICAL FEATURES

The Mt. Hough manganese mine in sections 5, 6, and 8, T. 25 N., R. 10 E., lies near Houghs Peak, elevation 7,254 feet. A Forest Service lookout station on the peak can be seen from miles around. The property (fig. 1) can be reached by following the Forest Service road to the lookout station from Taylorsville, a distance of 8.5 miles. This is a narrow, dirt, one-way truck trail with sharp curves and severe grades. A longer, but more popular route to the property, is from Quincy, Calif. The old Crystal Lake or Mt. Hough dirt road is followed from Quincy to the Mt. Hough lookout station, a distance of 13 miles. This road is real dusty in the summer months and may be very slippery and rutted during wet weather. It is used mostly by logging trucks. The road is wider and has easier grades than the road from Taylorsville, Calif. Crystal Lake, ele-

vation 6700 feet, a small lake, said to exceed 800 feet in depth, is on the property. Water is hauled from a spring, 1,000 feet down the mountain slope from the present mine workings. This water is thought to be draining from Crystal Lake.

The entire area is heavily timbered, 2,000,000 board feet, with silver tip red fir. No transmitted power is available. The nearest railroad, the Western Pacific Railroad, has a loading ramp at Quincy Junction, 11 miles distant. Except for a few tool sheds and one equipment storage shed, there are no buildings on the property. However, a start was made on a large building, 25- by 45-feet. It was being built of logs 2-1/2 feet in diameter and was intended to be used for a boarding house and storage purposes.

EQUIPMENT

The following equipment was on the property when the preliminary examination was made:

1 Caterpillar bulldozer No. 8
2 Compressors, 120 c.f.m. and 240 c.f.m. capacity
1 Shovel, 1/2-cubic yard
4 Trucks, 6 to 12 ton capacity
1 Bucket, skip; several mine cars
1 Loading pocket
1 Power saw, portable
Jackhammers, blacksmith tools and other repair equipment

When the property was examined in June 1954, except for the mine cars, all the equipment had been removed.

PREVIOUS EXPLORATION

Prior to the present operations, an inclined shaft, now backfilled,

was sunk in ore to a depth of 85 feet. About 1,000 tons of ore was obtained from surface cuts and from several crosscuts, raises and stopes in the vicinity of the inclined shaft. An adit was also driven from a point 300 feet northwest of the shaft. This adit continued for about 60 feet, when for some unknown reason, it was turned to the left, away from the ore, and was barren for the remaining 200 feet or more (fig. 2). The adit elevation is about 90 feet below the elevation of the collar of this old shaft.

1953 EXPLORATION (Fig. 2)

In mid-July 1953, exploration was started under the supervision of A. W. Mastelotto and Glen Mastelotto of Oroville, Calif. The old adit was reopened, new rail laid, and timber placed where necessary. At a point about 80 feet from the portal, where the old operators turned the adit to the left, the adit was continued southeasterly in 27.9% manganese ore. Stoping was also started where the old crosscut encountered the 41.3% manganese ore.

A bulldozer was used in stripping the area in the vicinity of the old inclined shaft. Four mineralized zones were exposed in this area. The 27-foot width zone on the east is low grade and not amenable to concentration. Only one zone of the remaining three has been explored. An inclined shaft was sunk in ore in this zone to a depth of 48 feet. Drifts were driven on the 48-foot level 40 feet northwest and 40 feet southeast. The ore bed, 2 feet in thickness, was continuous in both drifts. Some

stoping was done from both drifts. At the end of the west drift a small underhand stope extended 10 feet from the 46-foot level. Two samples (fig. 3) taken by the Bureau engineer analyzed as follows:

%, Mn	%, Fe	%, SiO_2	Location
50.4	0.95	2.3	At end of southeast drift.
50.7	0.50	2.1	West end of underhand stope.

A crosscut was driven 28 feet south of the shaft. This was intended to explore the downward extension of the 10 feet of mineralization analyzing 21.6% Mn disclosed in a trench about 55 feet south of the shaft collar. No mineralization of any significance was encountered but it is possible that a further advance of this crosscut might disclose the ore body.

The 2-foot bed of high-grade manganese is mined as follows: About three feet of the footwall is drilled, blasted and hoisted to surface. Then the ore bed is barred down. The drop in manganese content from 50% to 41% is most likely due to hanging wall and footwall waste material becoming mixed with the ore when being shoveled into wheelbarrows.

GEOLOGY

The rocks in the mine area are sericite schist, slate, clay shale, and interbedded lenses of red chert of the Arlington[2/] formation of Carboniferous age. A section, from youngest to oldest, measured in the mine area in 1917 by Taliaferro[3/], is as follows:

2/ Diller, S. J., 1908, Geology of the Taylorsville Region, California: U.S. Geol. Survey Bull. 353, p. 20, pl. III.

3/ Trask, Parker D., 1950, Manganese Deposits of California: Calif. State Div. of Mines Bull. 152, pp. 173-175.

	Thickness
Quartz sericite schist and slate	100 feet
Manganese-bearing chert	12 feet
Red chert	15 feet
Sericite schist (may represent an altered tuff)	20 feet
Red chert	75 feet
Slate	300 feet

Another section in a different locality measured by Trengove in 1953 shows four chert layers in a 90-foot stratum (fig. 2). Here the chert lenses are from 2 feet to 24 feet thick and are interbedded in schist, quartzite, and slate. The chert layers are poorly exposed but appear to be discontinuous lenses as much as 200 feet long. The schist and slate is thin bedded and locally altered to clay. Schistosity parallels the bedding, which strikes N. 40° W. to N. 60° W., and dips 45° to 60° southwest. The metamorphic rocks are cut by many bedding faults; the beds of brittle rocks (chert and quartzite) are commonly fractured at right angles to the bedding faults. Quartz veinlets as much as 6 inches wide occupy many of the fractures, and some of the veinlets terminate against bedding faults on both the hanging wall and footwall of the brittle bed. Drag of these veinlets indicates normal faulting.

ORE DEPOSITS

The ore bodies are pods, lenses, and veins of manganese oxides which occur in faults and fractures along or in the chert lenses. Not all of the chert lenses contain ore bodies; the chert lenses with which the ore bodies occur are from 2 to 12 feet thick. The ore bodies range from a few inches to 12 feet in thickness, and from a few feet to about 100 feet in length; they have been mined down the dip for about 85 feet.

In the ore bodies that have been mined the ore minerals are almost wholly of secondary origin with psilomelane and a small amount of pyrolusite forming the ore. Braunite, which occurs with psilomelane in seams in chert on the adit level, may be of primary origin. As no exploratory openings have been made below the oxidized zone, the grade of the primary ore bodies is not known.

Secondary ore minerals are exposed in the adit level as much as 90 feet vertically below the surface (fig. 2). As the ore contains very little braunite it is inferred that the zone of oxidation extends to at least 100 feet below the surface--probably more in highly fractured zones, perhaps less in other zones.

Four ore bodies have been mined on the Mt. Hough property--one in the 48-foot incline shaft, one in the 85-foot incline shaft, one from the raise above the adit level (fig. 2), and one in the stope above the adit level (fig. 3). The average grade of the ore mined from these locations is 34 to 47 percent Mn; the total production is about 1260 tons of ore.

The best ore revealed on the property is on the 48-foot level from the incline shaft, where two samples were taken (fig. 3) - BM-1 across 2 feet containing 50.4 percent Mn, and BM-2 across 2 feet of ore containing 50.7 percent Mn.

ORE RESERVES

A few tons of measured ore could be obtained from the downward continuation of ore bodies revealed in the adit and on the 48-foot level of the incline shaft, and an additional few tons of indicated ore might be obtained from the same ore shoots. It is inferred that the secondary ore bodies may extend to the depth of oxidation, believed to be about 100 feet. A few hundred tons of ore may be inferred in the downward continuation of all ore bodies revealed on the property.

No reserves of primary ore are inferred as the grade is not known.

PROPOSED EXPLORATION

The applicant has proposed a program of road rehabilitation and 2,000 feet of core drilling (with sample analyses) requiring a total cost of $16,890.00 and two months to complete. The program is designed to test the downward continuation of known ore bodies at a depth of about 100 feet below the surface. If secondary ore bodies occur at this depth the proposed drill holes will yield information about their size and grade; if they do not, the holes will yield information on the nature and grade of the primary ore bodies. In either case, information on the depth of oxidation will be obtained.

In order to test the best showings first, it is suggested that the order of drilling the holes be changed from that proposed by the applicant to the order shown on Figure 2.

The estimated cost of this revised program, including supervision, core boxes, analyses and miscellaneous cost is $8.00 per foot or a total of $8,000.00, of which the Government's share would be $4,000.00.

The applicant is financially able to pay the entire cost of the proposed exploration.

CONCLUSIONS AND RECOMMENDATIONS

It is concluded that the inferred ore reserves justify a small exploratory program. The diamond drilling proposed will give sufficient information on the deposit to determine depth of oxidation and extent of the ore bodies. A smaller amount of drilling might possibly furnish the information desired. The program of 1,000 feet of drilling will give information on other lenses adjacent to the main workings which will aid in determining the potential tonnages of manganese in the area.

It is recommended that the Government enter into a contract with the applicant to do the work in the revised program.

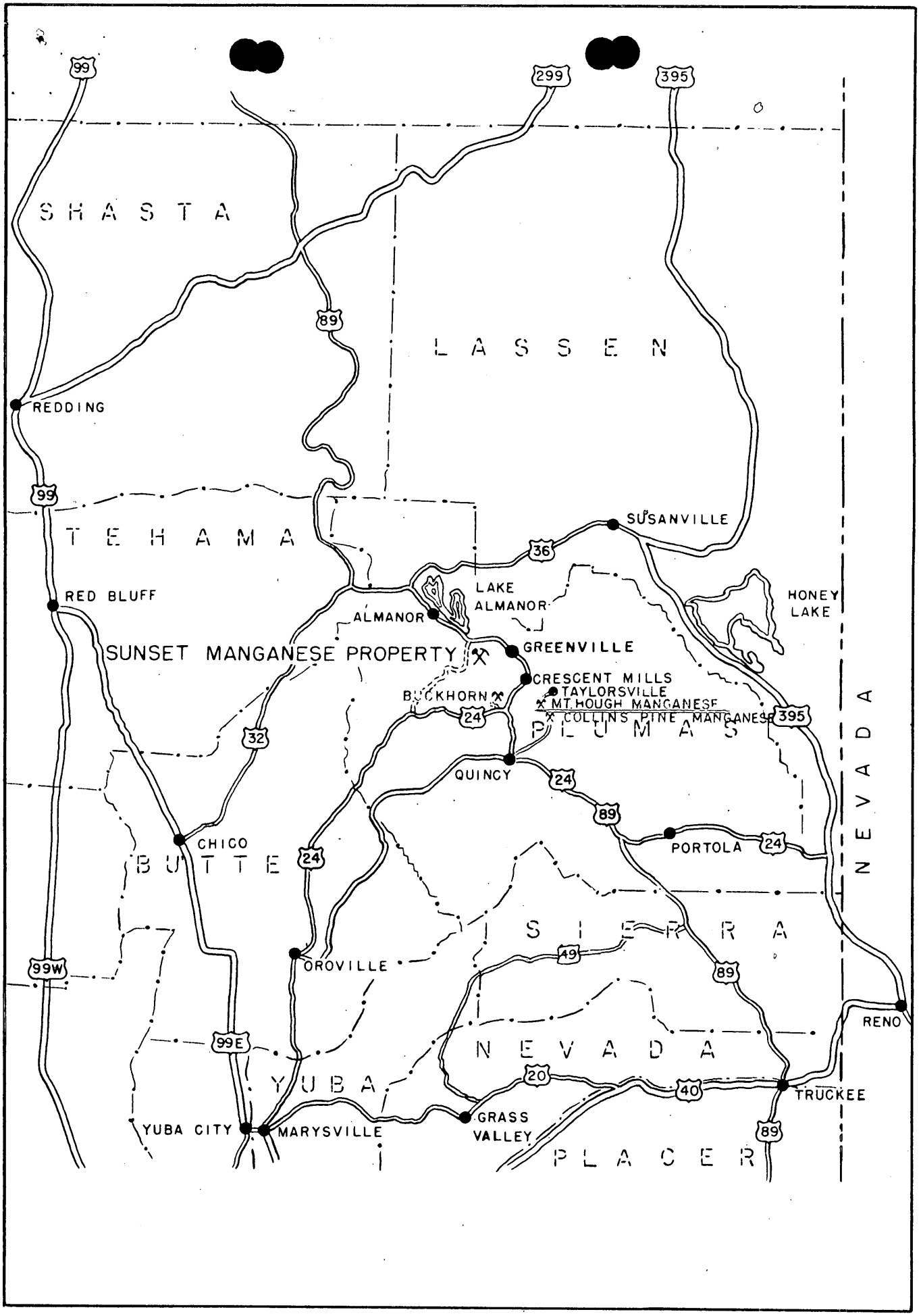
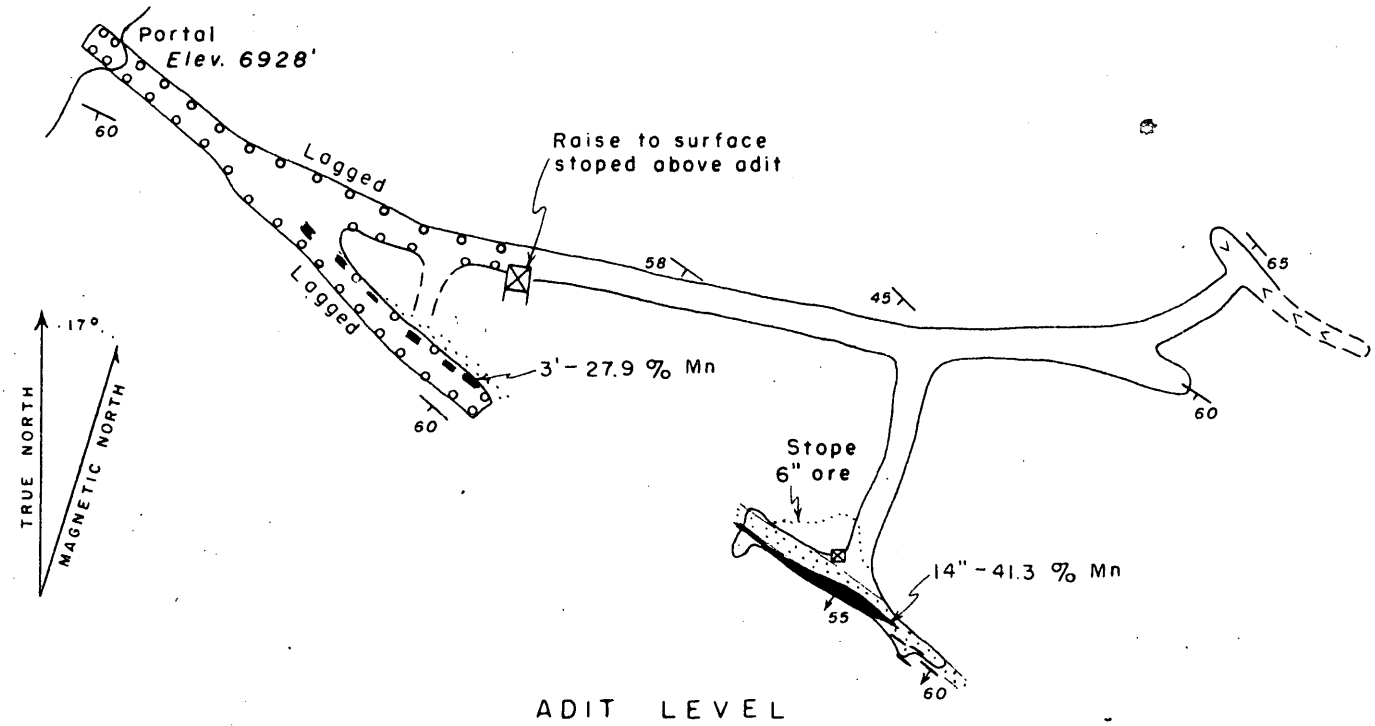
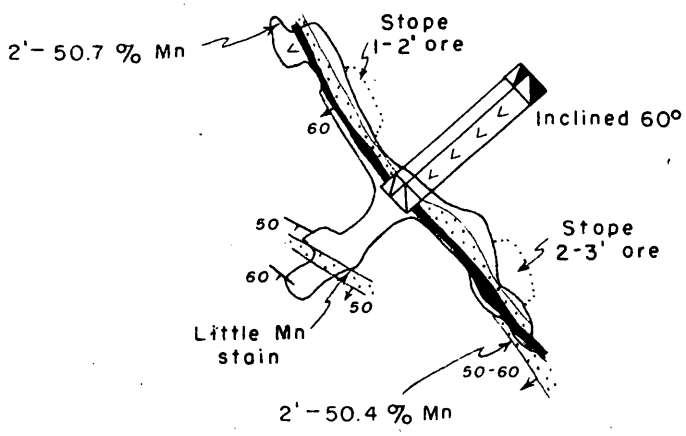


Figure 1.- Location map.



ADIT LEVEL



INCLINED SHAFT AND 48-FOOT LEVEL

EXPLANATION

Sericite schist

Red chert

60

Manganese ore showing dip

45

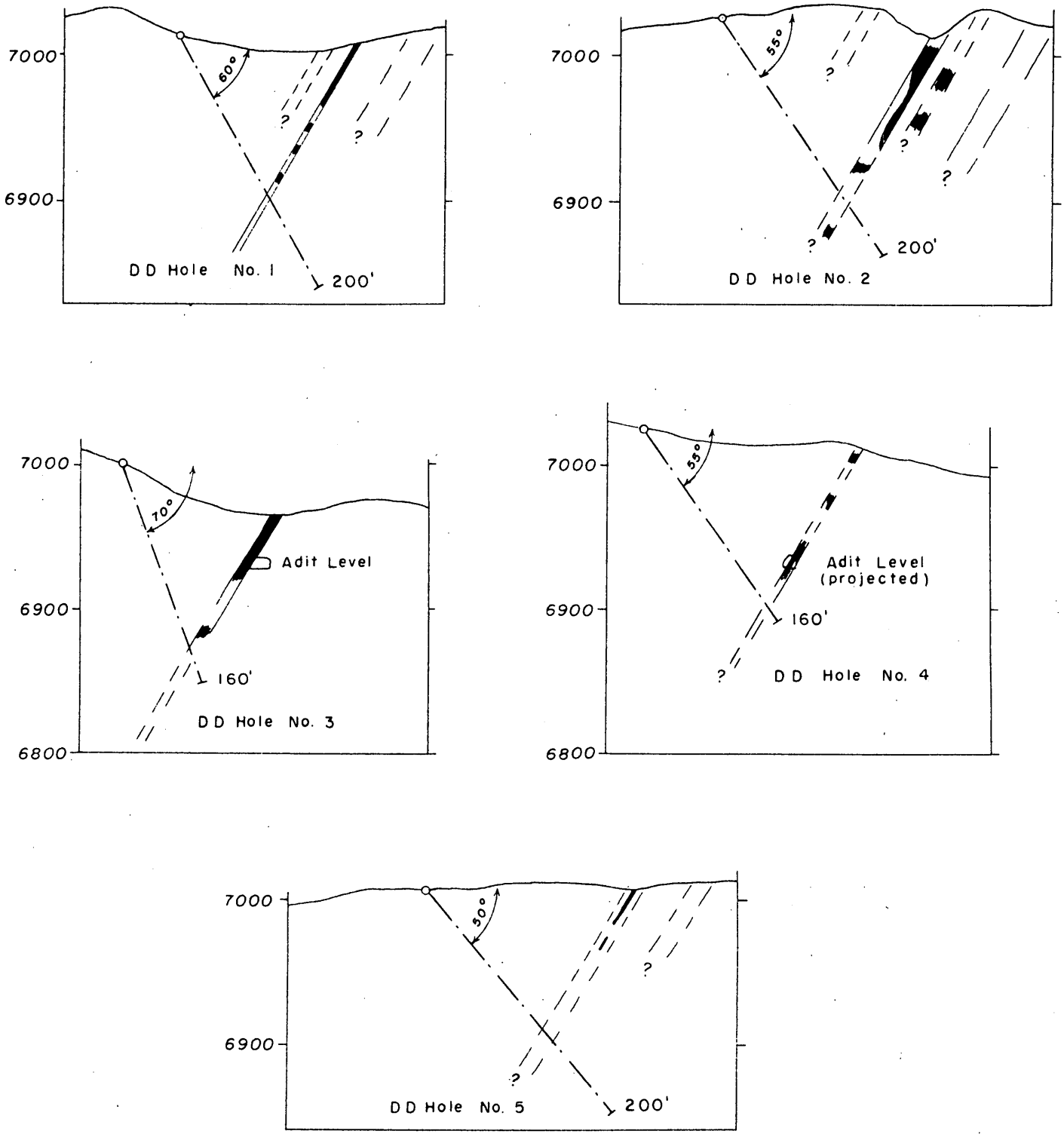
Strike and dip of beds

Geology by R. M. Smith and R. R. Trengove, June 1954

GEOLOGIC MAPS OF UNDERGROUND WORKINGS, MT. HOUGH MINE
PLUMAS COUNTY, CALIFORNIA

40 0 40 80 FEET

FIGURE 3



PROPOSED DRILL HOLES
MT. HOUGH MINE, PLUMAS COUNTY, CALIFORNIA

100 0 100 200 FEET

FIGURE 4

July 16, 1954

MEMORANDUM

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Iron and Ferro-Alloys Division, DMEA

Subject: Review and preparation of Exploration Project Contract
Docket No. DMEA 3862 - Manganese
Terhal Farms, Inc.
Mt. Hough claims
Plumas County, California

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

Copies of the two maps referred to in the proposed contract are being prepared and will be forwarded as soon as received.

Please note our letter of March 31, 1954, in regard to bond by Operator in lieu of Owner's Consent to Lien. It is suggested that your office initiate the necessary action for obtaining the required bond.

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

Enclosure

FARutledge:fec
7-16-54
cc to: Docket
Code 400
Adm. Reading File

EXPLORATION PROJECT CONTRACT
TERHEL FARMS, INC.
DOCKET NO. DMEA 3262

ANNEX I

The land referred to in Article 2 of the contract form consists of the following ten unpatented mining claims on record in the office of the County Recorder of the County of Plumas, State of California, at Quincy, California:

CLAIM	BOOK NO.	PAGE NO.
Mt. Hough	23	43
Mt. Hough No. 1	23	44
Helen No. 1	26	307
Helen No. 2	26	309
Helen No. 3	26	311
Helen No. 4	26	313
Helen No. 5	26	315
Helen No. 6	27	97
Helen No. 7	27	99
Helen No. 8	27	101

EXPLORATION PROJECT CONTRACT
TERHEL FARMS, INC.
DOCKET NO. DMEA 3262

EXHIBIT "A"

Description of the Work

The exploration work on this project is to consist of diamond drilling at the locations and in the order indicated on the map attached here entitled: Mt. Hough Manganese Mine, Plumas County, California. All drill holes shall be not less than AX in size.

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.

The approximate inclinations and lengths of the proposed drill holes are indicated on the map attached hereto entitled: Proposed Drill Holes, Mt. Hough Mine, Plumas County, California.

ESTIMATED COSTS OF PROJECT

AGREED UNIT COSTS

Diamond drill 1000 feet @ $6.67/ft.	$6,670.00
Analyze 30 samples for Mn, Fe, and SiO_2 @ $11.00/sample	330.00
TOTAL AGREED COSTS	$7,000.00
GOVERNMENT PARTICIPATION @ 75%	$5,250.00

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3262

COMMODITY Manganese

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] Terhel Farms, Inc.
P. O. Box 491
Colusa, California

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 Plumas, described as follows:[3] The Mt. Hough (Crystal Lake) Manganese Mine which is composed of 10 unpatented mining claims as set forth in Annex I. The mine is in Sec. 5, 6, and 8, T. 25 N., R. 10 E., M. D. M., approximately 13 miles by car northerly from Quincy, California.

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 lease is attached. / Operator's Surety Bond

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] _____

in or upon the described land; and shall bring the project to completion within a period of six (6) 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 $5,250.00, which is 75 percent of $7,000.00, 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

MAR 31 1954

Mr. Howard Terrill Sartain
President, Terhel Farms, Inc.
P. O. Box 401
Colusa, California

Re: Docket No. DMEA 3262 - Manganese
Mt. Hough Mining claims
Plumas County, California

Dear Mr. Sartain:

Your application for assistance in exploring for manganese on your Mt. Hough mining claims in Plumas County, California, has been reviewed by the Iron and Ferro-Alloys Division, Defense Minerals Exploration Administration, and has been referred to Mr. M. C. Miller, Executive Officer, DMEA Field Team, Region III, 1012 Flood Building, 870 Market Street, San Francisco 2, California, for further consideration and a field examination of the property.

At the time an examination is made, any assistance that you can render the examining engineers will be appreciated.

Reference is also made to your letter of March 23, 1954. We will not require that a bond be submitted until we have determined that an exploration project is warranted. The indemnified would be the United States Government, and the bond would include the guarantee of the percentage royalty that may be due the Government under the provisions of the contract.

Sincerely yours,

S. O. Mittenderf

Administrator

cc: DOCKET
CODE 400
FIELD TEAM, REG. 3
ADM. READ. FILE
GILBERT DE HUFF, USBM
LOUIS PAVLIDES, USGS

JHopkins & HCRubin/ls
3/25/54

MAR 31 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 3262 - Manganese
Tonkal Farms, Inc.
Mt. Hough Claims
Plumas County, California

Dear Mr. Miller:

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

Copies of two memoranda by Mr. Louis Pavlides, U. S. Geological Survey, and a copy of letter from the applicant are enclosed for your information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

JHopkins:foc 3-26-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. Reg. III
Gilbert DeHaff, USBM
Louis Pavlides, Rm. B-242B - GSA

APPROVED:

J. H. Hedges

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey

MAR 19 1954

Mr. H. T. Sartain
President, Textel Farms, Inc.
Post Office Box 491
Colusa, California

Re: Docket No. DMEA-3868 - Manganese
Mt. Hough Mining Claims
Plumas County, California

Dear Mr. Sartain:

The subject application of your company for exploration assistance has been referred to the Iron and Ferro-Alloys Division for review.

We note that, in the event a project is approved, you propose to submit a surety bond in lieu of the Owner's Consent to Lien which we ordinarily require. While a surety bond would be acceptable to us, the cost of it would be solely yours, as such an item is not properly an allowable cost under our contracts.

If you indicate to us that you will furnish a surety bond at your own expense, your application will receive further attention.

Sincerely yours,

O. O. Mittenbergf

Administrator

JHopkins:HCR:ep 3-17-54

Copy to: Docket
Admr. Reading File
Field Team, Reg. III (2)
Mr. Martin
Mr. Hofflund
Mr. Rubin
Chron.
Pending

IN REPLY REFER TO:

400

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

March 15, 1954

Memorandum

To: Mr. W. S. Martin, DMEA

From: Louis Pavlides

Subject: MUA-3262, Manganese, Mt. Hough Mining Claims, Plumas County, California.

My original memorandum on the subject property, dated 3-3-54, was written without the knowledge of a previous Field Team examination having been made of the property as MA-1287X. In reviewing this report and its correspondence, it is apparent that a total not to exceed $5000 was considered as the maximum sum, realistic as an exploration loan for this deposit. This was based on the probability of repaying an exploration loan from any resulting production that might result from the property. My conclusions parallel these original appraisals namely, the property does not appear to have possibilities of containing reserves large enough to warrant an exploration program costing $16,890.

The present applicant's development and exploration work, as well as production since the last examination was made, cannot be ignored, and a new Field Team examination may result in formulating a more conservative exploration program, consistent with the potential of the deposit and acceptable to the applicant.

Louis Pavlides
Geologist

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

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

Mnen 3262-mm

February 16, 1954

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for Exploration Loan - Manganese
Terhel Farms, Inc.,
P. O. Box 491, Colusa, California
Terrill Sartain, President

Attached are three of the five sets of "Application for Aid in an Exploration Project, Pursuant to DMEA Order 1, Under the Defense Production Act of 1950, as Amended," Form MF-103, submitted to this office by Mr. Terrill Sartain, President, Terhel Farms, Colusa, California, on February 15, 1954.

H. C. MILLER

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

Attachment

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

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

400

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

Rec'd 23 1954

Not to be filled in by applicant.

Docket No. 3262
Metal or Mineral Manganese
Date Received
Estimated Cost $16,890
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: TERRELL FARMS, INC., P.O.BOX 491, COLUSA, CALIFORNIA.
Howard Terrill Sartain - President
Helen Sartain - Secretary-Treasurer
Walter Weber - Vice President

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

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

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Mt. Hough Mining Claim and the Mt. Hough Mining Claim #1, both recorded in Volume 23 of Quartz at page 43, in the office of the County Recorder of the County of Plumas, State of California.

(*b*) State any mine name by which the property is known. same as above

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

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

(*e*) If you own the land, describe any liens or encumbrances on it

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

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

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

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

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

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

5. *The exploration project.*—State the mineral or minerals for which you wish to explore MANGANESE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated ....., 195...

TERREL FARMS, INC.
(Applicant)

By Howard Terrell Pres.

Helen Hartain Sec-Treas

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

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

Terhel Farms, Inc.
P.O. Box 491, Colusa, California.

APPLICATION FOR AID IN AN EXPLORATION PROJECT - FORM MF-103:

ITEM 6 - Estimate of Costs:

PRELIMINARY WORK:

Road re-habilitation for access		$ 640.00

PROJECT:

Geologist or Engineer to supervise	$ 1,000.00	
Core drilling, 2,000 ft. @ $6.50 per ft (Note: The enclosed plats identify 1,240 ft. of holes, the location of the remaining 760 ft. will be determined by the findings in these 1,240 ft.)	13,000.00	
Analyses of samples (Note: $550.00 to $600.00 of this is for samples on the original 1,240 ft. of holes. The balance will be used for analyses on the remaining 760 ft. when they have been located and drilled)	1,000.00	
Core boxes, 200 boxes @ $1.00 each	200.00	
Shipping samples for analysis	350.00	
Operational overhead, 50 days @ $10.00	500.00	
Bond premium to indemnify Government for expenditures (in lieu of landowners sub-ordination)	200.00	16,250.00
TOTAL COST OF PROJECT		$16,890.00

ITEM 5-c - Time Element:

Project to start the latter part of June and be completed on, or about, September 1, 1954.

ITEM 7 - Provision for share of costs:

Applicant is prepared, and able, to furnish 25% of the above estimate in cash.

GENERAL SERVICES ADMINISTRATION
MATERIALS PURCHASE DEPOT, WENDEN, ARIZONA

ACCEPTANCE

DATE 9-11-53

ACCEPTANCE NUMBER 642

ISSUED UNDER CERTIFICATE OF AUTHORIZATION NUMBER 9-163-1

TO
Terhel Farms Inc.
Box 491
Colusa, California

Colusa, Calif.

RECEIPT AND WEIGHT TICKET NO. 816

Subject to the terms and conditions of the Manganese Regulation, as amended, establishing the Government's Purchase Program for Domestic Manganese Ore at Wenden, Arizona, the Government accepts 95800 pounds (wet basis) of manganese ore, delivered by you at the Purchase Depot, Wenden, Arizona, and covered by Receipt No. See above. Such ore has a moisture content of 10.4% and analyzes on a dry basis as follows:

		PERCENT
MANGANESE (Mn) CONTENT		27.45
WEIGHT	POUNDS	
WET BASIS	95800	
LESS MOISTURE 10.4 %	9963	
		L.D.T.
NET DRY BASIS	85837	38.32

EVALUATION AND SETTLEMENT DATA

GROSS PAYMENT $ 34.40 X 38.32 L.D.T. = 1241.57

DEDUCTION FOR NODULIZING $ X L.D.T. =

NET PAYMENT $1241.57

BUREAU OF MINES — (Signature) Glenn M. Hanson — (Name) Glenn M. Hanson — Metallurgist (Title) — Bureau of Mines Representative

GENERAL SERVICES ADMINISTRATION — (Signature) A. Earl Johnson — (Name) A. Earl Johnson — Manager (Title) — Materials Purchase Depot

(FOR USE OF PRODUCER ONLY)

INVOICE

TO: GENERAL SERVICES ADMINISTRATION—REGION 9
49 Fourth Street, San Francisco 3, Calif.

FOR: MANGANESE ORE delivered as indicated above $ 1,241.57

I certify that the above bill is correct and just and that payment therefor has not been received. The Producer warrants that said ore was mined in the United States, its Territories or Possessions.

Producer Terhel Farms, Inc. Date September 14, 1953

By Title Pres.

Form approved by Comptroller General, U.S. September 26, 1952

GENERAL SERVICES ADMINISTRATION
DOMESTIC MANGANESE PURCHASE PROGRAM
(CARLOAD LOTS)

ACCEPTANCE AND INVOICE

DATE: October 6, 1953

ACCEPTANCE NUMBER: IX-16

ISSUED UNDER CERTIFICATE OF AUTHORIZATION NUMBER: 9-58-1-1

TO
Terhel Farms, Inc.
P. O. Box 491
Colusa, California

Subject to the terms and conditions of the Manganese Regulation establishing the Government's Purchase Program for Domestic Manganese Ore or Concentrates in carload lots, the Government accepts 38.7857 long tons (wet basis) of [X] Manganese Ore [ ] Concentrates delivered f.o.b. by you at Quincy Junction California, consigned to EPS, GSA, Pueblo Ord. Depot, at Avondale, Colorado on B/L No. GS-45335. Such material has a moisture content of 9.177 % and analyses in a dry basis as follows:

	PERCENT
MANGANESE (Mn)	47.02
IRON (Fe)	1.84
SILICA (SiO_2) PLUS ALUMINA (Al_2O_3)	8.97
PHOSPHOROUS (P)	0.03
COPPER PLUS LEAD PLUS ZINC (Cu + Pb + Zn)	0.08

EVALUATION AND SETTLEMENT DATA

	DOLLARS
BASE PRICE - PER L.D.T. UNIT	2.30

PREMIUMS	DIFFERENCE		DOLLARS		DOLLARS
Mn ABOVE 48%		X	.005	=	
Fe BELOW 6%	4.16%	X	.005	=	.0208

	DOLLARS
NET INCREASE	.0208

PENALTIES	DIFFERENCE		DOLLARS		DOLLARS
Mn BELOW 48% TO AND INCLUDING 44%	0.98%	X	.01	=	.0098
Mn BELOW 44% TO AND INCLUDING 40%		X	.015	=	
Fe ABOVE 6% TO AND INCLUDING 8%		X	.01	=	
Fe ABOVE 8% TO AND INCLUDING 16%		X	.0075	=	
SiO_2 + Al_2O_3 ABOVE 11% TO AND INCLUDING 15%		X	.01	=	
P ABOVE 0.12% TO AND INCLUDING 0.30%		X	.0033	=	

		DOLLARS
NET DECREASE		.0098
NET AMOUNT OF ADJUSTMENT	PLUS	.0208
	MINUS	.0098
ADJUSTED BASE PRICE - PER L.D.T. UNIT		2.311

LONG WET TONS		MOISTURE CONTENT		LONG DRY TONS		% Mn.		L.D.T. UNITS		ADJUSTED BASE PRICE		PAYMENT
38.7857	-	3.5594	=	35.2263	X	47.02	=	1656.3406	X	2.311	=	3,827.80

ACCEPTANCE

RECEIVED AND ACCEPTED BY GENERAL SERVICES ADMINISTRATION AT San Francisco, California

BY (Type name): R. E. Reno, Jr.
SIGNATURE: [signature]
TITLE: Deputy Regional Director, EPS

FOR USE OF PRODUCER ONLY

INVOICE

TO: General Services Administration
REGION NUMBER: 9
CITY AND STATE: San Francisco, California

FOR [X] MANGANESE ORE [ ] CONCENTRATES delivered as indicated above
$ 3,827.80

I certify that the above bill is correct and just and that payment therefor has not been received. The producer warrants that said material was mined in the Continental United States.

PRODUCER (Type name): Terhel Farms, Inc.
DATE:
BY (Signature):
TITLE:

GSA-WASH DC 53-3922

GSA FORM 1037
September 1952

Form approved by
Comptroller General, U.S.
September 26, 1952

GENERAL SERVICES ADMINISTRATION
DOMESTIC MANGANESE PURCHASE PROGRAM
(CARLOAD LOTS)

ACCEPTANCE AND INVOICE

DATE: November 25, 1953

ACCEPTANCE NUMBER: IX-18

ISSUED UNDER CERTIFICATE OF AUTHORIZATION NUMBER: 9-58-1-2

TO Terhal Farms, Inc
P. O. Box 491
Colusa, California

Subject to the terms and conditions of the Manganese Regulation establishing the Government's Purchase Program for Domestic Manganese Ore or Concentrates in carload lots, the Government accepts 45.5804 long tons (wet basis) of [X] Manganese Ore [ ] Concentrates delivered f.o.b. by you at Quincy Junction, California, consigned to Pueblo Ordnance Depot, at Avondale, Colorado on B/L No. GS-45337. Such material has a moisture content of 13.43 % and analyses in a dry basis as follows:

	PERCENT
MANGANESE (Mn)	48.22
IRON (Fe)	1.73
SILICA (SiO_2) PLUS ALUMINA (Al_2O_3)	8.21
PHOSPHOROUS (P)	0.14
COPPER PLUS LEAD PLUS ZINC (Cu + Pb + Zn)	0.16

EVALUATION AND SETTLEMENT DATA

	DOLLARS
BASE PRICE - PER L.D.T. UNIT	2.30

PREMIUMS	DIFFERENCE		DOLLARS		DOLLARS
Mn ABOVE 48%	0.22%	X	.005	=	0.0011
Fe BELOW 6%	4.27	X	.005	=	0.0214
NET INCREASE					0.0225

PENALTIES	DIFFERENCE		DOLLARS		DOLLARS
Mn BELOW 48% TO AND INCLUDING 44%		X	.01	=	
Mn BELOW 44% TO AND INCLUDING 40%		X	.015	=	
Fe ABOVE 6% TO AND INCLUDING 8%		X	.01	=	
Fe ABOVE 8% TO AND INCLUDING 16%		X	.0075	=	
SiO_2 + Al_2O_3 ABOVE 11% TO AND INCLUDING 15%		X	.01	=	
P ABOVE 0.12% TO AND INCLUDING 0.30%	0.02%	X	.0033	=	0.0067
NET DECREASE					0.0067

		DOLLARS
NET AMOUNT OF ADJUSTMENT	PLUS	0.0225
	MINUS	0.0067
ADJUSTED BASE PRICE - PER L.D.T. UNIT		2.3158

LONG WET TONS		MOISTURE CONTENT		LONG DRY TONS		% Mn.		L.D.T. UNITS		ADJUSTED BASE PRICE		PAYMENT
45.5804	-	6.1214	=	39.4590	X	48.22	=	1902.7130	X	2.3158	=	4,406.30

ACCEPTANCE

RECEIVED AND ACCEPTED BY GENERAL SERVICES ADMINISTRATION AT San Francisco, California

BY (Type name): R. E. Reno, Jr.
SIGNATURE: [signature]
TITLE: Deputy Regional Director, BPS

FOR USE OF PRODUCER ONLY

INVOICE

TO: General Services Administration
REGION NUMBER: 9
CITY AND STATE: San Francisco, California

FOR [X] MANGANESE ORE [ ] CONCENTRATES delivered as indicated above
$ 4,406.30

I certify that the above bill is correct and just and that payment therefor has not been received. The producer warrants that said material was mined in the Continental United States.

PRODUCER (Type name): Terhal Farms, Inc.
DATE:
BY (Signature):
TITLE:

GSA-WASH DC 53-3922

GSA FORM 1037
September 1952

Form approved by Comptroller General, U.S. September 26, 1952

GENERAL SERVICES ADMINISTRATION
DOMESTIC MANGANESE PURCHASE PROGRAM
(CARLOAD LOTS)

ACCEPTANCE AND INVOICE

DATE: December 3, 1953

ACCEPTANCE NUMBER: IX-21

ISSUED UNDER CERTIFICATE OF AUTHORIZATION NUMBER: 9-58-1-3

TO
Terhel Farms, Inc.
P. O. Box 491
Colusa, California

Subject to the terms and conditions of the Manganese Regulation establishing the Government's Purchase Program for Domestic Manganese Ore or Concentrates in carload lots, the Government accepts 49.8214 long tons (wet basis) of [X] Manganese Ore [ ] Concentrates delivered f.o.b. by you at Quincy Junction Calif., consigned to Pueblo Ord. Depot, at Avondale, Colorado on B/L No. GS-45338. Such material has a moisture content of 16.14% and analyses in a dry basis as follows:

	PERCENT
MANGANESE (Mn)	49.23
IRON (Fe)	1.36
SILICA (SiO_2) PLUS ALUMINA (Al_2O_3)	6.78
PHOSPHOROUS (P)	0.12
COPPER PLUS LEAD PLUS ZINC (Cu + Pb + Zn)	0.18

EVALUATION AND SETTLEMENT DATA

	DOLLARS
BASE PRICE - PER L.D.T. UNIT	2.30

PREMIUMS	DIFFERENCE		DOLLARS		DOLLARS
Mn ABOVE 48%	1.23	X	.005	=	.0062
Fe BELOW 6%	4.64	X	.005	=	.0232
NET INCREASE					.0294

PENALTIES	DIFFERENCE		DOLLARS		DOLLARS
Mn BELOW 48% TO AND INCLUDING 44%		X	.01	=	
Mn BELOW 44% TO AND INCLUDING 40%		X	.015	=	
Fe ABOVE 6% TO AND INCLUDING 8%		X	.01	=	
Fe ABOVE 8% TO AND INCLUDING 16%		X	.0075	=	
SiO_2 + Al_2O_3 ABOVE 11% TO AND INCLUDING 15%		X	.01	=	
P ABOVE 0.12% TO AND INCLUDING 0.30%		X	.0033	=	
NET DECREASE					

NET AMOUNT OF ADJUSTMENT	PLUS	.0294
	MINUS	
ADJUSTED BASE PRICE - PER L.D.T. UNIT		2.3294

LONG WET TONS		MOISTURE CONTENT		LONG DRY TONS		% Mn.		L.D.T. UNITS		ADJUSTED BASE PRICE		PAYMENT
49.8214	-	8.0412	=	41.7802	X	49.23	=	2056.8392	X	2.3294	=	4,791.20

ACCEPTANCE

RECEIVED AND ACCEPTED BY GENERAL SERVICES ADMINISTRATION AT San Francisco, California

BY (Type name)	SIGNATURE	TITLE
R. E. Reno, Jr.	[signature]	Deputy Regional Director, RPS

FOR USE OF PRODUCER ONLY

INVOICE

TO	REGION NUMBER	CITY AND STATE
General Services Administration	9	San Francisco, California

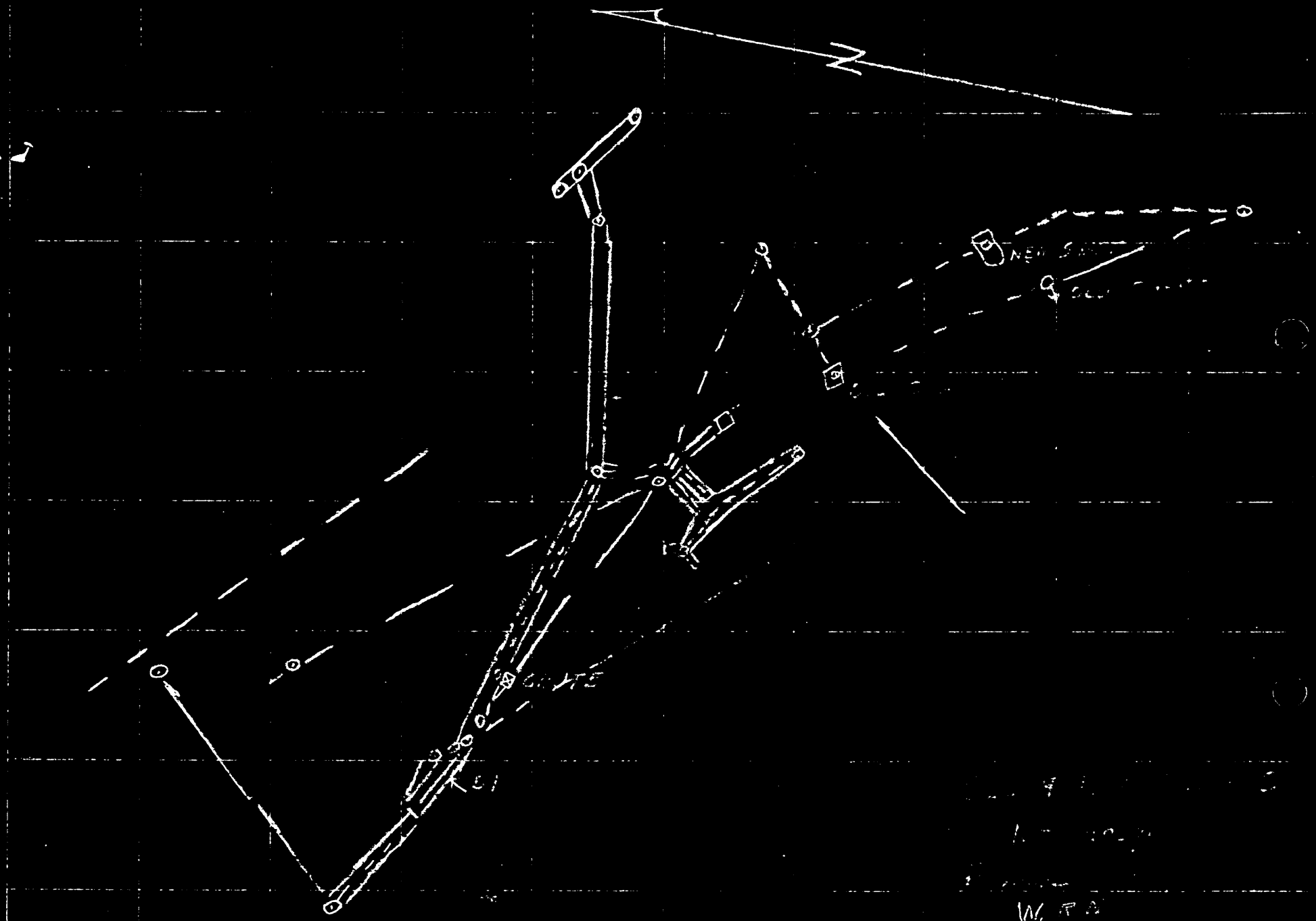
FOR: [X] MANGANESE ORE [ ] CONCENTRATES delivered as indicated above — $ 4,791.20

I certify that the above bill is correct and just and that payment therefor has not been received. The producer warrants that said material was mined in the Continental United States.

PRODUCER (Type name)	DATE
Terhel Farms, Inc.	
BY (Signature)	TITLE

GSA-WASH DC 53-3922

GSA FORM 1037
September 1952


N
NEW SAITE
GATE
W. F.

Columbia-Geneva Steel

Division
United States Steel Corporation

UTAH OPERATIONS — GENEVA, UTAH

JOHN K. HAYES
Supervisor -
Raw Materials Exploration

MAILING ADDRESS:
P. O. BOX 269, SALT LAKE CITY 10, UTAH

October 15, 1953

Mr. Terrill Sartain, President
Terhel Farms, Inc.
P. O. Box 408
Colusa, California

Subject: Manganese Ore Sample

Dear Mr. Sartain:

Enclosed please find a copy of the laboratory analysis of the sample of manganese ore which our Mr. Barton collected from your property last month. This sample is labeled in our files "Run-of-mine".

We trust that this information will be useful to you.

Yours very truly,

John K. Hayes

John K. Hayes, Supervisor
Raw Materials Exploration

Enclosure

October 9, 1953

To: J. K. Hayes, Supervisor Raw Materials

From: C. V. Rooney

Subject: Manganese Ore

Following is the analysis on a sample of manganese ore submitted by Terhel Farms, Plumas Co., California:

	10-TF-1-1
SiO_2	3.56
Fe	1.7
S	.010
P	.100
Mn	47.8
As	.01
Zn	.08
Cu	.02
Pb	.01

C. V. Rooney
Supervisor Chemical Laboratory

CVR:jl

NOBLE ELE[illegible] STEEL CO.
[illegible] 995 M[illegible] STREET
SAN FRAN[illegible] CALIFORNIA

VENDOR'S COPY

CREDIT MEMO.

DATE 8-13-18

TO

J W [illegible]

YOUR INVOICE DATED

522 Insurance Exchange Bldg

OUR INVOICE NO.

[illegible] City

GENTLEMEN: WE HAVE THIS DAY CREDITED YOUR ACCOUNT AS PER DETAILS BELOW. PLEASE ENTER THIS ON YOUR BOOKS SO THAT OUR ACCOUNTS WILL AGREE.

[illegible] 238)

Gross Wt.	9 500#		
Moisture 2.8%	2730#		
	9 770# = 42.308 L.T. @ 75.048	3175.13	
Less			
Freight to So Chicago 48.75 Tons @ 13.80		-672.75	
War Tax @ 3%		20.18	692.93
		2482.20	
1/2 cost of sampling		22.21	
			2504.41

Manganese	55.46%	@ 1.30	72.098
Silica	3.55%	Bonus	2.95
			75.048

FORM A-B

REPORT OF ASSAY

ABBOT A. HANKS, INC.

ASSAYERS, CHEMISTS, ENGINEERS
624 SACRAMENTO STREET
SAN FRANCISCO, September 23, 1953

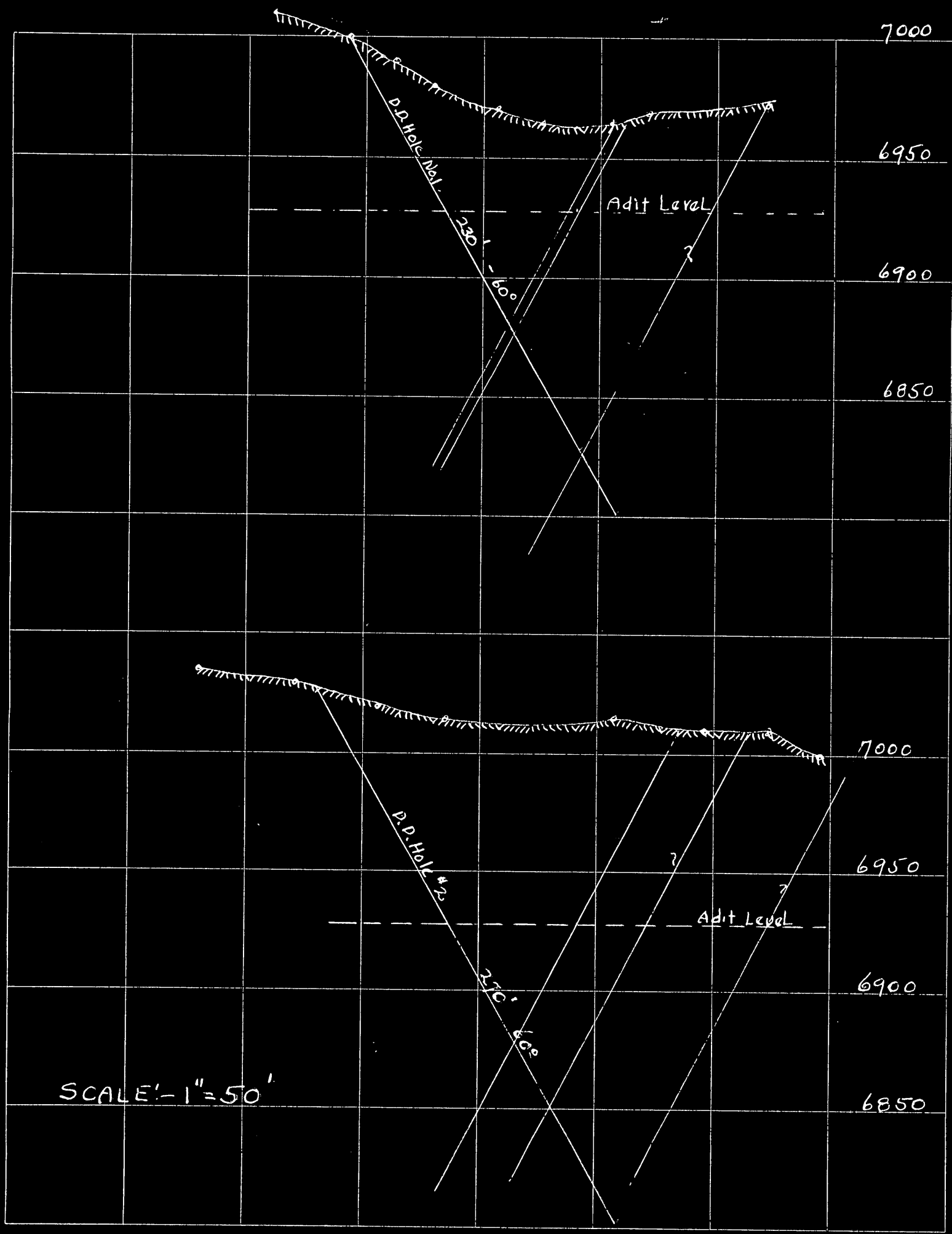
DEPOSITED BY R. E. Reno, Jr., Chief,
Inspection Division
Federal Supply Service
General Services Administration
49 Fourth St., S.F. 3, California

SAMPLE OF MANGANESE ORE METALLURGICAL GRADE

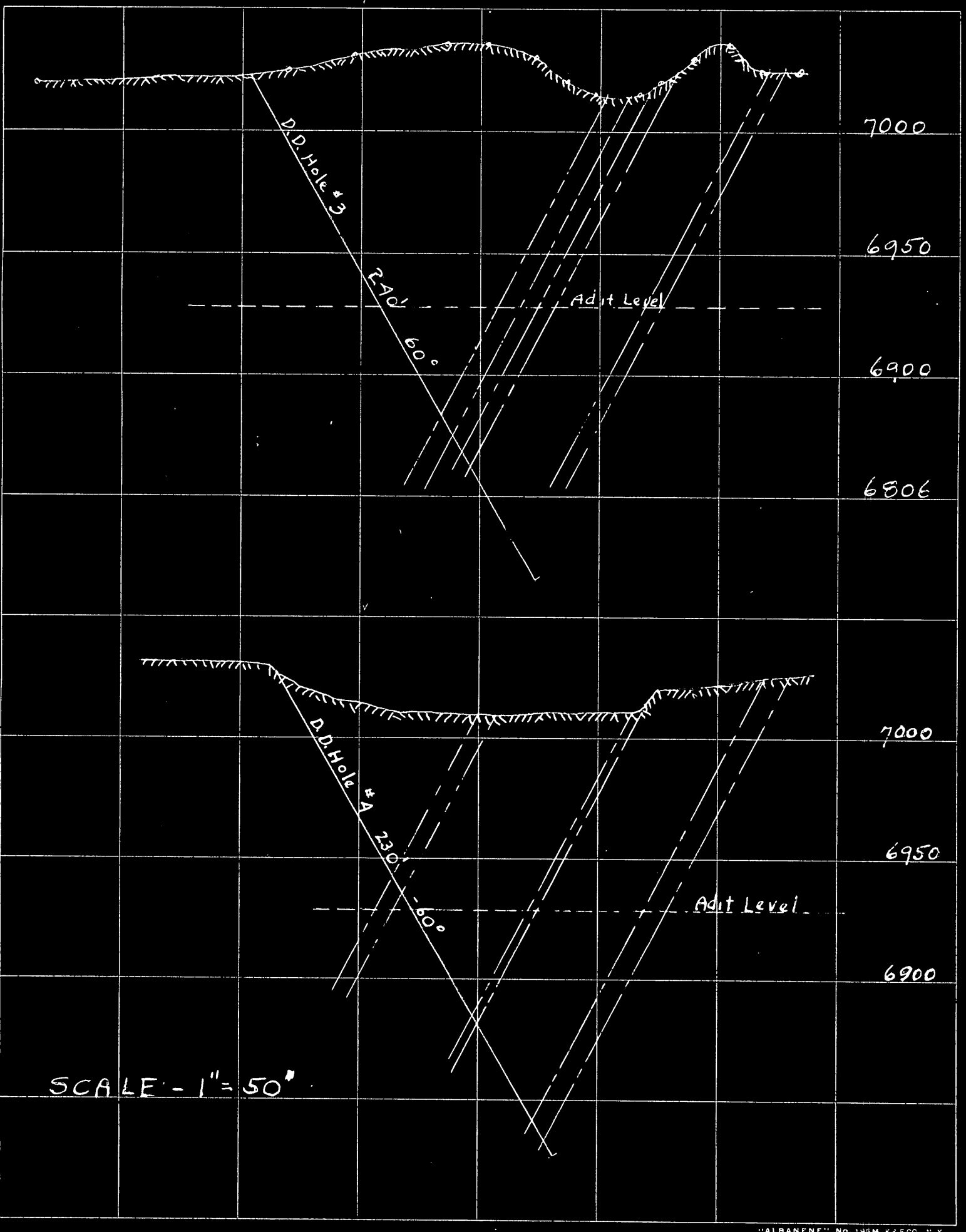
Labty. No.	Mark	GOLD, per ton of 2,000 lbs.		SILVER, per ton of 2,000 lbs.		Percentages	
		Troy Ounces	Value @ $35.00 oz.	Troy Ounces	Value @		
59472	Sample 1, Lot 1-1 Date Sampled:- 9-11-53 to 9-14-53 Quantity: 100,000 lbs. Net wet weight (Approx.) Program: DPA Supplier: Terhel Farms, Inc. Certificate 9-58-1-1				$	Manganese Iron Silica Alumina Phosphorous Copper Lead Zinc	47.02% 1.84% 7.24% 1.73% 0.03% 0.03% 0.02% 0.03%

mmh

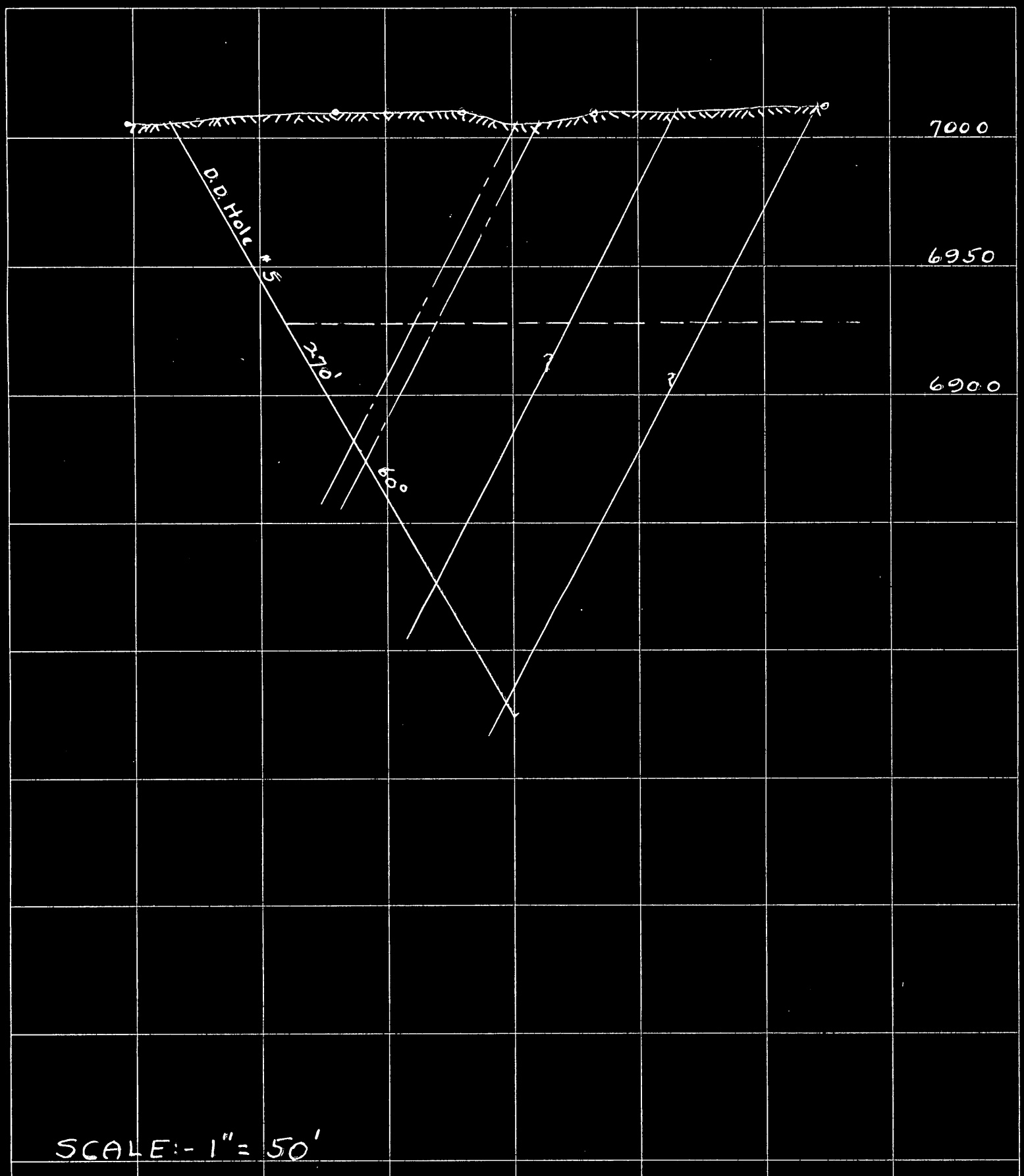
ABBOT A. HANKS, INC.



"ALBANENE" No. 195M K&E CO., N.Y.



"ALBANENE" No. 195M K&E CO., N.Y.
REG. U.S. PAT. OFF.



"ALBANENE" No. 195M K & E CO., N. Y.
REG. U.S. PAT. OFF

DIAMOND BITS, DRILLS
AND
DRILLING EQUIPMENT

Telephone SUTTER 1-6850

DIAMOND TOOLS FOR
INDUSTRIAL AND
SCIENTIFIC PURPOSES

Processed Diamond Bit & Tool Company
INCORPORATED
66 RITCH STREET
San Francisco 7, California

January 15, 1954

Mr. Terrill Sartain, President
Tehrel Farms, Inc.
P. O. Box 491
Colusa, California

Dear Sir:

In reply to your letter of December, 28, we wish to state that we can quote you a tentative price of $5.75 per foot for E Hole on 1000 feet of drilling on 4 holes; or a price of $6.50 per foot for A Hole.

If there is any further information we can supply we would be happy to do so.

Very truly yours,

PROCESSED DIAMOND BIT AND TOOL CO. INC.

Fred W. Rolland

Fred W. Rolland

FWR:bb

"MINERAL EXPLORATION • TEST BORINGS • GROUT HOLE DRILLING"

CONTINENTAL DRILLING COMPANY

DIAMOND DRILLING CONTRACTORS

915 PACIFIC MUTUAL BUILDING
523 WEST SIXTH STREET
LOS ANGELES 14, CALIFORNIA
TELEPHONE VANDIKE 4101

R. F. THIES
MANAGER

January 12, 1954

Terhel Farms, Inc.
P. O. Box 491
Colusa, California

Attention: Mr. Terrill Sartain, President

Gentlemen:

Confirming our telephone conversation regarding exploratory core drilling at your property near Quincy, California we will drill the first 1,000 feet of AX core hole at $5.50 per lineat foot.

This price includes all cost of transportation and water hauling, as well as all cost connected with the core drilling.

Yours very truly,

CONTINENTAL DRILLING CO.

R. F. Thies

RFT/ee

R. F. Thies, Manager

Boyles Bros.
DRILLING COMPANY

DIAMOND DRILLING CONTRACTORS AND MANUFACTURERS
Phone 6-8555 1321 South Main
SALT LAKE CITY 4, UTAH

December 30, 1953

Mr. Terrill Sartain, President
Terhel Farms, Inc.
P. O. Box 491
Colusa, California

Dear Mr. Sartain:

In reply to your letter of December 28 and in compliance with our telephone conversation this afternoon, we are pleased to submit the following prices for Diamond Core Drilling the manganese property you mentioned approximately ten miles from Quincy, California:

1. Mobilization, $700.00, this amount is to be refunded if the additional 3,000 feet of drilling is consummated.

2. Drilling, BX or AX size hole 0 - 200' $6.00 per ft.

3. Reaming and Casing, Should it be necessary to ream the hole and place casing, a charge of $2.50 per foot will be made.

4. Delays and Cementing Time, All delays that are beyond our control and caused by the mining company, will be charged for at $8.50 per hour.

5. Should cementing be necessary, due to excessive caving or loss of water, the time will be charged at $8.50 per hour. All cement or cement substitutes will be purchased by the mining company.

The foregoing quotation is subject to revisal, after an examination has been completed by one of our field representatives. May we anticipate hearing from you at your earliest convenience in the spring.

Yours very truly,

Wm. D. West

William D. West
Sales Manager

WDW:rfb

ROY A. HARDY
RENO, NEVADA

July 6, 1953

Mr. Terrell Sartain
Post Office Box 491
Colusa, California

RE: MANGANESE MINES, PLUMAS COUNTY, CALIFORNIA

Dear Mr. Sartain:

On July 5th, I visited and examined the Chet Hymers and the Mastelotto Lease Manganese properties near Quincy, California, along with you and your party. Following are my findings:

LOCATION:

The Chet Hymers Manganese property consists of two mining claims, namely: Crystal Lake No. 1 and Crystal Lake No. 2, about ten miles northerly from Quincy, for the most part over an unimproved road, near the "look-out" station on Mt. Hough, in Sec. 8, T25N, R10E.

The A. W. Mastello Lease comprises 150 acres of the Estate of the Cullins Lumber Company and is located about three miles Southeast of the Hymers property. This property is about six and one-half miles from the Western Pacific Railroad Station near Quincy, California.

GEOLOGY AND MINERALIZATION

A North 40 degrees West - South 40 degrees East zone of manganiferous red chert, dipping Southwest, intersects both properties.

The manganiferous chert is not as strong in the Hymers property as in the Mastelotto property.

The Hymers deposit in in a fissure which shows considerable movement on the walls, striking North 40 degrees West , dipping 60 degrees Southwest.

The manganese ore is associated with the chert (jasper). The chert is enclosed in a wide belt of metamorphosed schists with quartz stringers. The schists are well sericitized.

In the Mastelotto lease, the manganiferous chert widens from about 30 feet, at the Creek at the North end of the property, to a belt of alternating schist and chert several hundred feet wide at an elevation of about 400 feet above the Creek, in a Southerly direction.

MINERALS

The economic manganese oxide minerals are hausmannite, psilomelane and pyrolusite. Some manganese silicate was noted in the

Mastelotto property.

Of these, the predominating pyrolusite was the important mineral.

ORE BODIES, PRODUCTION AND VALUES

In the Hymers, the fissuring is due to shearing over a variable width, to fifty feet. Within the fissures occur short (up to about sixty feet long) lenticular manganese ore shoots, having widths said to be about six feet. Four of these ore shoots were observed. Each was separated from the others by distances up to 100 feet. These Hymer ore bodies were partially developed by tunnels and shafts. During World War I, it is reported, about 1,000 tons was produced from this property, having a manganese content of between 40% to 50% manganese. The ore was all black oxide and was apparently hand sorted to up-grade the ore to be acceptable.

In the Mastelotto property, no underground work has been done. Trenching by bull-dozing has uncovered several lenses of ore in the chert. The principal lense is about 150 feet long. Its width could not be ascertained, but it apparently is not over six feet wide.

This lense has been "wagon-drilled" and blasted with broken ore and chert wall rock all mixed up. The ore is estimated to average about 25% manganese.

Another lense about ten feet wide and about sixty-five feet long has been exposed by trenching. Several other smaller ore exposures have been made.

CONCLUSION

None of these manganese ore bodies were of large size. They are all disconnected and in the Hymers property, they would be expensive to mine. The Hymers may produce ore, as in the past, but it is hardly a company proposition.

In the Mastelotto, the large and wide zone of manganiferous chert offers prospecting possibilities for manganese ore shoots. The ore occurs in lenses within the fissures and, so far, about four have been partially exposed.

From the best showing, in this property, mentioned above, some manganese ore can be mined by power-shovel and sorting to bring it up to at least 25% Mn. From this shoot of ore, if it is 150 feet long by five or six feet wide, about sixty to eighty tons per vertical foot might be recovered and from the other sixty-five

foot long shoot, about the same amount.

In view of the fact that the ore is found in fault fissures, they could be expected to be found at depth. If the primary mineral is rhodonite and a small amount of rhodonite was observed in the broken material in the Mastelotto, the primary zone would probably not be at a great depth, in which case, the manganese content would be less than in the oxide pyrolusite.

RECOMMENDATION

I do not believe the Hymers property should be retained, as it is doubtful that a profit could be made from an operation.

Some work is justified in the Mastelotto to ascertain by a modest operation whether a profit could be made. This operation by a small power shovel was mentioned to you in Quincy. It would consist of breaking and shovel-sorting about two carloads of ore and only shipping to Geneva, after a thorough sampling had been done and analysis obtained to make sure of shipping an acceptable grade.

Future work in the property should be undertaken only if all previous steps were successful.

Sincerely,

R. A. Hardy

R. A. HARDY,
Consulting Mining Engineer

RAH;v
Enc-1

ROY A. HARDY
RENO, NEVADA

Mr. Terrell Sartain
Post Office Box 491
Colusa, California

Examination - July 5th, 1953
Manganese Property in Plumas
County, California..... $150.00

By: R. A. Hardy
Post Office Box 2520
Reno, Nevada

OFFICE OF J. A. BUMGARNER
REGISTERED CIVIL ENGINEER RE-2435
LICENSED LAND SURVEYOR LS-1786

TELEPHONE: OROVILLE - - - 1417
CHICO - - - - 1192-J
MARYSVILLE - - 1529

BUMGARNER ENGINEERING SERVICE
1625 Robinson Street
~~1435 HUNTSON STREET~~ - UPSTAIRS
OROVILLE, CALIFORNIA

CHICO OFFICE: 304 BROADWAY
MARYSVILLE OFFICE: 201½ D ST.

November 7, 1953

Subject: TERHEL MINES
Our Work Order No. 856.

Mr. Terrill Sartain,
P. O. Box 491
Colusa, California

Dear Mr. Sartain:

While in Marysville yesterday, I had the Yuba Map and Blue Print Company run off a few copies of the 50 foot to the inch plats that we have prepared showing the 5 foot contours on those portions of Mt. Huff Manganese No. 1 and Helen Nos. 1, 2, 3, 4, 5, 6, 7 and 8 which are at present being actively worked and from which some manganese ore is being shipped. We will have another sheet showing the detail on claims Helen 7 and 8, which include Crystal Lake.

The above referred to sheet does not give the outcroppings and discovery points of ore from the main point of operations near the shaft down through a point below the spring. I believe it was Mr. Mastelotte's intention to bulldoze an exploration trench some 1700 feet long in order to expose the various veins of ore. If this could be done soon, before the winter sets in, we could include that information on the map.

We will also have the requirements of the Water Resources Division of the State of California at Sacramento for filing on the additional storage on the Lake and for the inclusion of the springs, for domestic and industrial supply.

You will note on the sheet showing the two 80 acre tracts, one in the Northeast quarter of Section 26, and one in the Northwest quarter of Section 27, Township 25 North, Range 10 East, M. D. B. & M., known as the "Collins Pine" portion of Terrell Mines, that we have marked the ore bodies as now exposed. In looking over the ground adjacent to Taylor Creek, it looks as though this portion of the hill is almost in solid ore body.

We will add some further information on both of these maps that will enable anyone to orient themselves on the ground. I sent, without comment, one copy of the maps similar to those which I have sent you, to Mr. Russell R. Trengove, P. O. Box 1551, U. S. Bureau of Mines, Reno, Nevada.

Yours very truly,

BUMGARNER ENGINEERING SERVICE

J. A. Bumgarner, RE 2435.

JAB/mb

AGREEMENT

THIS AGREEMENT made and entered into at [illegible], this 5th day of [illegible], 19[illegible], by and between [illegible] of [illegible], [illegible], of Quincy, Plumas County, California, the parties of the first part and [illegible], [illegible], California, party of the second part.

WITNESSETH

WHEREAS, the parties of the first part are in possession of certain mining property in Plumas County, State of California, which property is more particularly hereinafter described; and

WHEREAS, the first parties desire to lease the said property for mining purposes and give an option to purchase the same and the second party desires to lease and option said property, now therefore:

IN CONSIDERATION of the premises and the sum of Ten ($10.00) Dollars, and the mutual covenants and terms herein contained, said parties hereby covenant and agree:

That the said first parties agree to sell to the second party and second party agrees to buy the said mining property for the sum of Fifteen Thousand ($15,000.00) Dollars, and the strict performance of the other terms, conditions and provisions of this agreement, as hereinafter provided:

It is understood and agreed that said property is held by [illegible] and will be conveyed to second party by [illegible] deed.

It is further understood and agreed that upon the execution of this instrument the second party has the right to enter upon the said property [illegible] to the extent of the performance of not less than One Hundred Twenty (120), Eight (8) hour man shifts [illegible] during each and every calendar year, commencing with the [illegible] to the 1st day of December of each and every year during the life of this lease.

It is further understood and agreed that the [illegible] of the second

part will pay to the parties of the first part, as a royalty, ten percent (10%) of the total value of all ore and mineral products, assaying up to forty-five (45%) percent per ton and fifteen (15%) percent of the total value of all ore and minerals produced, assaying forty-five percent (45%) or more per ton, recovered by it from said property. That "total value" as herein used means the gross returns by the mill or smelter, or if the product is sent direct to the mint, then by the mint, without the deduction for treatment, transportation or any other charge whatsoever. That all the product from the property will be marketed in the names of the parties hereto jointly and the returns will be made by the smelter, mill, mint or other purchaser to such bank or trust company in the State of California as shall be agreed upon by the parties to this agreement; that said bank or trust company shall divide the returns made to it as herein provided, i. e., the bank shall transmit to the parties of the first part ten percent (10%) of the gross value or returns without deduction, on all ores of the assayed value of up to forty-five (45%) percent and fifteen (15%) percent of the gross value or returns, without deductions, on all ores assaying forty-five (45%) percent, or better, and the balance to second party.

That a clean-up shall be made at least on the first and fifteenth day of each and every month, and as oftener as may be agreed upon by the parties hereto.

That the output shall be marketed immediately and the returns therefrom distributed forthwith after receipt to the parties.

That the first parties shall have access to the said premises at any time and if required so to do, second party shall and will notify first parties of the proposed time of any clean-up or clean-ups, five days prior to the same.

The second party shall keep books of account relating to the operation and conduct of the said property and that the said books of account shall be open to the examination of the first parties at any time.

[illegible]

[illegible] the United States [illegible] Internal Revenue, local sales taxes, or other [illegible] and [illegible] condition [illegible] second party not [illegible] to pay [illegible] be terminated by [illegible] a second party [illegible] any [illegible] condition [illegible] upon the expiration of this agreement.

The second party shall [illegible] in connection with [illegible] property. That the second party shall [illegible] resulting from disposition of [illegible] or [illegible].

It is further understood that all [illegible] used in the operation of said [illegible], [illegible] or [illegible] of this agreement or the expiration of this agreement, [illegible] second party upon the condition that second party [illegible] within four (4) calendar months [illegible] the expiration of this agreement or the expiration of this agreement, [illegible] expense.

It is further understood and agreed that second party shall keep all persons employed in [illegible] property fully insured against liability [illegible] provisions of the [illegible] Insurance Acts. That second party shall not allow any liens to accrue by or through its act [illegible], materialmen, [illegible], or any other form of indebtedness during the full term of this agreement. That the first parties may post notice of non-responsibility [illegible] liability for labor or materials upon the said property and that second party will see that said notice or notices are [illegible] and posted in a conspicuous place or places upon the property during the life of this agreement.

It is further understood and agreed that the second party will, upon the execution of this agreement, execute a good and sufficient quit-claim deed to the property described herein to the first parties and will deposit said quitclaim deed in escrow with such bank or trust company as shall be agreed upon by the parties to this agreement for the deposit of returns from the property covered by this agreement, with a letter of instructions directing that said deed be delivered to first parties in the event second parties default or otherwise terminate this agreement or it is otherwise terminated for non-performance. In the event this agreement and all terms thereof are complied with by second party, the said deed shall be delivered to second party by the said escrow holder, upon the final payment to first parties of the entire purchase price.

It is further understood and agreed that the second party shall have the right to assign this lease without the written consent of the first parties first had and obtained; and in the event of such assignment, second party shall give notice thereof to first parties of any such assignment, stating therein the name and address of the assignee and no assignment shall be binding or effective as against first parties until receipt of such notice of assignment is given in the manner as in this agreement provided for.

That second party agrees to pay all taxes or assessments on said property and equipment before the same becomes delinquent; and agrees to furnish first parties with evidence of payment of all taxes and assessments at least thirty (30) days before said taxes or assessments would become delinquent.

It is further understood and agreed that second party shall furnish to first parties on or before the sixtieth (60) day before proof shall be due, during the existence of this agreement, such affidavit and proof of labor as shall be required by law for the purpose of proving the assessment work upon the premises herein described, for maintaining the title thereto under the mining laws of the United States and including such mining laws of the State of California and the mining district in which said property is located as may be applicable thereto.

That all work and labor performed by second party herein shall apply upon the assessment work.

It is expressly understood and agreed that a violation of any condition, covenant, provision or agreement herein contained on the part of the second party to be kept or performed, shall constitute a violation of this entire agreement; that in the event of such violation, the first parties, at their option, may give upon five notice to the second party of such violation and in the event that the violation or defect is not cured within five days, that the first parties, may at their option, declare this lease terminated and ended. In the event the said lease is terminated or ended for a violation of any term or failure to perform any term, covenant, condition or agreement herein contained, that second party will peaceably surrender the said premises together with all improvements thereon, to the first parties and the first parties may repossess the said premises with or without force. That in the event first parties do not notify the second party of any violation of any term, covenant, condition or provision herein contained and/or declare a forfeiture for such violation, such failure shall not constitute a modification or waiver of such term or such violation.

That upon the termination of this lease for a violation of the terms or a failure to perform any covenant, term, provision, condition or agreement therein contained, that first parties shall be entitled to the possession and occupancy of the said premises and each and every part thereof.

It is further understood and agreed that whenever this agreement provides for the giving of notice or notices, such notice or notices to first parties shall be given in writing by registered mail or by personally delivering said notice or notices to JARVIS E. HYMER, ELEANOR HYMER and C. W. HYMER, at Box_____, Quincy, California and to [illegible] FARMS, INC. at Box 491, Colusa, California; either party to this agreement may change his address by giving the other party written notice

thereof, as herein provided.

The time of such notice or notices shall be computed from day of delivery to the post office, post paid, to such addressee at any post office in the State of California.

It is further understood and agreed that all sums received by the first party as royalties shall be credited upon the purchase price in the event second party executes its option to purchase said property prior to the expiration date of this agreement or sooner termination thereof.

That when the entire sum of Fifteen Thousand ($15,000.00) Dollars is paid to first parties, when and as herein provided, that they will convey to second party said premises by quitclaim deed.

In the event that the royalty, as hereinbefore provided, does not total the sum of Two Hundred ($200.00) Dollars, per calendar month, for the months of June, July, August, September, October and November of each and every year, in that event second party hereby covenants and agrees to pay to first parties such additional amounts, in cash, as to acquire and make a minimum royalty payment to first parties of Two Hundred ($200.00) Dollars per month. Said minimum royalty to commence with the month of July, 1953.

It is further covenanted and agreed between the parties hereto that there is now approximately twenty (20) tons of ore on the dump or in the bin to which second party, at its sole cost and expense will add approximately five (5) tons thereto, of the same grade and quality, and deliver said total of twenty-five (25) tons to a railroad car at Quincy Junction, Quincy, California. It being agreed between the parties hereto that the returns therefrom shall be retained by the first parties and credited to the purchase price of Fifteen Thousand ($15,000.00) Dollars, without deductions made for the royalties or monthly minimum royalty payments as in this agreement provided for.

It is further covenanted and agreed between the parties hereto that the second party may, at any time, cease mining operations, stop

royalty payments, and abandon the property and such abandonment shall relieve said second party of all obligations arising after such abandonment and said second party shall be under no further obligations to make any further payments under and by virtue of this lease agreement, but such voluntary termination on behalf of the second party shall be made only by giving notice as in this agreement provided to the first parties in writing, not less than thirty (30) days prior to the date of said voluntary abandonment and termination, but all terms, covenants and conditions by the second party to be kept and performed herein, must have been faithfully complied with up to the time of such voluntary abandonment and termination or the second party shall be liable to the first parties for any default up to the time thereof.

It is further understood and agreed that first parties may, at any time, upon giving five (5) days notice thereof as herein provided, to second parties, put into effect rules and regulations in respect to and for the saving of and handling of the values of all ore and mineral products in and from said mining property; and second party does agree to strictly follow any such rule or regulation.

It is further understood and agreed that second party will, at all times, keep all timbering in said mine in A-1 condition and will make all replacements and repairs to that end.

It is further agreed and understood that in the event second party desires to patent the heretofore particularly described mining claim, that upon notice given as herein provided, to the parties of the first part by second party, the first parties will proceed and diligently prosecute to completion any and all proceedings necessary to patent the hereafter described mining claim; all expenses to be born and paid for by second parties.

It is further covenanted and agreed by and between the parties hereto that the property herein referred to and hereinafter more particularly described, shall and does include all water rights, easements and appurtenances, situate upon or used in connection with the hereinafter described mining claims.

Time is of the essence of this agreement.

The property herein referred to is situate, lying and being in the County of Plumas, State of California and described as follows, to-wit:

> The Mt. Hough Mining Claim and the Mt. Hough Mining Claim #1, both recorded in Volume 23 of quartz at page 43, in the office of the County Recorder of the County of Plumas, State of California.

This agreement shall be binding on the heirs, executors, administrators and assigns of the respective parties hereto.

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

Jarvis E. Hymer

Eleanor Hymer

C. W. Hymer

FIRST PARTIES

TERHEL FARMS, INC. a California Corporation:

By _____
President

SECOND PARTY

STATE OF CALIFORNIA)
COUNTY OF [illegible])ss

On this _____day of [illegible], 1943, before me, [illegible], a Notary Public in and for said County of [illegible], State of California, residing therein, duly commissioned and sworn, personally appeared [illegible], [illegible] and [illegible], known to me to be the persons described in and whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County of [illegible], the day and year in this certificate first above written.

_____
Notary Public in and for the County of [illegible], State of California

Report

On The

TERHEL MINES MANGANESE PROPERTY

Located In The

MT. HOUGH MINING DISTRICT

PLUMAS COUNTY, CALIFORNIA

Made By

Geo. E. Dailey

P.O. Box 228

Oroville, California

November 1953

TERHEL MINES MANGANESE PROPERTY

Location Of Property

The Terhel Mines manganese property is located in the Mt. Hough Mining District, near the central part of Plumas County, California.

The group of claims composing the property lies in Sections 5, 6 and 8, T. 25 N., R. 10 E., M. D. M., between 6,700 and 7,200 foot elevation and extends from the summit of Mt. Hough to the northwest a half mile or more.

The claims lie about 8 miles (air line) in a north easterly direction from Quincy, the county seat of Plumas County. However, by the one road of approach to the property, it is a distance of about 13 miles.

Leaving Quincy by car and driving 2 miles in an easterly direction takes you to Quincy Junction, the railhead for shipment of mined ore. The operating company has installed a loading ramp adjacent to the siding.

The elevation at Quincy Junction is approximately 3,500 feet. At this point a steeply winding dirt road takes off up the mountain side in a northerly direction and after 10 miles of careful driving and following the signs marked "Crystal Lake" you will be on the claims when you reach the end of the road.

Claims

The Terhel Mines claims consist of 10 unpatented locations, contiguous and adjacent to each other. The claims have been carefully surveyed by a competent registered surveyor. A blueprint of all locations accompanies this report.

Following is a list of the claims and their recording at Quincy, California:

Claim Name	Number	Quartz Book	Page No.
Helen	1	26	307
Helen	2	26	309
Helen	3	26	311
Helen	4	26	313
Helen	5	26	315
Helen	6	~~Not Recorded~~	Book 27 Page 97
Helen	7	~~Not Recorded~~	Book 27 Page 99
Helen	8	~~Not Recorded~~	Book 27 Page 101
Mt. Hough		23	65
Mt. Hough	1	23	66

Geology

Briefly, the geology of the Mt. Hough Mining District is composed of the Arlington Formation, a composition of parallel dikes of slate, red chert, quartz, and sericite chist. This statement is by N. L. Taliaferro, 1917.

The strike of the veins uncovered to date is N. 61 degrees W., with a dip of 65 degrees to the S. W.

The vein matter runs parallel to the bed of the chert, and the contained ore appears to be mostly psilomelane with some pyrolusite and the earthy mixture of oxides known as wad. In the lower grade ore, the wad predominates.

All of the vein matter showing to date is confined to the red chert and probably represents the oxidation of beds or veins of manganese carbonates or silicates. The high grade manganese ore is found predominately along the footwall, the quality of the ore tapering off as it nears the hanging wall.

The grade of the ore does not seem to vary in depth, at least not down to the 85 foot level, which is the bottom of all workings to date.

Earlier Development And Mining

Prior to the present operation, there has been approximately

1,000 long tons of manganese ore shipped from the property with an average manganese content of 46.0% and silica content of 5.5%, (data taken from California Bureau of Mines Bulletin No. 152). This operation took place during the first world war. No ore was shipped during the second world war. The early workings consisted of an inclined shaft, following the dip of the vein to a depth of 85 feet. Several drifts, raises, and stopes produced the major portion of the 1,000 long tons of ore shipped. Considerable medium grade ore of 30% or better still remains on the hanging walls, averaging in thickness from 1 to 3 feet. A conservative estimate of the worked out area in the stopes and drifts is about 4 feet in width and along the vein for some 70 to 80 feet, with an over-all depth of 85 feet.

During some period of the earlier operation, a prospect tunnel was driven from the northwest side of the mountain, bearing roughly S. 65 degrees E. for a distance in of 248 feet. This work was done, apparently, in an effort to pick up the vein at a lower level of 85 feet below the collar of the old shaft. The face of the tunnel ended approximately 135 feet to the north of the vein at that level. Backing up in the main tunnel, the operators, at the 176 foot post and bearing S. 10 degrees W., drove a crosscut approximately 75 feet and picked up the vein. Some ore was stoped out from the short drifts on the vein. About 3 feet of good ore is showing at the east face of the drift.

New Development Work

Under the new ownership of Terhel Farms, Inc., of Colusa, California, and the management of A. W. and Glen Mastelotto of Oroville, California, a stripping program was laid out. Using a D8 Caterpillar tractor and dozer, and drilling and shooting where necessary, an area approximately 150 feet along the strike of the vein

View of stripped area showing collar of new shaft over cab of truck in foreground. Rear of truck is close to old shaft, hid by slope of hillside. Four veins of manganese ore are exposed in this area. View looking S. E. along strike of vein matter.

View of same area taken from S. E. end of stripped area looking N. W. Same truck in background being loaded with high grade ore from old shaft.

matter and 200 feet across the formation was stripped off to a depth of from 5 to 15 feet. This operation uncovered 4 parallel veins of manganese ore, including the original discovery vein. The width of the veins are from 4 feet to 7 feet. To date, only 1 vein has been explored to any great extent. However, high grade ore can be observed in the parallel vein immediately to the southwest of the discovery vein and the vein adjacent to the northeast.

Under the new management, an incline shaft, 5½ x 7½ feet, has been sunk to the 56 foot level, following the dip of the vein. Out of this development work, approximately 70 long tons of ore 44% manganese content was mined and shipped to the U. S. stockpile. An additional 46 long tons of ore 32% manganese content was shipped to the smelter at Geneva, Utah, and the U. S. stockpile at Winden, Arizona.

The new shaft was sunk on the discovery vein about 70 feet to the southeast of the old shaft. A station was set at the 56 foot level and drifts started both ways on the vein. A crosscut on the same level is under way to cut the parallel vein, 15 feet to the southwest. The high grade portion of the vein, at the 56 foot level, was 18 inches in width on the northwest side of the shaft and 5 feet on the southeast side, the lower grade ore being about the same width as the high grade.

The old tunnel workings have been reopened and all of the old timber and lagging replaced by new. New rail has been laid back to the 176 foot post and continued in to the face of the old crosscut where it contacted the discovery vein. Work is in progress following the vein in both directions. Considerable high grade ore is being pulled from this phase of the operation.

From the portal, the old tunnel followed a bearing of S. 61 degrees E. for 76 feet, at which point it jogged to the left,

View of portal of tunnel looking S. E.

Partial view of Crystal Lake and escarpment surrounding most of lake. Water level in lake is approximately 350' lower elevation than collar of new shaft.

bearing S. 81 degrees E. for 100 feet. Then followed another jog to the left, bearing N. 84 degrees E. for an additional 72 feet, at which point a raise was put up for 15 feet. No ore was in evidence and work ceased. This work was done by the early operators. However, the new ownership had an underground survey made and, at the 76 foot post from the portal of the tunnel, a new drift was opened up, bearing S. 47 degrees E., for a distance of 50 feet. At this point, the discovery vein was contacted. Driving ahead on the vein for another 20 feet, the high grade ore showed about 3 feet in width, and the same width for the smelter grade ore. Work is being pushed to contact the old crosscut about 75 feet ahead on the vein and to continue on to bottom the old shaft.

A recent dozer cut exposed the discovery vein about 200 feet to the southeast of the new shaft. In an over-all picture, the discovery vein is known to exist along the strike of the vein for a distance of 480 feet, the vein matter being more or less continuous. Small faults are exposed in two places in the west end of the tunnel. However, the footwalls are quite strong and appear well in place along most of the exposed area.

Recent surface prospecting by dozer cut has opened up a 7 foot vein of medium grade ore located on Helen #1 claim about 500 feet northeast from the new shaft and down the northeast side of the mountain about 250 feet lower in elevation than the collar of the new shaft. Another dozer cut exposed a 4 foot vein of medium grade ore on Helen #4 claim about 480 feet southwest of the new shaft.

Sampling

A sampling program was not instituted for this report; rather, a compilation of the past production and an attached record of the present production should be a better picture of the possibilities of this mine, and was so considered in the efforts of this

report.

Natural Resources

The located claims support sufficient timber of size and grade to supply the mine for many years of operation.

Adequate water supply for camp and/or mill use can be pumped from Crystal Lake located on the northeast corner and a part of Helen #2 claim. By raising the lake with a small dam, hydraulic power could be developed to furnish both camp and mine.

Good camp and mill sites are available on the property.

Observations

It may well be stated that the geological conditions existing at the Terhel Mines manganese property are favorable for the deposition of high grade manganese ore in a number of parallel beds or veins, and at a greater depth than is known through present exposure. Consideration of a thorough exploration program should be taken of that area below the present workings and down to the water table (level of Crystal Lake), a vertical distance of 250 feet.

Recommendations

It is recommended that a series of holes be drilled on the above described property. The logical drilling should be such as will crosscut the discovery vein at the 150 foot level while developing the parallel veins to the immediate southeast of the discovery vein through the same drill holes.

The ideal place to "spot" the holes is along a parallel line to the strike of the footwall of the discovery vein, said line of holes being approximately 135 feet to the southwest of this footwall. By driving a hole, with a dip of 63 degrees and bearing N. 40 degrees E. at an inclined depth of approximately 135 feet, the drill should cut

the first vein. Continuing to a depth of 152 feet, the discovery vein should be contacted. At the 165 foot mark, the third vein should be cut provided the dip of the veins remains constant. A series of holes with 32 foot centers covering a distance of 450 feet along the veins should block out sufficient ore to make further drilling interesting.

With adequate equipment on hand to build roads and level positions for the drill, and with water for drilling close at hand, the usual difficulties found in most assignments are simplified in this case.

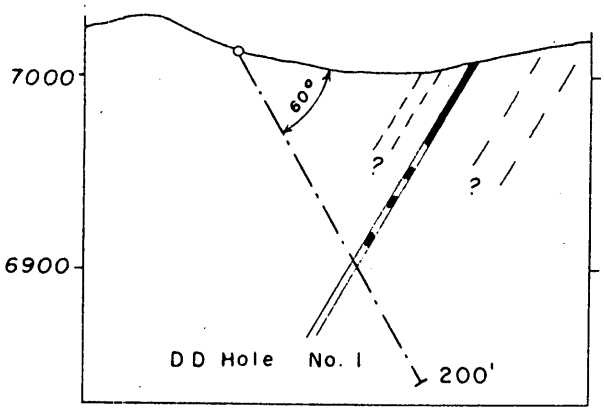
The usual difficulties will be found in obtaining core in the vein matter. It will be chiefly a matter of sludge. Here, the greatest care will have to be exercised in the full recovery of the drillings. No fines should be allowed to get away.

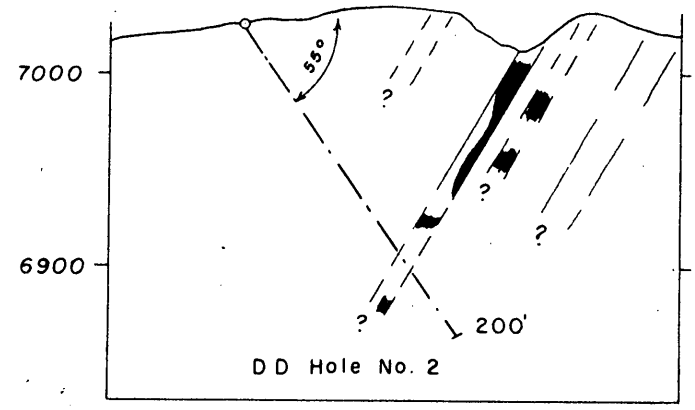
Respectfully submitted,

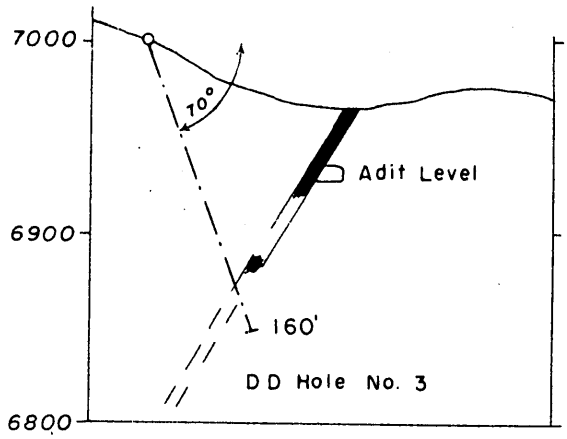
Geo. E. Dailey

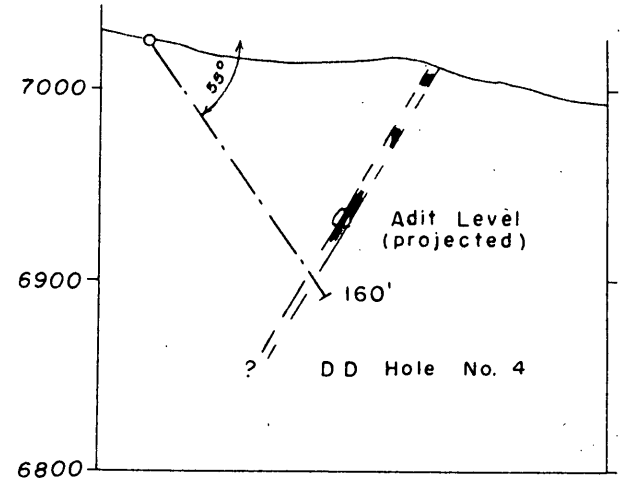
Geo. E. Dailey

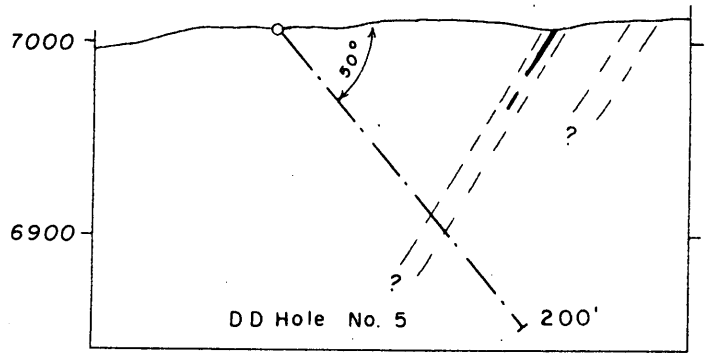
Oroville, California
November 14, 1953











PROPOSED DRILL HOLES
MT. HOUGH MINE, PLUMAS COUNTY, CALIFORNIA

Code 400

Docket No. DMEA 3262 - Manganese
Terhel Farms, Inc.
Mt. Hough Mining Claims
Plumas County, California

UNSIGNED CONTRACT

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

OFFICIAL BUSINESS

OL

1-18-55

27

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

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-3262 - Manganese
Terhel Farms, Inc.
Mt. Hough Mining Claims
Plumas County, California

In accordance with your letter of January 14, 1955, regarding above-subject docket, we are attaching all copies of the proposed contract for your future consideration.

S. RICKER

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachment

Copy to: H. L. Smith, USGS

Best place for these is right here in the Division files

WSM
1/25/55

Government's copy

MF-200A
(Revised June 1954)

Docket No. DMEA 3262

Commodity Manganese

Contract No. Idm-E - 715

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this 23rd day of September, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Terhel Farms, Inc., a California Corporation, whose mailing address is Post Office Box 491 Colusa, California, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: none

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: A surety bond is attached hereto in lieu of the Owner's Consent to Lien

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

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Manganese The work to be performed is described in Exhibit "A." The Operator on or before November 1, 1954 shall commence the work, and on or before May 1, 1955 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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

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

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $ $7,000.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $ 5,250.00 : *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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

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

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

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Terhel Farms, Inc.
(Operator)

By C O Mitchell
Administrator, Defense Minerals
Exploration Administration

By .....

.....

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

Government's copy

EXPLORATION PROJECT CONTRACT
TERHEL FARMS, INC.
DOCKET NO. DMEA-3262

ANNEX I

The land referred to in Article 2 of the contract form consists of the following two unpatented mining claims on record in the Office of the County Recorder of the County of Plumas, State of California, at Quincy, California:

CLAIM	VOLUME NO.	PAGE NO.
Mt. Hough	23 (of quartz)	43
Mt. Hough No. 1	23 (of quartz)	44

EXPLORATION PROJECT CONTRACT
TERHEL FARMS, INC.
DOCKET NO. DMEA-3262

EXHIBIT "A"

Description of the Work

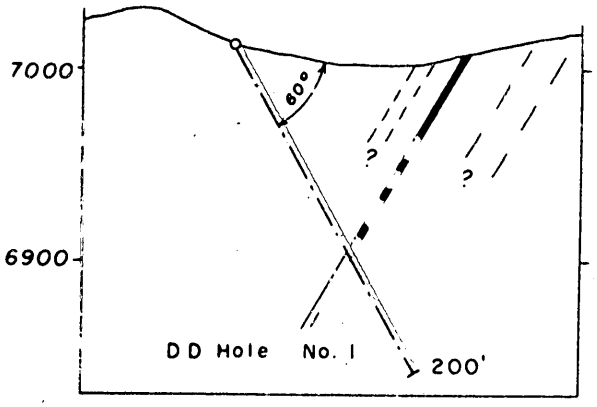
The exploration work consists of diamond drilling at the locations and in the order indicated on the map attached hereto entitled "Mt. Hough Manganese Mine, Plumas County, California." The approximate inclinations and lengths of the proposed drill holes are indicated on the map attached hereto entitled "Proposed Drill Holes, Mt. Hough Mine, Plumas County, California." All drilling is subject to the approval of the Government. All drill holes shall be not less than AX in size. Not to exceed 1,000 feet of drilling shall be performed.

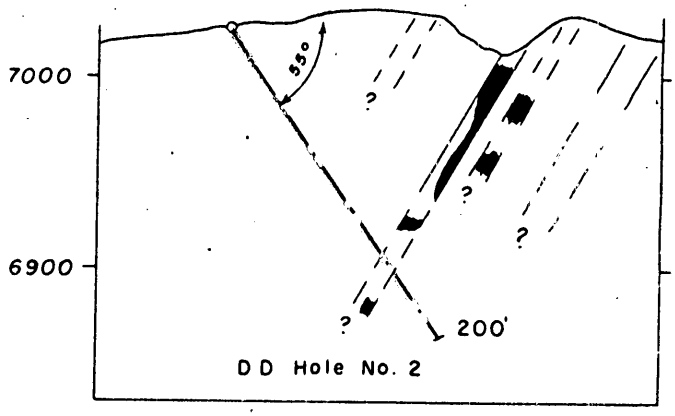
Representative samples shall be taken of all mineralized ground encountered. Each sample shall be divided into at least two parts, one of which shall be furnished to the DMEA Field Team.

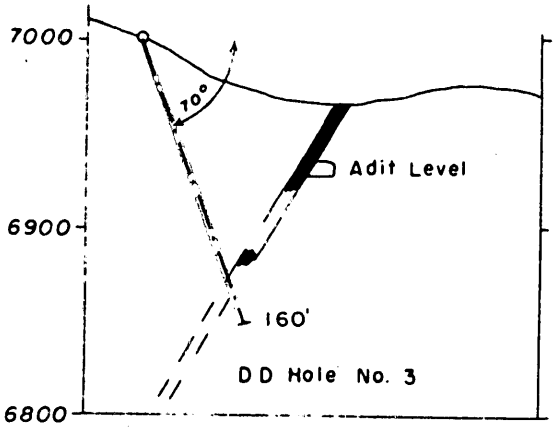
Estimated Costs of Project

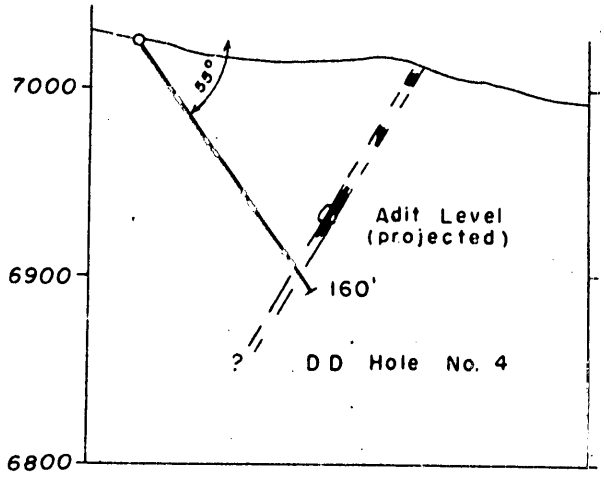
Agreed Unit Costs

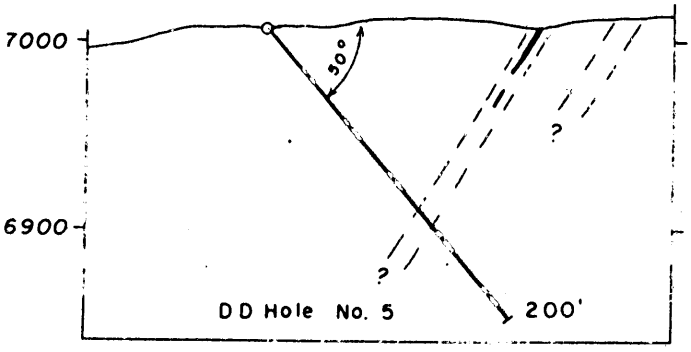
Diamond drill 1,000 feet @ $6.67/ft.	$6,670.00	
Analyze 30 samples for Mn, Fe, and SiO_2 @ $11.00/sample	330.00	
Total Agreed Unit Costs		$7,000.00
Government Participation @ 75%		$5,250.00











PROPOSED DRILL HOLES
MT. HOUGH MINE, PLUMAS COUNTY, CALIFORNIA

100 0 100 200 FEET

Operator's copy

MF-200A
(Revised June 1954)

Docket No. DMEA 3262

Commodity Manganese

Contract No. Idm-E - 215

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this 23rd day of September, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Terhel Farms, Inc., a California Corporation, whose mailing address is Post Office Box 491 Colusa, California, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: none

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: A surety bond is attached hereto in lieu of the Owner's Consent to Lien

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

16—70618-1

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Manganese The work to be performed is described in Exhibit "A." The Operator on or before November 1, 1954 shall commence the work, and on or before May 1, 1955 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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

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

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $ $7,000.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $ 5,250.00 : *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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

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

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

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Terhel Farms, Inc.
(Operator)

By C. O. Mitchendorf
Administrator, Defense Minerals
Exploration Administration

By .....

.....

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

Operator's copy

EXPLORATION PROJECT CONTRACT
TERHEL FARMS, INC.
DOCKET NO. DMEA-3262

ANNEX I

The land referred to in Article 2 of the contract form consists of the following two unpatented mining claims on record in the Office of the County Recorder of the County of Plumas, State of California, at Quincy, California:

CLAIM	VOLUME NO.	PAGE NO.
Mt. Hough	23 (of quartz)	43
Mt. Hough No. 1	23 (of quartz)	44

Operator's Copy

EXPLORATION PROJECT CONTRACT
TERHEL FARMS, INC.
DOCKET NO. DMEA-3262

EXHIBIT "A"

Description of the Work

The exploration work consists of diamond drilling at the locations and in the order indicated on the map attached hereto entitled "Mt. Hough Manganese Mine, Plumas County, California." The approximate inclinations and lengths of the proposed drill holes are indicated on the map attached hereto entitled "Proposed Drill Holes, Mt. Hough Mine, Plumas County, California." All drilling is subject to the approval of the Government. All drill holes shall be not less than AX in size. Not to exceed 1,000 feet of drilling shall be performed.

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.

Estimated Costs of Project

Agreed Unit Costs

Diamond drill 1,000 feet @ $6.67/ft.	$6,670.00	
Analyze 30 samples for Mn, Fe, and SiO_2 @ $11.00/sample	330.00	
Total Agreed Unit Costs		$7,000.00
Government Participation @ 75%		$5,250.00

Finance Office
copy

MF-200A
(Revised June 1954)

Docket No. DMEA 3262

Commodity Manganese

Contract No. Idm-E - 715

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this 23rd day of September, 1954 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Terhel Farms, Inc., a California Corporation, whose mailing address is Post Office Box 491 Colusa, California, hereinafter called the "Operator," as follows:

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: none

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: A surety bond is attached hereto in lieu of the Owner's Consent to Lien

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

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Manganese The work to be performed is described in Exhibit "A." The Operator on or before November 1, 1954 shall commence the work, and on or before May 1, 1955 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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

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

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

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Terhel Farms, Inc.
(Operator)

By C. F. Mitteudorf
Administrator, Defense Minerals
Exploration Administration

By .....

.....

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

Finance Office
copy

EXPLORATION PROJECT CONTRACT
TERHEL FARMS, INC.
DOCKET NO. DMEA-3262

ANNEX I

The land referred to in Article 2 of the contract form consists of the following two unpatented mining claims on record in the Office of the County Recorder of the County of Plumas, State of California, at Quincy, California:

CLAIM	VOLUME NO.	PAGE NO.
Mt. Hough	23 (of quartz)	43
Mt. Hough No. 1	23 (of quartz)	44

EXPLORATION PROJECT CONTRACT
TERHEL FARMS, INC.
DOCKET NO. DMEA-3262

EXHIBIT "A"

Description of the Work

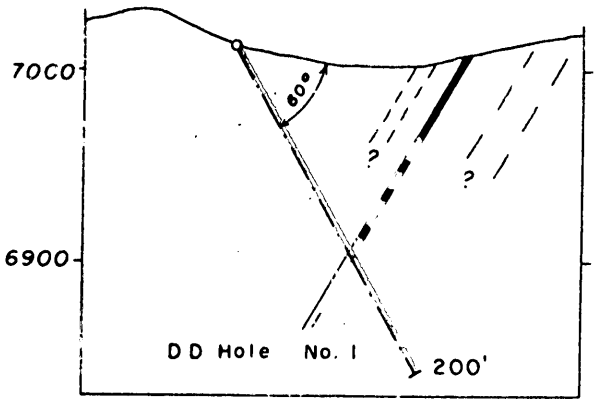
The exploration work consists of diamond drilling at the locations and in the order indicated on the map attached hereto entitled "Mt. Hough Manganese Mine, Plumas County, California." The approximate inclinations and lengths of the proposed drill holes are indicated on the map attached hereto entitled "Proposed Drill Holes, Mt. Hough Mine, Plumas County, California." All drilling is subject to the approval of the Government. All drill holes shall be not less than AX in size. Not to exceed 1,000 feet of drilling shall be performed.

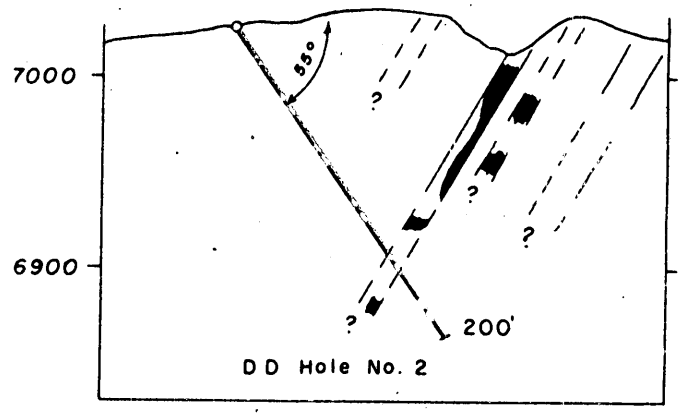
Representative samples shall be taken of all mineralized ground encountered. Each sample shall be divided into at least two parts, one of which shall be furnished to the DMEA Field Team.

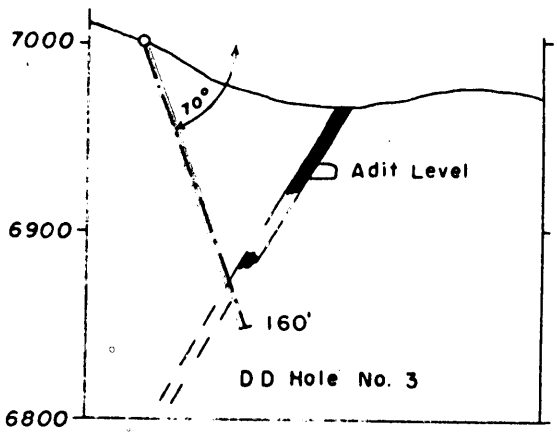
Estimated Costs of Project

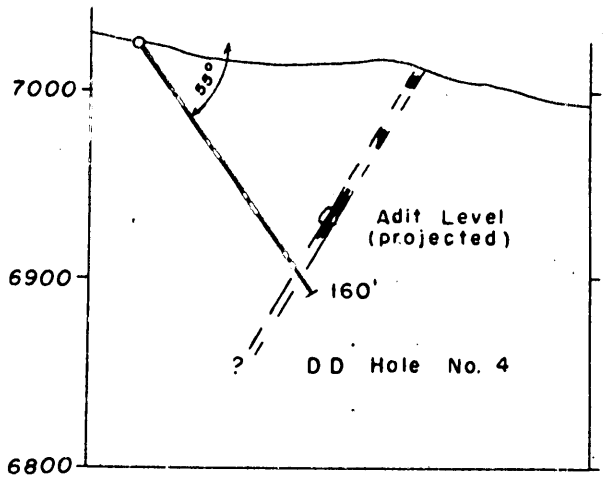
Agreed Unit Costs

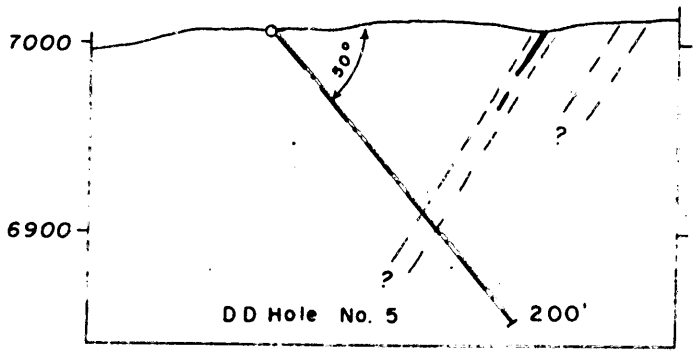
Diamond drill 1,000 feet @ $6.67/ft.	$6,670.00	
Analyze 30 samples for Mn, Fe, and SiO_2 @ $11.00/sample	330.00	
Total Agreed Unit Costs		$7,000.00
Government Participation @ 75%		$5,250.00











PROPOSED DRILL HOLES
MT. HOUGH MINE, PLUMAS COUNTY, CALIFORNIA

100 0 100 200 FEET

Docket copy

MF-200A
(Revised June 1954)

Docket No. DMEA 3262

Commodity Manganese

Contract No. Idm-E - 715

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this 23rd day of September, 1954 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Terhel Farms, Inc., a California Corporation, whose mailing address is Post Office Box 491, Colusa, California, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: none

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: A surety bond is attached hereto in lieu of the owner's Consent to Lien

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

16—70618-1

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of .....Manganese..... The work to be performed is described in Exhibit "A." The Operator on or before ..November 1, 1954..... shall commence the work, and on or before ....May 1, 1955..... (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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

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

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $.....$7,000.00..... The Government will contribute..... percent of the fixed unit costs as work is performed, in a total sum not in excess of $.....5,250.00.....: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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

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

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

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

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

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

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Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Terhel Farms, Inc.
(Operator)

By O. Meitzendorf
Administrator, Defense Minerals
Exploration Administration

By

Hoffland Selfridge
Rutledge Jackson
Martin
Talbut

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

Docket copy

EXPLORATION PROJECT CONTRACT
TERMEL FARMS, INC.
DOCKET NO. DMEA-3262

ANNEX I

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EXPLORATION PROJECT CONTRACT
TERMEL FARMS, INC.
DOCKET NO. DMEA-3262

EXHIBIT "A"

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Agreed Unit Costs

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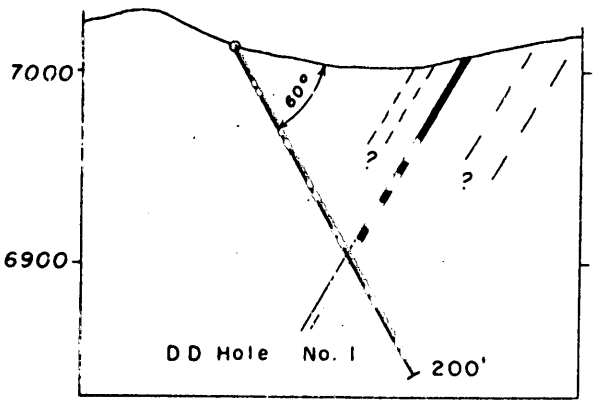
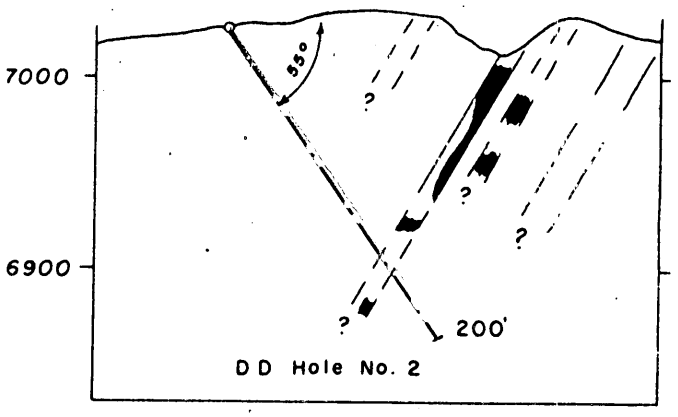
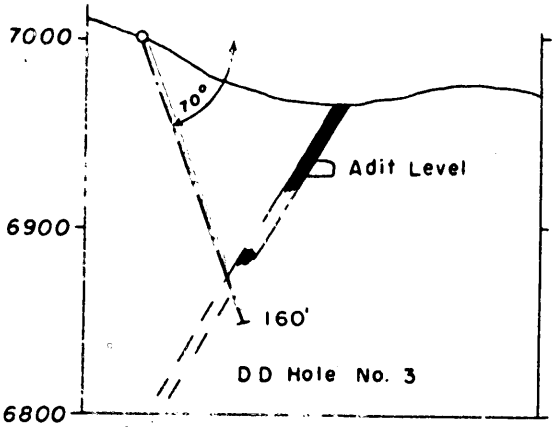
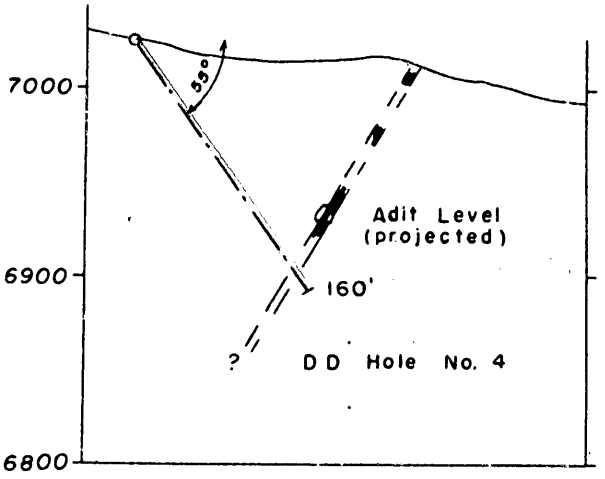
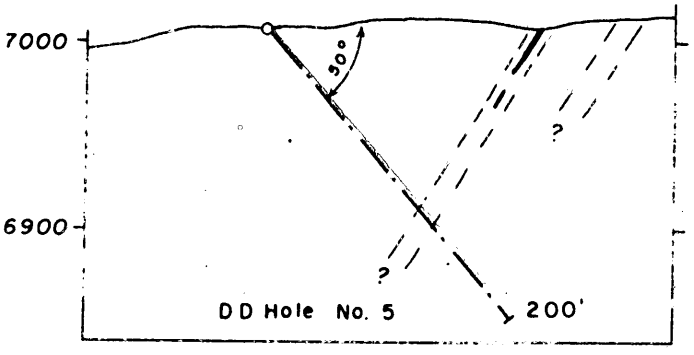










PROPOSED DRILL HOLES
MT. HOUGH MINE, PLUMAS COUNTY, CALIFORNIA

100 0 100 200 FEET

Field Team copy

MF-200A
(Revised June 1954)

Docket No. DMEA 3262

Commodity Manganese

Contract No. Idm-E - 715

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this 23rd day of September, 1954 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Terhel Farms, Inc., a California Corporation, whose mailing address is Post Office Box 491 Colusa, California, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: none

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: A surety bond is attached hereto in lieu of the Owner's Consent to Lien

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

16—70618-1

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Manganese. The work to be performed is described in Exhibit "A." The Operator on or before November 1, 1954 shall commence the work, and on or before May 1, 1955 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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

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

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $7,000.00. The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $5,250.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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

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

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

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Terhel Farms, Inc.
(Operator)

By C O Mitchell
Administrator, Defense Minerals
Exploration Administration

By

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

EXPLORATION PROJECT CONTRACT
TERMEL FARMS, INC.
DOCKET NO. DMEA-3262

ANNEX I

The land referred to in Article 2 of the contract form consists of the following two unpatented mining claims on record in the Office of the County Recorder of the County of Plumas, State of California, at Quincy, California:

CLAIM	VOLUME NO.	PAGE NO.
Mt. Hough	23 (of quartz)	43
Mt. Hough No. 1	23 (of quartz)	44

EXPLORATION PROJECT CONTRACT
TERHEL FARMS, INC.
DOCKET NO. DMEA-3262

EXHIBIT "A"

Description of the Work

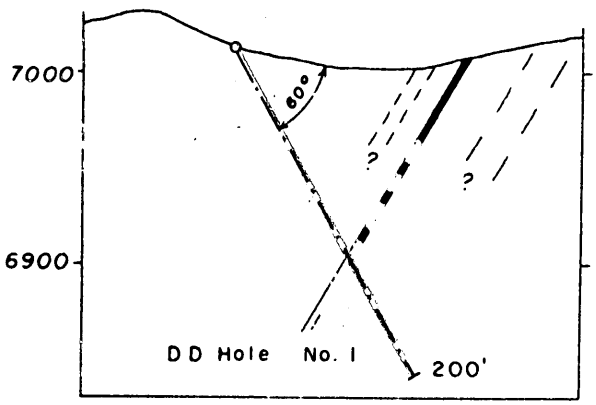
The exploration work consists of diamond drilling at the locations and in the order indicated on the map attached hereto entitled "Mt. Hough Manganese Mine, Plumas County, California." The approximate inclinations and lengths of the proposed drill holes are indicated on the map attached hereto entitled "Proposed Drill Holes, Mt. Hough Mine, Plumas County, California." All drilling is subject to the approval of the Government. All drill holes shall be not less than AX in size. Not to exceed 1,000 feet of drilling shall be performed.

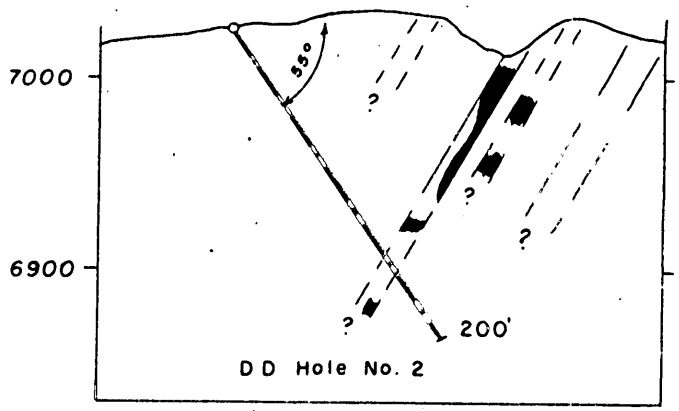
Representative samples shall be taken of all mineralized ground encountered. Each sample shall be divided into at least two parts, one of which shall be furnished to the DMEA Field Team.

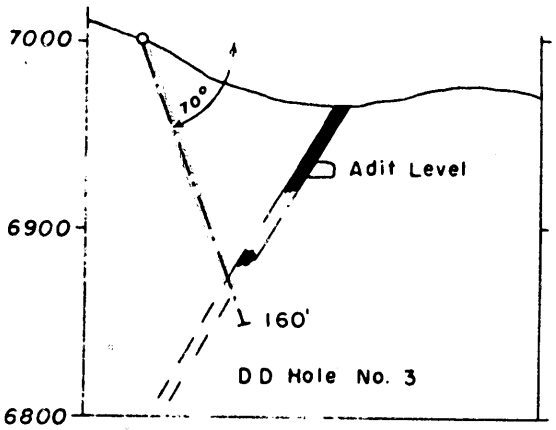
Estimated Costs of Project

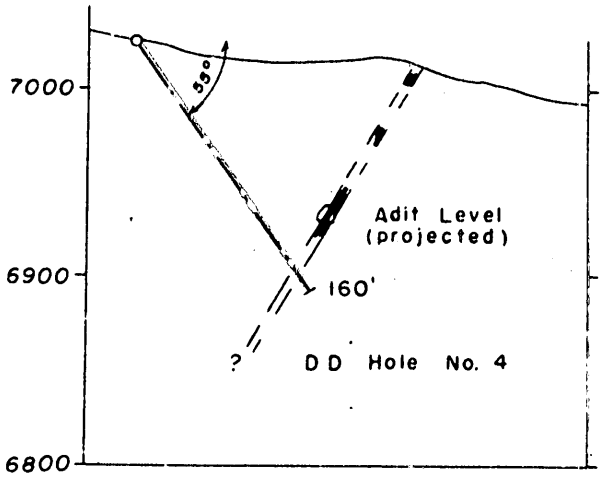
Agreed Unit Costs

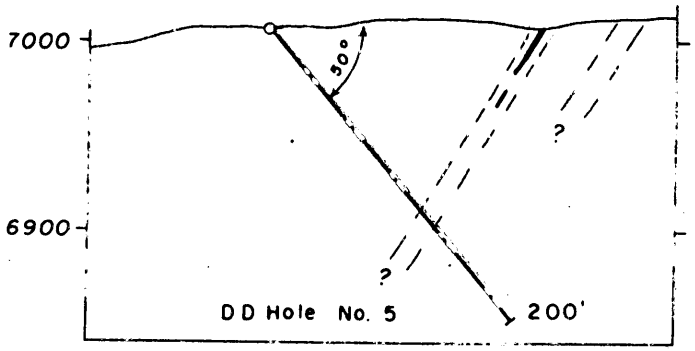
Diamond drill 1,000 feet @ $6.67/ft.	$6,670.00	
Analyze 30 samples for Mn, Fe, and SiO_2 @ $11.00/sample	330.00	
Total Agreed Unit Costs		$7,000.00
Government Participation @ 75%		$5,250.00











PROPOSED DRILL HOLES
MT. HOUGH MINE, PLUMAS COUNTY, CALIFORNIA

100 0 100 200 FEET

Division copy

MF-200A
(Revised June 1954)

Docket No. DMEA 3262

Commodity Manganese

Contract No. Idm-E - 715

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this 23rd day of September, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Virtel Ferro, Inc., a California Corporation, whose mailing address is Post Office Box [illegible] Colma, California, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: none

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: A surety bond is attached hereto in lieu of the Owner's Consent to Lien

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[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Terhel Farms, Inc.
(Operator)

By C. J. Mitchendorf
Administrator, Defense Minerals
Exploration Administration

By

Hoffland
Selfridge
Rutledge
Martin
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—70618-1

Division copy

EXPLORATION PROJECT CONTRACT
TENNEL FARMS, INC.
DOCKET NO. DMEA-3262

ANNEX I

The land referred to in Article 2 of the contract form consists of the following two unpatented mining claims on record in the Office of the County Recorder of the County of Plumas, State of California, at Quincy, California:

CLAIM	VOLUME NO.	PAGE NO.
Mt. Hough	23 (of quartz)	43
Mt. Hough No. 1	23 (of quartz)	44

EXPLORATION PROJECT CONTRACT
TERHEL FARMS, INC.
DOCKET NO. DMEA-3262

EXHIBIT "A"

Description of the Work

The exploration work consists of diamond drilling at the locations and in the order indicated on the map attached hereto entitled "Mt. Hough Manganese Mine, Plumas County, California." The approximate inclinations and lengths of the proposed drill holes are indicated on the map attached hereto entitled "Proposed Drill Holes, Mt. Hough Mine, Plumas County, California." All drilling is subject to the approval of the Government. All drill holes shall be not less than AX in size. Not to exceed 1,000 feet of drilling shall be performed.

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.

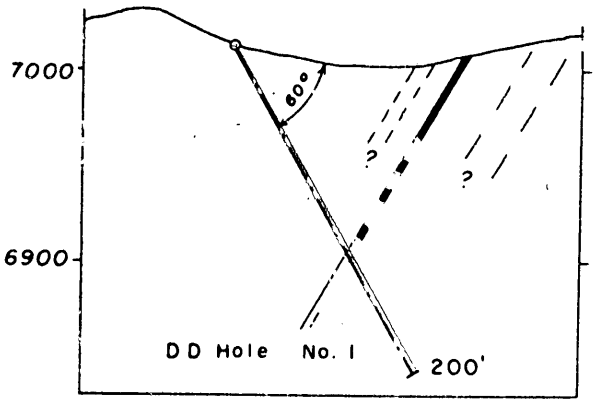
Estimated Costs of Project

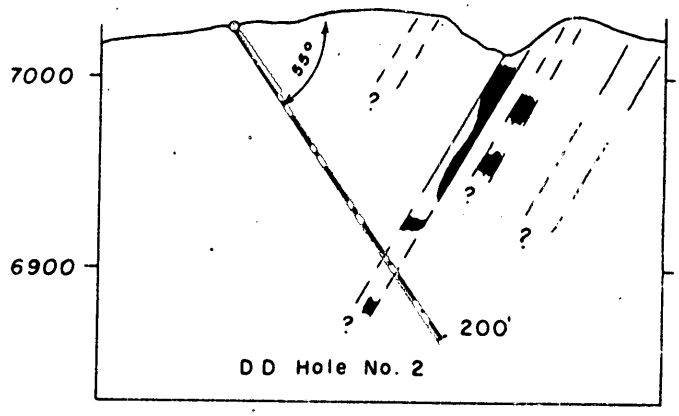
Agreed Unit Costs

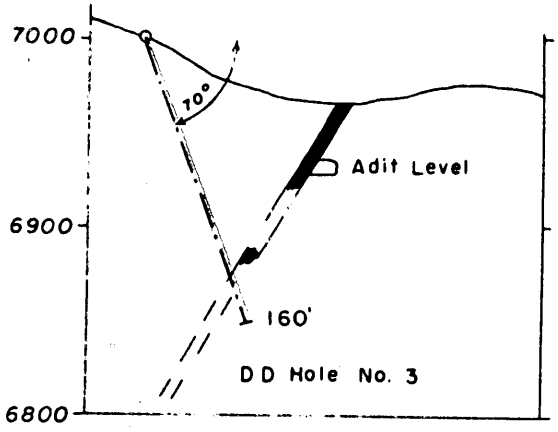
Diamond drill 1,000 feet @ $6.67/ft.	$6,670.00	
Analyze 30 samples for Mn, Fe, and SiO_2 @ $11.00/sample	330.00	
Total Agreed Unit Costs		$7,000.00
Government Participation @ 75%		$5,250.00

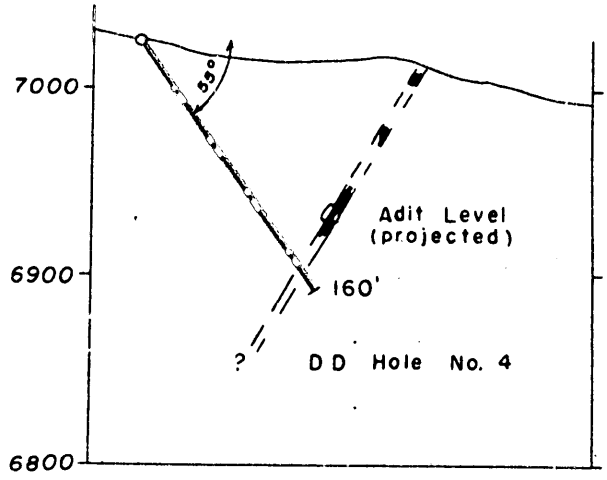
UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

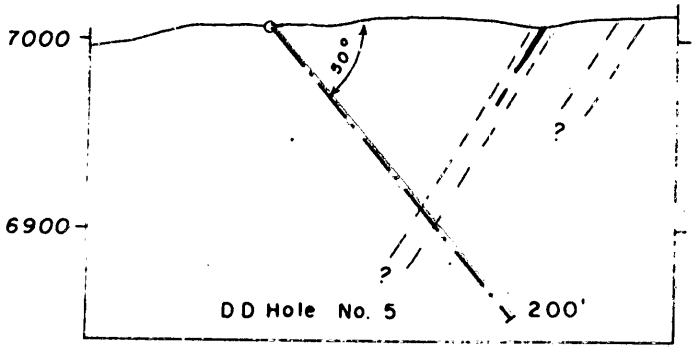
DMEA 3262
(MANGANESE)









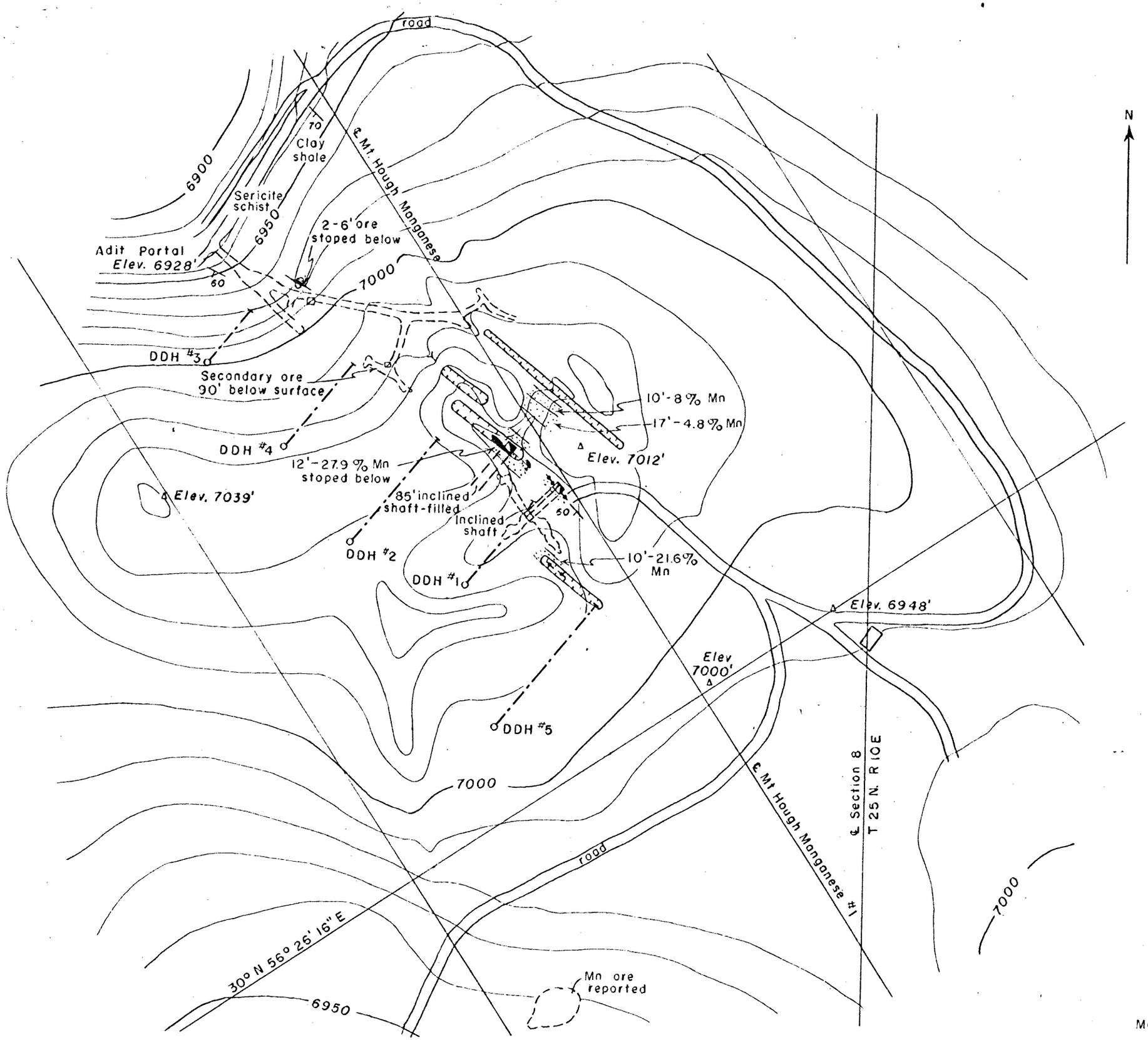


PROPOSED DRILL HOLES
MT. HOUGH MINE, PLUMAS COUNTY, CALIFORNIA

100 0 100 200 FEET

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 3262
(MANGANESE)



N

EXPLANATION

Arlington formation
Sericite schist, shale

Arlington formation
Red chert

Manganese ore

60
Strike and dip of beds

Trench

Underground workings

Proposed drill holes

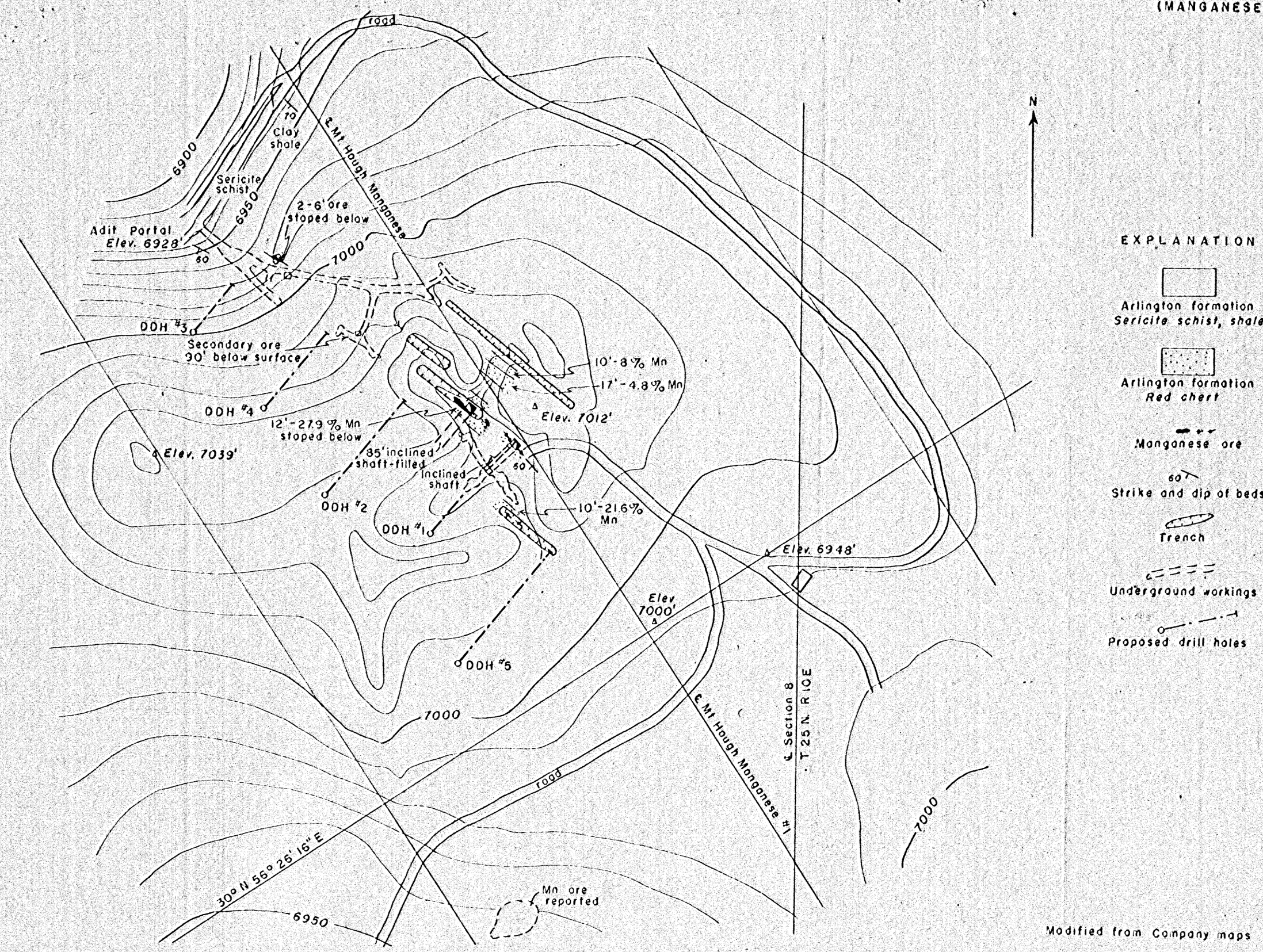
Modified from Company maps

MT HOUGH MANGANESE MINE, PLUMAS COUNTY, CALIFORNIA

0 100 200 300 Feet
Contour Interval 10'

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OMEA 3262
(MANGANESE)



Modified from Company maps

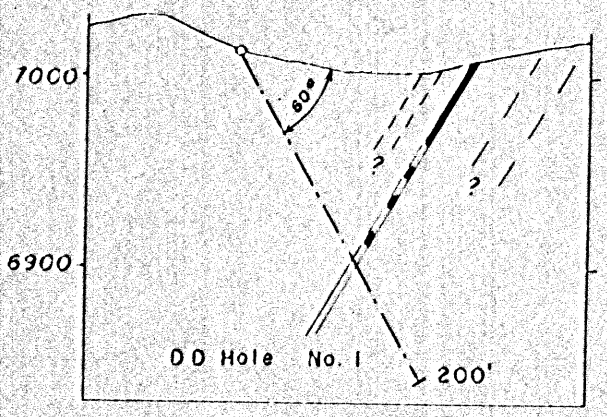
MT HOUGH MANGANESE MINE, PLUMAS COUNTY, CALIFORNIA

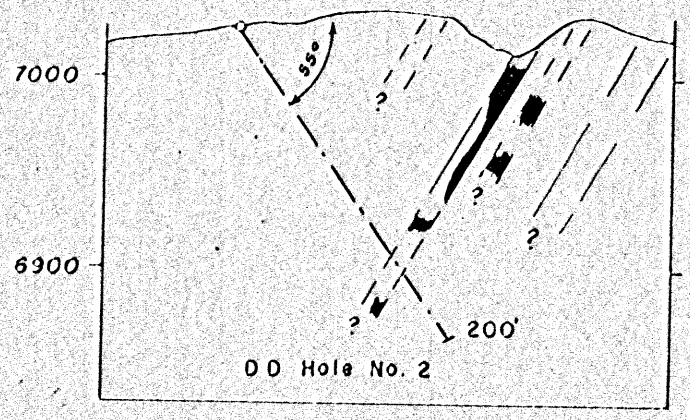
0 100 200 300 Feet

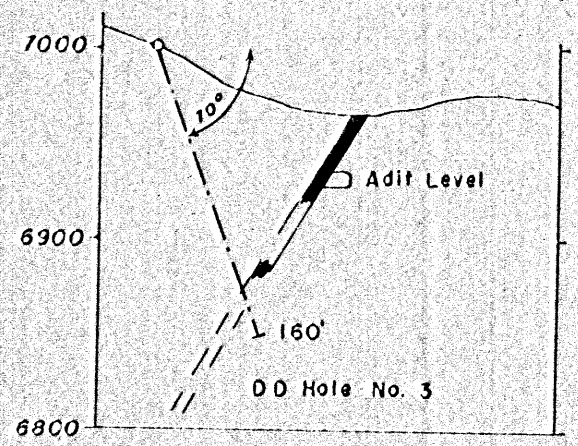
Contour Interval 10'

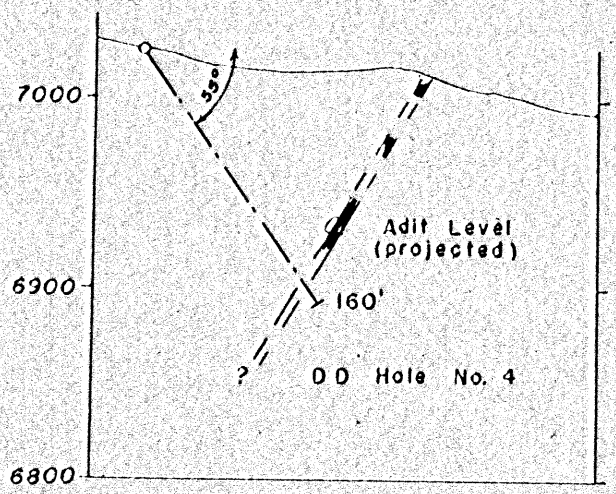
UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

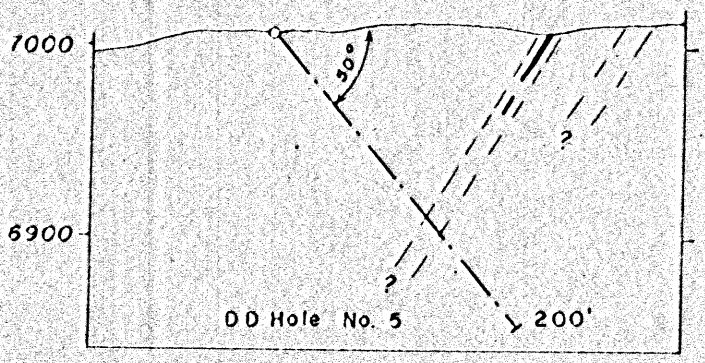
DMEA 3262
(MANGANESE)







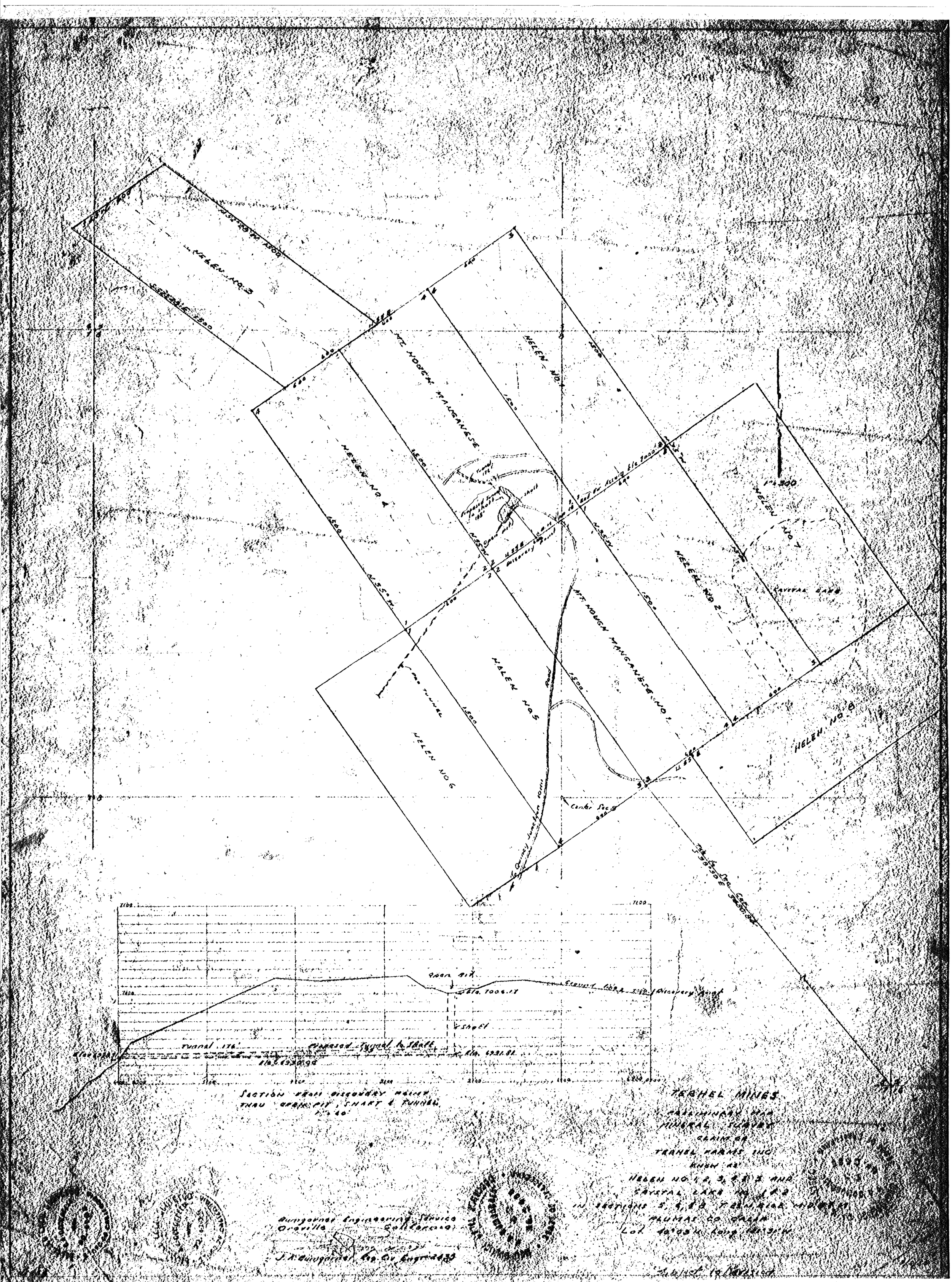


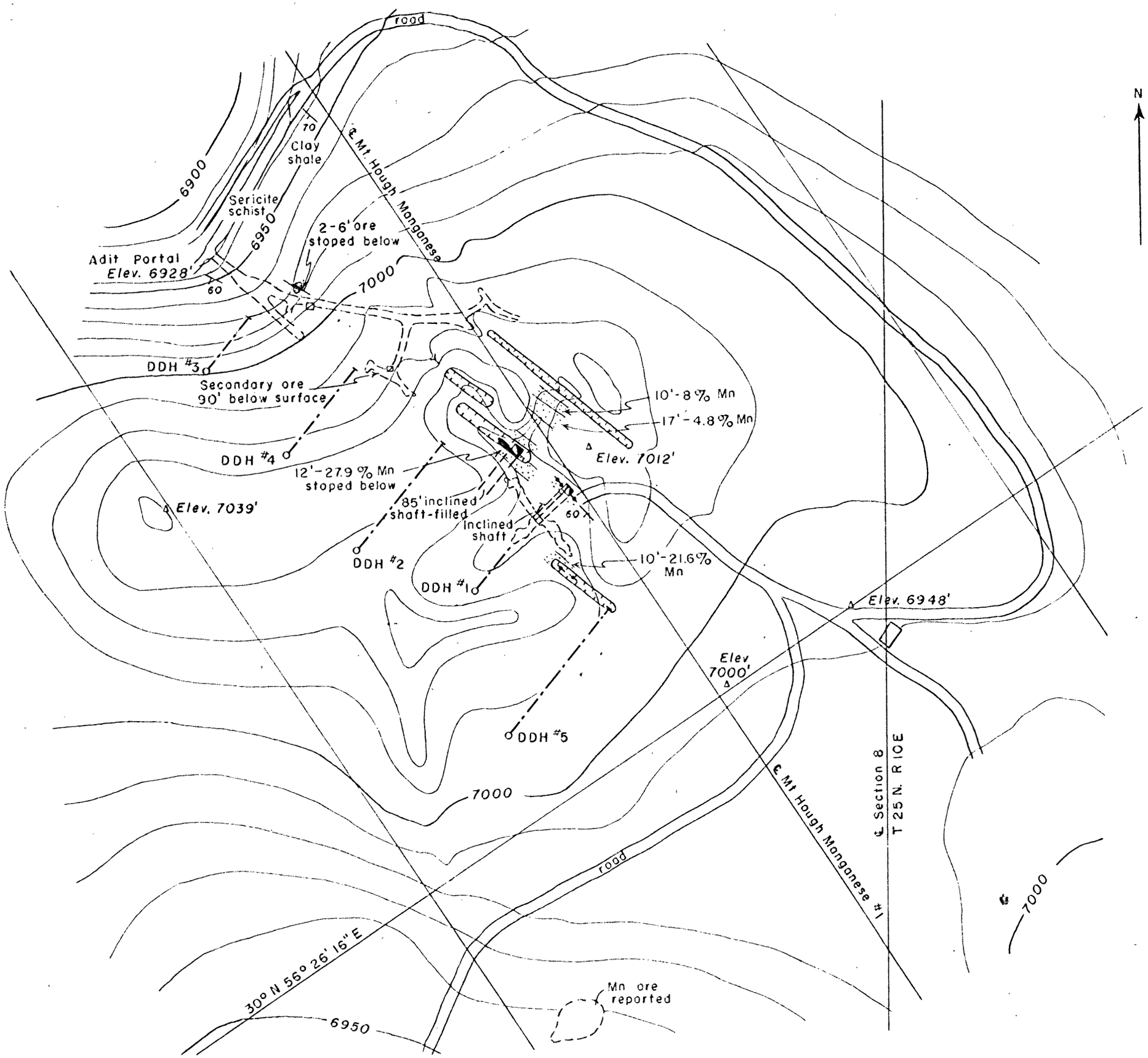


PROPOSED DRILL HOLES
MT. HOUGH MINE, PLUMAS COUNTY, CALIFORNIA

100 0 100 200 FEET

FIGURE 1


HELEN NO 3
HELEN NO 4
HELEN NO 5
HELEN NO 6
HELEN NO 7
HELEN NO 8
HELEN NO 2
NZ MODZ MANGANESE
MT MOUGH MANGANESE NO 1
Tunnel
Shaft
Open Pit
Discovery Point
Section from discovery point
thru open pit, shaft & tunnel
TRAHEL MINES
PRELIMINARY MAP
MINERAL SURVEY
CLAIM OF
TRAHEL MINES INC
KNOW AS
HELEN NO 1, 2, 3, 4, 5, 6, 7 AND
CRYSTAL LAKE NO 1 & 2
IN SECTIONS 5, 6, 8 T 22 N, R 10 E, M.D.B.&M.
PLUMAS CO CALIF
Lat 40°05' N, Long 121°31' W
Dungarner Engineering Service
Oroville California
J. R. Dungarner Reg. Civil Engr. 4433



N

EXPLANATION

Arlington formation
Sericite schist, shale

Arlington formation
Red chert

Manganese ore

60 Strike and dip of beds

Trench

Underground workings

Proposed drill holes

Modified from Company maps

MT HOUGH MANGANESE MINE, PLUMAS COUNTY, CALIFORNIA

0 100 200 300 Feet

Contour Interval 10'

FIGURE 2

CONTOUR MAP OF MANGANESE MINE
SECTIONS 5, 6 & 8 T. 25 N. R. 10 E. M.D.B.&M.
PLUMAS CO CALIFORNIA

Surveyed for
Tarbel Farms
Bumgarner Engineering Service

J.A. Bumgarner, Reg Civ. Engr 2435

1" = 50'
Contour Interval 5'

Plot Showing Geo. Tie

17th T25NR10E MDM

SUMMARY
PROPOSED HOLES

Hole No	Dip	Length-Ft
1	60°	230
2	"	270
3	"	240
4	"	230
5		270
		1240'

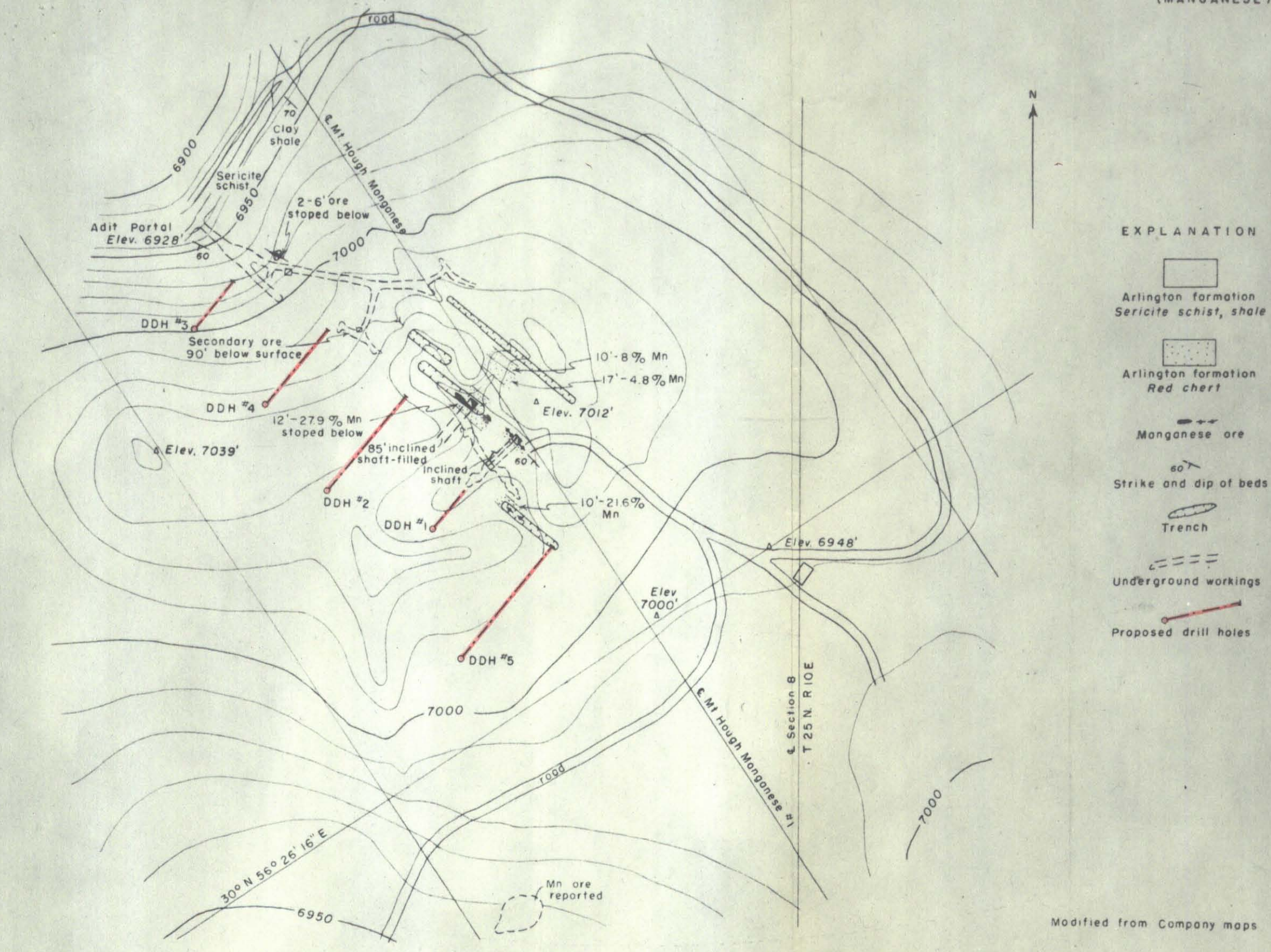
DDH#1 0 230' 60°
DDH#2 0 270' 60°
DDH#3 0 240' 60°
DDH#4 0 230' 60° OPEN
DDH#5 0 270' 60°

BM No 6 Elev 7039.31
BM No 3 Elev 7024.84
BM No 1 Elev 7099.66'
BM No 5 Elev 7010.00

SHAFT
PIT
OPEN CUT
TUNNEL
SHAFT
TUNNEL
PROPOSED TUNNEL
SHAFT
MT HOUGH MANGANESE
NE¼ of NE¼ SEC 8
MT HOUGH MANGANESE
SE¼ of NW¼ SEC 8
MT HOUGH MANGANESE
NW¼ of NE¼ SEC 8
SW¼ of NE¼ SEC 8
HELEN No 5
HELEN No 4
No 2
No 1
300 N 56°26'16" E
Center Section Line Sec 8 T25N R10E MDBM
ROAD to Power Station
MOOIE
SHAFT
ROAD

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 3262
(MANGANESE)



Modified from Company maps

MT HOUGH MANGANESE MINE, PLUMAS COUNTY, CALIFORNIA

0 100 200 300 Feet

Contour Interval 10'

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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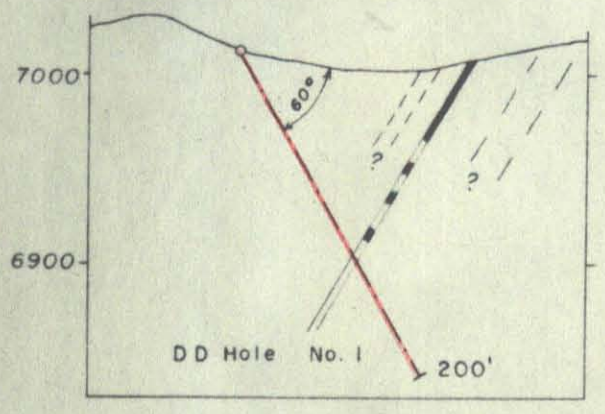
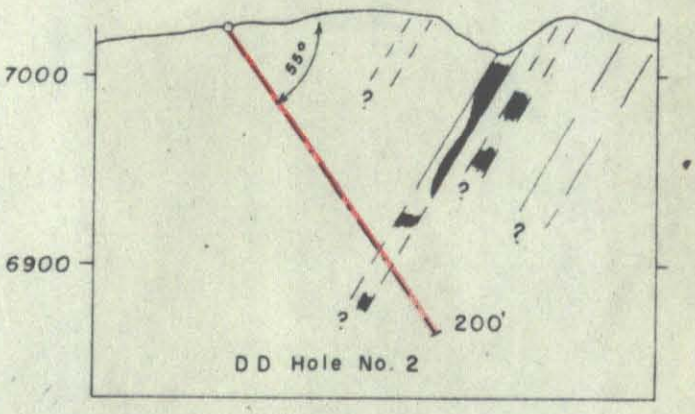
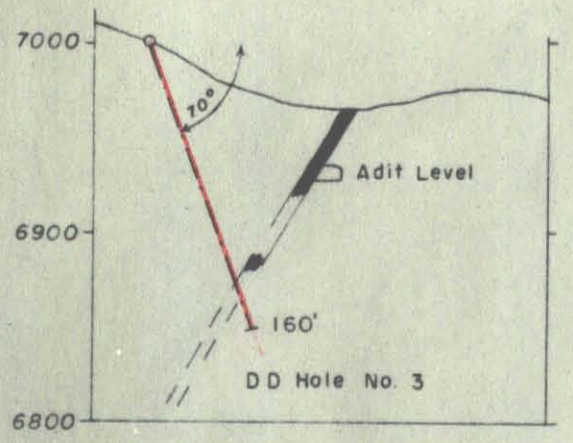
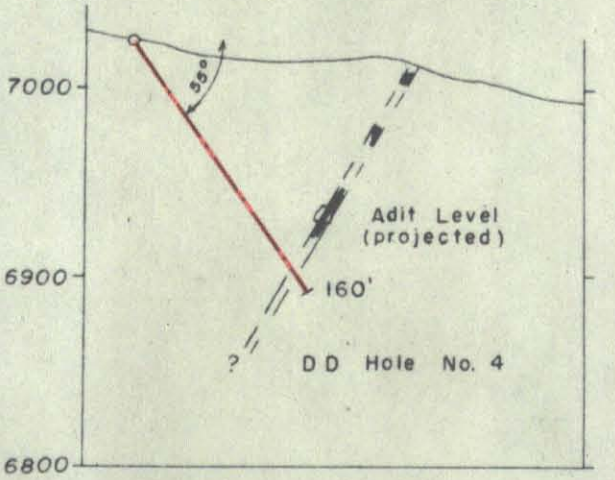
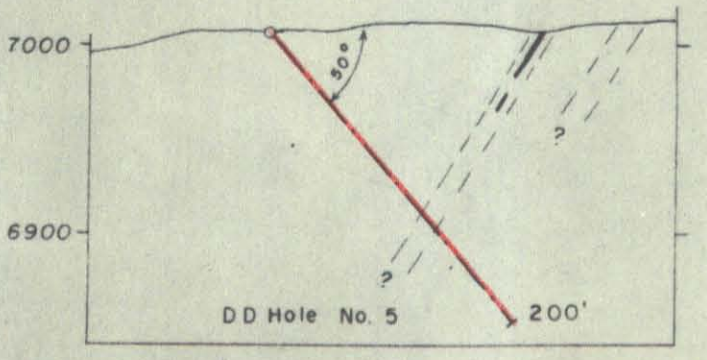
(MANGANESE)











PROPOSED DRILL HOLES
MT. HOUGH MINE, PLUMAS COUNTY, CALIFORNIA

100 0 100 200 FEET

FIGURE 4