AUG 13 1962

Messrs. Ernest and Henry Curti
P. O. Box 696
Cambria, California

Re: [illegible]-3541 (Mercury)
Frank Vellmer
Geranic Mine
San Luis Obispo County, California
Contract Ldm-8766

Gentlemen:

In your letter of July 30, 1962, transmitting the completed MMX Form 63, for which we thank you, you asked how much longer the (Government) lien on the property would be binding.

By the terms of the contract, as noted in our letter of February 11, 1957, with which we forwarded the certificate of discovery or development, all minerals mined or produced from the land of the contract from February 28, 1955, to February 28, 1966, are subject to the Government's percentage royalty as set forth in the contract until the sum of $4,979.25 is paid. As of April 16, 1962, $502.93 in royalty has been paid, leaving a balance of $4,476.32.

Sincerely yours,

George Fumich, Jr.

Director

SFHolt/gia
8-13-62
cc to: Director's Reading File
Contract Division
Region II (2) w/1 cy each MMX Form 63 dated 7/30/62 and July 30 letr. by Henry Curti
Docket
Code 500

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E766, Docket DMEA-3541 (mercury), dated February 28, 1955, with

Frank Vollmer
2726 Redondo Beach Blvd.
Redondo Beach, California

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Oceanic Mine located in San Luis Obispo County, California, during the period April 15, 1959, through July 30, 1962.

A certification of discovery or development was issued on February 8, 1957, and, in accordance with Article 7 and Amendment No. 1 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 11 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. A Report of Review dated September 18, 1956, indicated accepted costs under the exploration contract amounting to $6,639.00 with the Government's contribution on a 75 percent basis being $4,979.25.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through April 14, 1959, to be $10,058.65. The royalty account as of April 14, 1959, was:

Total Royalty Payable	$502.93
Total Royalty Paid	502.93
Balance of Royalty Due	$ -0-

As of July 30, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$502.93
Total Royalty Paid	502.93
Balance of Royalty Due	$ -0-

August 9, 1962

E. D. Talbert, OME Auditor

Idm-E766 Frank Vollmer DMEA-3541

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land under the contract consists of three patented claims (Sulphur Springs, Second Claim, and Bristoll-Morse) in secs. 15 and 16, together with certain other parcels in secs. 16 and 21, all in T. 27 S., R. 9 E., M.D.B.&M., San Simeon Mining District. At the time the contract was executed the Operator was in possession by virtue of an August 4, 1954, lease with option to purchase from Ernest and Henry Curti. In consideration of the contract, the landowners executed an Owner's Consent to Lien on March 19, 1955.

Exploration work under the contract was completed during July 1956. Selective mining of about 500 tons of ore during the exploration period and shortly thereafter yielded 33.81 flasks of mercury on which $8,117.46 was realized. All operations were suspended in the latter part of 1956. A resumption of work for a short period in the last six months of 1957 resulted in the production of 8.9 flasks of mercury, which was sold in April 1958 for $1,941.19. These sales are covered by a prior Report of Royalty Review.

The Operator gave up his lease on September 25, 1958. Thereafter, the landowners leased the property for two months for exploratory drilling purposes to R. L. Ruda and Harold Biaggini, San Luis Obispo, California. There was no production by these lessees.

In a July 30, 1962, reply to a MME Form 63 inquiry, one of the landowners (Henry Curti, Box 696, Cambria, California) advised that there had been neither production from the property nor change in ownership or lease status.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The files indicate that there has been no production from the property during the period covered by this review; and

(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California

August 14, 1962

Memorandum

To: Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: DMEA-3541 (Mercury)
Frank Vollmer
Oceanic Mine
San Luis Obispo County, California
Contract Idm-E 766

Enclosed is the original of Report of Review of the subject contract.

This office concurs in the facts as stated in the Report of Review.

PAUL V. FILLO

Paul V. Fillo

Enclosure

cc:
Contract Administration & Audit Div., OME, Washington, D. C.

extra

O. M. E.
RECEIVED AUG 20 1962
CODE
800

August 9, 1962

Memorandum

To: Acting Field Officer, Region II

From: E. D. Talbert, Acting Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMEA-3541 (Mercury)
Frank Vollmer
Oceanic Mine
San Luis Obispo County, California
Contract Idu-5786

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 8-9-62

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

O.M.E.

REPORT OF ROYALTY REVIEW

I have reveiwed all Finance Office copies of settlement statements with the Executive Officer, OME Field Team, Region II, Reno, Nevada, pertaining to Contract No. Idm-E766, Docket No. DMEA-3541 (Mercury), dated February 28, 1955, including Amendment No. 1, with

Frank Vollmer
2726 Redondo Beach Blvd.
Redondo Beach, California

for the purpose of determining the amount of royalties due the U. S. Government on sales of mercury from property known as the Oceanic Mine, located in San Luis Obispo County, California, during the period February 1, 1957 to April 14, 1959.

A certification of discovery or development was issued on February 8, 1957, and accordingly royalty is payable on all production from land described in Article 2 and Annex 1 of the contract, and paragraph 4 of Amendment No. 1 of the contract stipulates royalty repayments will be for 11 years from date of contract. A Report of Review in lieu of a final audit dated September 18, 1956, indicated accepted costs under the exploration contract amounting to $6,639.00 with the Government's contribution, on a 75 percent basis, being $4,979.25. The scope of review and reasons therefor are stated in the attachment to this report.

My review established the total sales of mercury for this period to be $1,941.19. Royalty due the U. S. Government at the contract rate of 5 percent is $97.05. A prior review made by this auditor for the period February 28, 1955 to January 31, 1957, found the sales as of the last date to be $8,117.46, which added to the sales for this period made a total of $10,058.65 as of April 14, 1959. The royalty account as of January 31, 1957, was

Total Royalties Due	$405.88
Total Royalties Paid	405.88
Balance Royalties Due	$ -0-

As of April 14, 1959, the royalty account of this project was found to be

Total Royalties Due	$502.93
Total Royalties Paid	502.93
Balance Royalties Due	$ -0-

George Mavor
George Mavor, OME Auditor

April 23, 1959

DESCRIPTION OF THE REVIEW
AND STATEMENT OF JUSTIFICATION

Idm-E766 Frank Vollmer DMEA-3541

My review included a tabulation and recomputation of all mercury sales as shown in settlement statements, and a conference with the engineer who had made periodical inspections of the project.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(a) The production involved was incidental to the exploration operations.

(b) The mine was idle, when last visited by the Examining Engineer on November 8, 1958.

(c) The Examining Engineer is of the opinion that all sales of mercury produced during the period February 28, 1955 to April 14, 1959 for which settlement sheets have been released, have been properly accounted for.

(d) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to possible additional royalty which might be disclosed.

Note:

Mr. Ernest Curti, owner of the mine, advised the Examining Engineer on last visit November 8, 1958, that the mine had been subleased to Mr. H. J. Biaggini, who plans exploration work.

Check Sheet of Examining Engineer

Operator's Name Frank Vollmer

Address 2726 Redondo Beach Blvd.

Redondo Beach, California

Exploration Contract No. Idm-E 766 Docket No. DMEA-3541

	Check One Yes	No
1. (a) Does the Operator stockpile ore subject to royalty repayment?	X	
(b) If so, is segregation and identification procedure adequate?	X	
2. (a) Does Operator commingle production subject to DMEA royalties with exempt production?		X
(b) If so, do you consider the allocation of the commingled production equitable?		
3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?	X	
(b) If so, are adequate records maintained on such material to protect the Government's interest?	X	
4. Do you consider the assay controls in effect are adequate?	X	
5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	X	
7. Does the Operator buy from or sell to other Operators?		X

8. Comment on any item 2 (b) to 6 if answer is No.

The mine was idle when visited November 8, 1958. Mr. Ernest Curti, owner, stated that Mr. H. J. Biaggini had subleased the mine and plans exploration work.

B. H. Sheahan
Mining Engineer

Date April 13, 1959

82448

APR 28 1959

Memorandum

To: Mr. George Mavor, ONR Auditor

From: E. D. Talbert, Acting Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: Docket No. DMEA-3541 (Mercury)
Frank Vollmer
Contract No. Idm-E766

Your report of royalty review on the above cited project is acceptable and normal distribution is authorized.

AMAlley/ama
April 28, 1959

Copy to: Docket
Director's Reading File
CA & A Division

QUADRUPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9012

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): San Francisco, California

5/16/58 (Date sent)

33 (Deposit No.)

Deposited with Federal Reserve Bank of San Francisco, California
(Name and location of depository)

(3) The Sum of $ 97.05

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$97.05		$

E-766

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5) LLOYD H. SHOALANDER, FISCAL OFFICER
INTERIOR, BUREAU OF MINES, DEFENSE
MINERALS EXPLORATION ADMINISTRATION 14-23-030
555 BATTERY STREET, ROOM 420
SAN FRANCISCO, CALIFORNIA

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

MAY 28 1958

(Authorized Signature)

FEDERAL RESERVE BANK OF SAN FRANCISCO

(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor.

Frank A. Vollmer
Oceanic Mine
Contract IDM-E 766, docket 3541
Royalty pay't. $97.05

check on:

Bank of America
2225 Hawthorne Blvd.
Lawndale Branch
Redondo Beach, Calif.
check No. 497, dtd. 5/14/58
rec'd. 5/16/58

5/19 F.A. 2.25

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

FIRST REPORT OF ROYALTY REVIEW

I have reviewed all Finance Office copies of settlement statements with the Executive Officer, DMEA Field Team, Region II, Reno, Nevada, pertaining to Contract No. Idm-5766, Docket No. DMEA-3541 (Mercury), dated February 28, 1955, including Amendment No. 1, with

Frank Vollmer
2726 Redondo Beach Blvd.
Redondo Beach, California

for the purpose of determining the amount of royalties due the U. S. Government on sales of mercury from property referred to as the Oceanic Mine, located in San Luis Obispo County, California, during the period February 28, 1955 to January 31, 1957.

A certification of discovery or development was issued on February 8, 1957, and, in accordance with the contract royalty is payable on the net smelter returns or other net proceeds realized from production as a result of such discovery or development during a maximum period of 11 years from the date of contract as stipulated in paragraph 4 of Amendment No. 1 of the contract. A Report of Review in lieu of final audit dated September 18, 1956, indicated accepted costs under the exploration contract amounted to $6,639.00 with the Government's contribution on a 75 percent basis, being $4,979.25.

This review was made in lieu of an on-site audit of the operator's accounts and records for the following reasons:

(a) The production involved was incidental to the exploration operations.
(b) The examining engineer is of the opinion that all sales of mercury during the period February 28, 1955 to January 31, 1957, for which settlement statements have been released, have been properly accounted for.
(c) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

The review established the total sales of mercury for this period to be $8,117.46. Royalty due the U. S. Government at the contract rate of 5 percent is $405.88. The royalty paid and balance due are as follows:

Total Royalty Due	$405.88
Total Royalty Paid	405.88
Balance of Royalty Due	$ -0-

OFFICIAL FILE COPY
DMEA
RECEIVED
DATE | INITIALS | COL

George Mavor
George Mavor, Auditor

February 26, 1957

Check Sheet of Examining Engineer

Operator's Name Frank Vollmer

Address 2726 Redondo Beach Blvd.

Redondo Beach, California

Exploration Contract No. Idm-E 766 Docket No. DMEA-3541

	Check One Yes	Check One No
1. (a) Does the Operator stockpile ore subject to royalty repayment?		X
(b) If so, is segregation and identification procedure adequate?		
2. (a) Does Operator commingle production subject to DMEA royalties with exempt production?		X
(b) If so, do you consider the allocation of the commingled production equitable?		
3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		X
(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4. Do you consider the assay controls in effect are adequate?	X	
5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	X	
7. Does the Operator buy from or sell to other Operators?		X

8. Comment on any item 2 (b) to 6 if answer is No.

EXTRA COPY
D M E A
RECEIVED MAR 4 1957

DATE	INITIALS	CODE

Mining Engineer

Date 2/13/57

82448

MAR 14 1957

Mr. George Mayer
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: First Report of Royalty Review
Idm-E766, DMEA-3541
Frank Vollmer

Dear Mr. Mayer:

Receipt is acknowledged of your revised First Report of Royalty Review covering the above-cited project.

The Report is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
March 14, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

MAR 5 1957

Mr. George Mavor
DMPA Auditor
220 Custom House
555 Battery Street
San Francisco 11, California

Re: First Report of Royalty Review
Idm-F766, DMPA-3541
Frank Vollmer

Dear Mr. Mavor:

A certificate of discovery or development applicable to this project was issued on February 8, 1957, subsequent to the period covered by your First Report of Royalty Review but prior to the date, February 26, 1957, of such report.

In view of the fact that certification has been accomplished prior to the issuance of your report, it is desirable that reference thereto be made. The first sentence of Exhibit "A" should be revised accordingly. Your attention is called to the fact that the royalty repayment period, according to paragraph 4 of Amendment No. 1, is eleven years from the date of the contract.

Your report is returned herewith for the appropriate revision.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

CEFisher/wb
March 5, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

QUADRUPLICATE

STANDARD FORM 201 (Formerly Cert. of Dep. Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

THIS DEPOSIT IS NOT SUBJECT TO CHECK San Francisco, Calif.

DEPOSIT NO. 14-23-030-17

For credit of 412 Treasury Regional Office, San Francisco, Cal. [redacted] 27/56
(Name, title, and disbursing or [redacted] identification symbol of accountable officer) [redacted] ate sent)

deposited with Federal Reserve Bank of San Francisco, California
(Name and location of depositary)

$ 103.67

for accounts listed below. SCHEDULE NOS. Work sheet

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
1X4401	E-766	103.67

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

SEP 27 1956

(Authorized signature)

[redacted] (Date received in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR, WHO WILL FORWARD BY FIRST MAIL TO ADMINISTRATIVE OFFICE

15—59586c-1 GPO

Frank Vollmer
Contract IDM-E766
docket 3541
Royalty pay't. $103.67

check on:
(Quicksilver Products, Inc.
407 Sansome St.)
Bank of California
San Francisco
check no. 3699, dtd. 9/14/56,
rec'd. 9/26/56

E-766

For Certificate of Deposit No. 9, dated August 13, 1956, giving royalty repayment of $107.54, see E-747.

E-766

For Certificate of Deposit No. 27, dated November 25, 1955, giving royalty repayment of $122.23, see E-323.

QUADRUPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

THIS DEPOSIT IS NOT SUBJECT TO CHECK

San Francisco, Calif.

For credit of 412 - Treasury Regional Office, San Francisco, Cal. 10/26/55
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

DEPOSIT NO. 14-23-030-19

deposited with Federal Reserve Bank of San Francisco, California
(Name and location of depositary)

$ 74.44

for accounts listed below. SCHEDULE NOS. Vouch. only

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14.4401		74.44

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

DISTRICT FISCAL OFFICER
DIRECTOR, BUREAU OF MINES, DEPT.
MINERALS EXPLORATION ADMINISTRATION
525 BATTERY STREET, ROOM 4[illegible]
SAN FRANCISCO, CALIFORNIA

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

OCT 27 1955

(Authorized signature)

(Date of credit in Treasurer's Account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR, WHO WILL FORWARD BY FIRST MAIL TO ADMINISTRATIVE OFFICE

16—59636c-1 GPO

Frank Vollmer
Contract IDM-E766
docket 3541
Royalty pay't. $72.44

check on:

Bank of America,
Hawthorne, California
check No. 216, dtd. 10/17/55
rec'd. 10/26/55

DEFE[redacted] MINERALS EXPLORATION ADMINISTR[redacted]ION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Frank Vollmer
2726 Redondo Beach Blvd.
Redondo Beach, California

pertaining to Exploration Project Contract No. Idm-E766, Docket No. DMEA-3541, including Amendment No. 1, for the months of May and June 1955, and July 1956, covering a project for the exploration of mercury, on property, known as the Oceanic Mine, located in San Luis Obispo County, California.

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

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

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

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

Total cost as billed by contractor	$6,639.00
Exceptions	-0-
Total accepted Cost	$6,639.00

The contract calls for a 75% participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Four Thousand Nine Hundred Seventy Nine and 25/100 Dollars:

** $4,979.25 **

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

George Mavor
George Mavor
Auditor

September 18, 1956

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

Budget Bureau No. 42-R1036.5

RECEIVED
SEP 27 1956

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

Month of July 1956 Docket No. DMEA 3541 Contract No. DM-S-766
Operator's Name Frank Vellner Minerals Mercury
Address 2726 Redondo Beach Blvd. Redondo Beach, Calif.
Contract Amount, $ 6639.00 Government Participation: 70 % Amount, $ 4979.25

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling					4,309.20	4,309.20
Bulldozing	2329.80	4309.20	6639.00	2,329.80		2,329.80
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2329.80	4309.20	6639.00	2,329.80	4,309.20	6,639.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Aug. 1, 1956 *Payee Frank Vellner

Per _____ Title Operator

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

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

(Instructions on reverse)

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

$ 1747 36

Signature _____
(Authorized Certifying Officer)

Date _____ Vou. No. SF-DMEA-9
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. IdmE764 in accordance with the terms of the contract.

Signature R. A. Sheahan Title Mining Engineer Date Aug. 9, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date 8/24/56

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP 27 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of [redacted] 195[redacted] Docket No. DMEA [redacted] Contract No. [redacted]
Operator's Name [redacted] Minerals [redacted]
Address [redacted]

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Churn								
Auger								
Stripping								
Trenching	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]
Test Pits								
Roads and Trails								
Total Distributed Costs		[redacted]	[redacted]	[redacted]				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		[redacted]		[redacted]				[redacted]

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

Date [redacted] Operator Frank Vollmer

Per ..... Title .....

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

Remarks:

(Instructions on reverse)

(For Government use only) B. H. Shakson, Mining Engineer

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
SEP 27 1956

August 15, 1956

Re: Docket DMEA 3541
Contr. E766

Defense Minerals Exploration Administration
Mr. S. Ricker, Acting Regional Director
420 Custom House
555 Battery Street
San Francisco, 11
California

Dear Sir;

The undersigned made a brief inspection of the Oceanic Mine, Cambria, California, on August 2, 1956.

Mr. Vollmer had completed a longitudinal dozer cut, much deeper than the older excavation. The approximate position of the cut is shown on the accompanying sketch.

The proper direction of such excavations would probably have been more effective if placed in a northerly and southerly direction. Mr. Vollmer should carefully trench the bottom of the present cuts at regular intervals and pan the material prior to assay.

Apparently most inspecting engineers are agreed that there is a possible shoot south from the excavation, therefore, surface cuts A, B, and C, as shown are recommended.

The Operator is using drag ore from the east side of the hill as retort and enjoying some success by selective methods. There is a fault on a northerly and southerly course west of "A" such that the position of the cut should not be changed westerly.

From the excavation made, it is the opinion of the undersigned that at least 180 hours of equivilant D-8 Bulldozer operation.

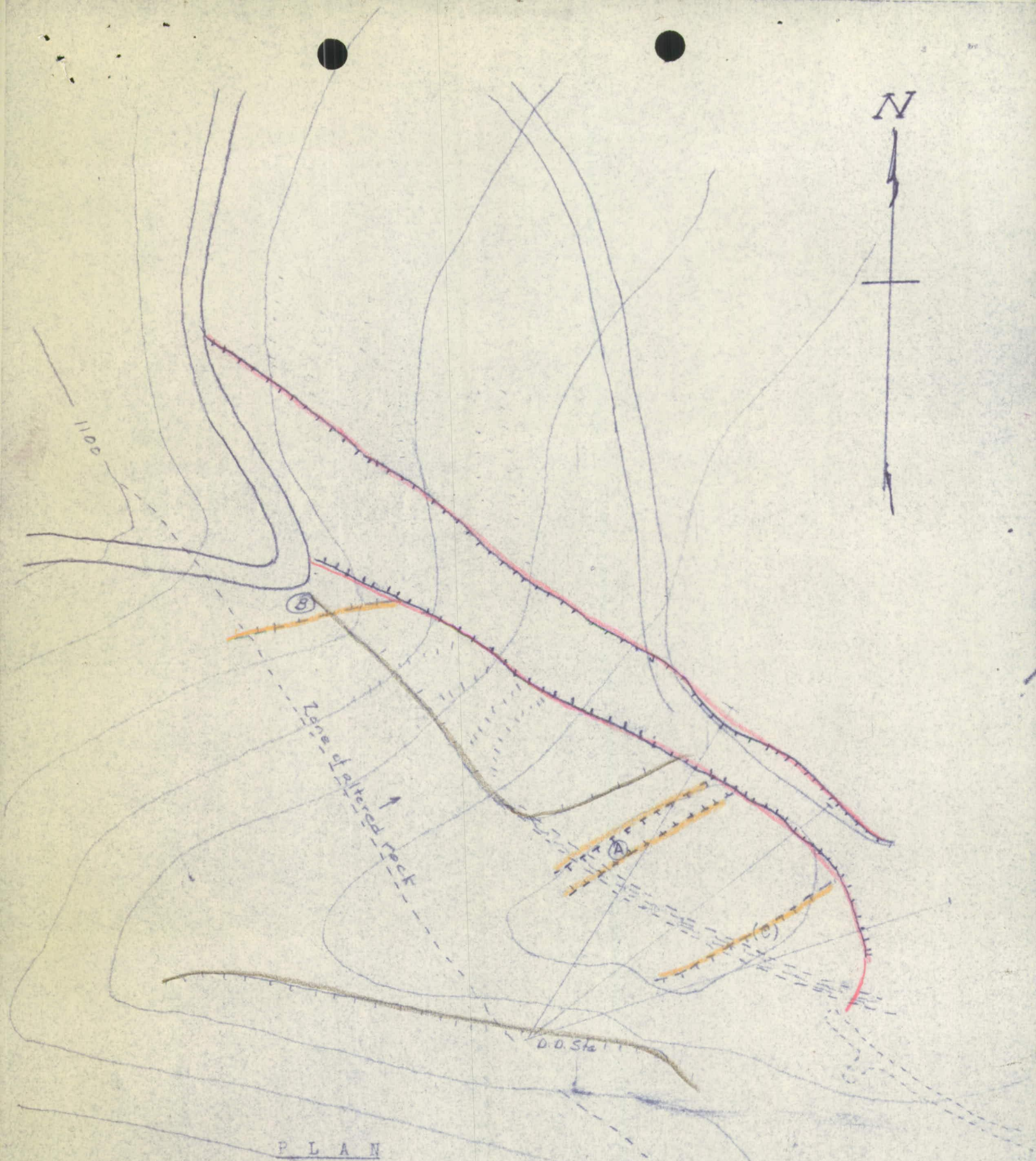
Waste disposal has been such that cut proposed cut "B" can not be made without re-handling excavated material in considerable amounts. Most important of the proposed development are cuts " A " and " C"

DMEA 3541
Contr. E766
8/15/56 (2)

Major development is warranted on the west side of the main canyon where the shear-contact area will continue with fault offset, probably south, as indicated in my initial report on this project.

Dozer work in the cut recently completed has indicated some ore, but a close inspection of the debris SW from the top of the hill will show some ore. The effecti ve value of dozer work is limited to primary preparation for hand trenching and it is a poor production tool in cinnabar productive-operations.

C. P. Keegel, Mining Engineer



P L A N

O C E A N I C M I N E
After Pampeyon-Tatlock-USGS 1954-5
Scale 50'/inch
Approximate Location of Longitudina l Cut
Showing Proposed Surface Excavations

Older Excavations New Excavation Proposed Cuts

8/15/56

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

Budget Bureau No.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

ACCOUNTS JUL 2

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1955 Docket No. DMEA 3541 Contract No. Ion-L-76
Operator's Name Frank Vollmer Minerals Mercury
Address 2726 Redondo Beh. Blvd. Redondo Beach Cal.
Contract Amount, $ 6639.00 Government Participation: 75 % Amount, $ 4979.25

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling 371'06.30	2337.30	1971.90	4309.20			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2337.30	1971.90	4309.20			

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

Date July 13.55 *Payee Frank Vollmer

Per Operator Title

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

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

(Instructions on reverse)

RECEIVED AUG 17 1955

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

$ 1752 97

Signature (Authorized Certifying Officer)

AUG 1 1955 Authorized Certifying Officer

Vou. No. SF-DMEA-3

(See other side)

(For Government use only)

:FICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals .ploration Administration project under Contract No. IdnE 766 in accordance with the terms of the contract.

Signature Benjamin F. Sheahan Title Mining Engineer Date July 28, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date 7/28/55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau

ACCOUNTS JUL 2 9

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 195 5 Docket No. DMEA 3541 Contract No. Idm-E-766
Operator's Name Frank Vollmer Minerals Mercury
Address 2726 Redondo Bch. Blvd. Redondo Beach Calif.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn	6.30	2337.30	371	4309.20	684	6.30	1030	6.30
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Assays							30	$5.00
Total Distributed Costs		2337.30	371	4309.20				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		2337.30		4309.20				$6,039.00

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

Date July 13.55 Operator Frank Vollmer

Per _____ Title Operator

Remarks:

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

(Instructions on reverse)

(For Government use only)

Benjamin A. Shahan, Mining Engineer

INSTRUCTIONS

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

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

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

GPO 872894

Re: Docket 3541
Contract [illegible]-763

July 16, 1955

Mr. S. Blaker, Acting Regional Director
Region III
[illegible]
[illegible] Building
[illegible]
[illegible]

Dear Mr. Blaker:

The undersigned inspected the Cerrito Mine, San Luis Obispo County, California, to determine the work done for the month of June, 1955.

Core hole No. 2 had been completed to a depth of 177 feet and the core was inspected. Samples of the core from collar plus [illegible] feet to collar plus [illegible] feet gave [illegible] Hg. Collar plus 167' to 177' gave [illegible] Hg. As previously reported, this core hole [illegible] collar plus 61 to 73 feet.

A sample was submitted for core hole No. 1, collar plus 72' to 80' which resulted in 0.005.

The core from hole No. 3 was carefully examined for traces of cinnabar, but no evidence was found except for traces at 167' to 172'. The material contained iron sulphide in abundance and consisted principally of fine grained sandstone. Core recovery was low, probably not over 40%, average.

Core hole was completed as No. 5 on the bearing and dip previously reported; the hole was completed at 142' from the collar. Old mine timber was encountered at collar plus 125'. The core was found to be rather heavy in pyrite with limonite and calcite from 58' to 82' in fine grained sandstone predominantly. Serpentine was found at 128-135 feet. Visual inspection indicated no points of cinnabar concentration. Low core recovery, estimated 40-50%.

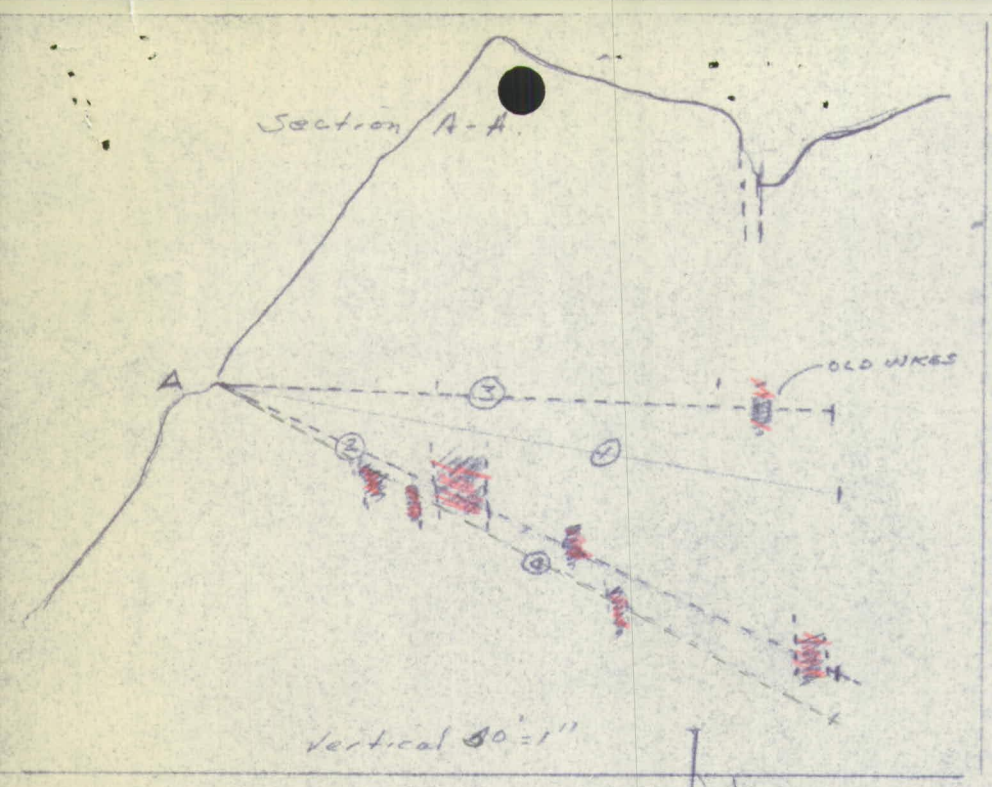
Core hole No. 4 was collared a distance of about three feet west of station A and directed about N 65 E at an inclination of minus 28. The core contained a brown red chert then coarse sandstone to 18'. Traces of cinnabar were seen at 58-64', [illegible]-114'. A rather heavy calcite bearing sandstone appeared at 187-194 feet. The hole was bottomed at 201 feet, should probably have been advanced another 15'. Samples taken 41-52' gave 0.17 Hg, Collar plus 57-68 gave 0.20 Hg, and Collar plus 115-120' gave 0.18 Hg.

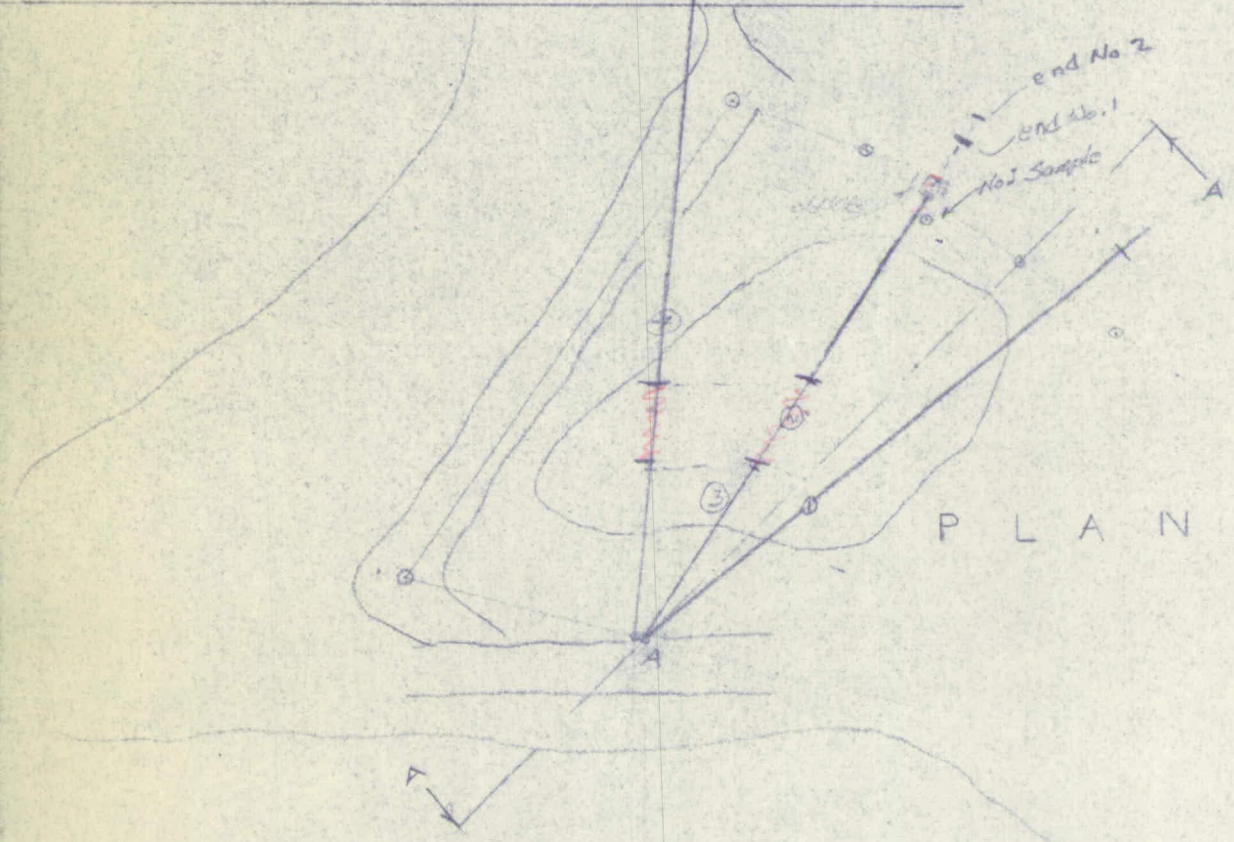
Core recovery from hole No. 4 was reasonably good and is estimated at 60 to 70%.

In summary, a total of 664 feet of core hole was drilled at the Oceanic property. Hole No. 1, of course, was not expected to contact any ore mineral because it was directed into a shear zone where there would have been a very low probability. Holes No. 2 and No. 3 have checked the general position of ore such that the known vertical extent of the ore at the particular point is at least 150' and of unknown further extent vertically. Hole No. 4 is obviously too close to indicated limit of expectancy to be given serious consideration in terms of defining the possible westerly limits of an ore zone.

The drilling program has in general been quite successful considering the type of material encountered and certainly some type of underground development is warranted. It is probable that the old workings can be located and cleaned out. Alternatively, a crosscut following the general position of hole No. 2, or [illegible] cross-cut exploration from the west might be justified. Certainly, no present development has defined the vertical limits or lateral extent of possible shoots in the area satisfactorily and the conclusion of present drilling has considerably enhanced the importance of underground development, particularly with the flaring in holes 2 and 3 south of the pinnacle. It should be admitted, in view of the low core recovery, that only inside the results are available from drilling.

C. P. Keegel





OCEANIC MINE

Cambria, California June 1, 1955
July 14, -

Horizontal Scale 50'=1"

Location of Core Drill Holes

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

Budget Bureau No. 42-R1036.5

RECEIVED
JUN 23 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of May 5 Docket No. DMEA 3541 Contract No. Idm-E766
Operator's Name FRANK VOLLMER Contract Minerals MERCURY
Address 2726 Red Bluff Blvd. Redondo Beach Calif.
Contract Amount, $ 6,639.75 Government Participation: ____% Amount, $ 4979.25

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Contractors Short Form 313 & 6 30	1971.90	0				
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1971.90	0				

I certify that the above bill is correct and just and that payment therefor has not been received.
Date June 2, 55 *Payee Frank Vollmer
Per ____ Title Operator

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

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$1478.92
Signature Lloyd H. Schneider Authorized Certifying Officer
(Authorized Certifying Officer)
Date JUN 17 1955 Vou. No. SF-DM-EA-33
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. IdmE 766 in accordance with the terms of the contract.

Signature B. H. Shahan Title Mining Engineer Date June 10, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date 6-10-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1551.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JUN 23 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May 195 5 Docket No. DMEA 3541 Contract No. Tdm,-E766
Operator's Name FRANK VOLLMER Minerals MERCURY
Address 2726 RED. CH. BLVD. REDONDO BEACH CAL.

OPERATION	Unit FT	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes	6.30	1971.90	313	—	—	—	1030'	6.30
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1971.90		1971.90				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs								

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

Date June 7. 55 Operator Frank Vollmer

Per _____ Title Operator

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

(Instructions on reverse)

Remarks:

(For Government use only)

B. F. Shuaban, Mining Engineer

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
JUN 23 1955

DMEA Docket 3541
Contract E-766

June 7, 1955

Defense Minerals Exploration Administration
United States Bureau of Mines
Reno
Nevada

Attn: Mr. Ben H. Sheahan

Gentlemen;

The undersigned inspected the Oceanic mine, San Luis Obispo County, California, May 31 and June 1, 1955.

Core hole No. 1 was completed on a course of approximately N 50 E and at a negative dip, or inclination of 10°, length 163'

The core from the above development did not contain cinnabar visible. A rough log of the hole is appended. A sample from 73-78' and from 78' to 80' was taken for panning preliminary to possible assay and split from the core. Mr. Vollmer was instructed to pan the following sands: 73-78', 78-80', 80-85' 85-91, 95-100, 100-105, 132-137'.

Hole No 2, course approximately N 32 E, inclination minus 25° was collared and drilled to 88'. This hole encountered cinnabar bearing material from collar plus 61' to 78'. The mineral was contained in a breccia consisting of Serpentine and sandstone with deposition in the sandstone and calcite. Samples were split from the core and sent for analysis to be reported by Mr. Vollmer Sample No.1- 61-66.5', Sample No.2-66.5 to 72'. Chert noddles ½-1" at center. At 72' typical fault slickenside material.

Hole No. 3 bearing N 32 E at 02° minus inclination had reached a depth of 52'.

Neither hole 2 or 3 will be logged until completion. Almost all sediments contained pyrite and limonite.

C. P. KEEGEL
MINING ENGINEER

Considerable difficulty was reported in drilling due to the loss of water in fissures and from the ravelly nature of the structure.

The position of ore encountered in hole No. 2 may be due to a step fault system as indicated by the flat faults at the adit level or associated with the fissure appearing at the surface, between the drilling site and the surface sampling point.

A considerable change in the course of the drilling development is indicated with steeper holes on a course westerly with bearings from North 10° East to North. The holes directed N 50 to N 70 E had obviously little or no possibility of encountering ore.

A further ore contact warrants an obvious expansion of development, but the completion of present holes in progress is necessary.

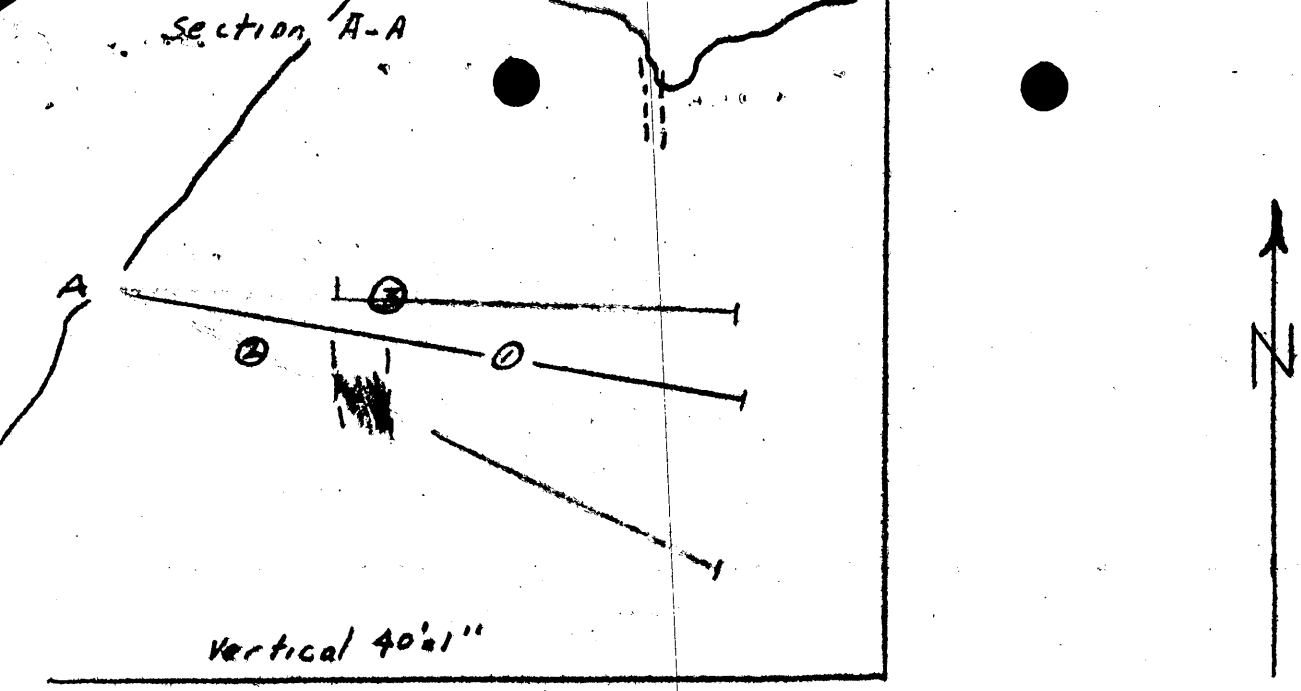
C. P. Keegel

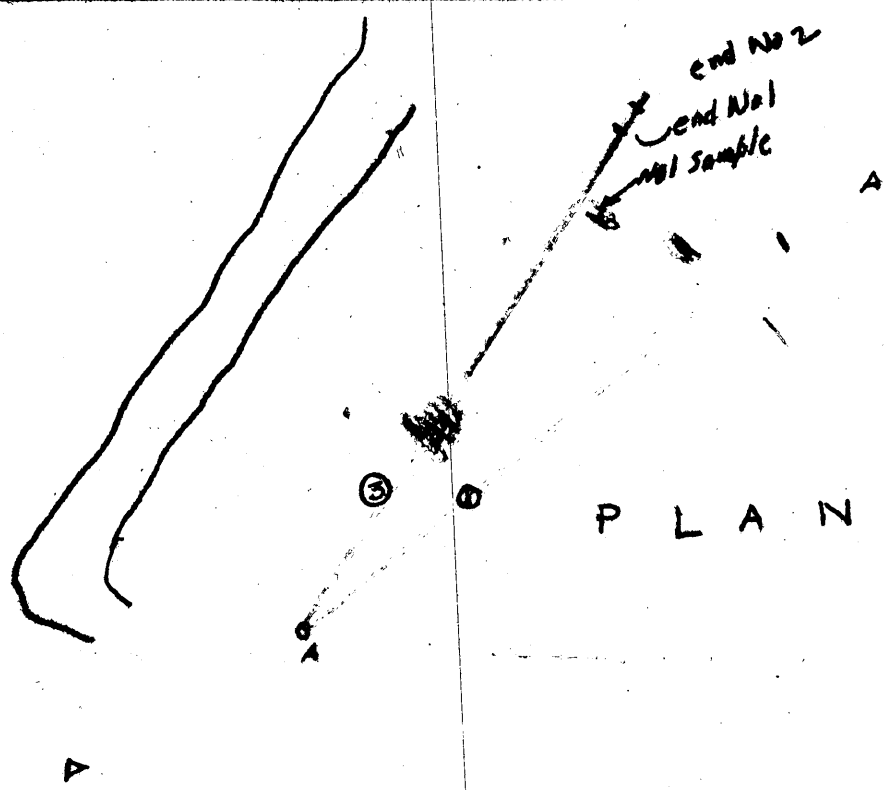
C. P. KEEGEL
MINING ENGINEER

Preliminary Log- Hole No.2.

From	To.	Discription	Appx Core
Collar	32'	Igneous intrusive- unclassified- Diorite ? with shale and ls. cont. heavy pyr. 30-32'	6.5
32	35	shale, ls,shale with pyr. calcite	1'9"
35 40	40	Ls with calcite, pyr, brecciated, serp and ls. mudstone-ss	2'8"
40	45	shale, brecciated serp. & shale, gouge	2'8"
45	55	shale serp. ss.	8"
55	58	shale, serp with pyr. brecc.	1'4"
58	60	shale- ls. brecc.	1'4"
60	64	shale	3'9"
64	67	ls. heavy pyrite, calcite ss	2'3"
67	73	frag. ls. with strong calcite, brecc.ss	1'6"
73	78	sh. breccia, calc. limonite-pyr.	1.0
78	80	ss frag. shale, limonite, pyr	1'6"
80	85	ss as above	1'2"
85	91	as above	3'3"
91	95	ss, start 3" heavy pyr. ls pyr .lim. calc. breccia last 2"	2' 5"
95	100	brec. ss, shale, pyr. limon.	1'8"
100	105	Ls- serp-ss. -mudstone	1'3"
105	107	Serp. Sh. ls. mudstone. fine pyr.	1'0
107	116	sh. ss. pyr.	9"
116	119	ss, shale, serp	1'0
119	122	soft ss fine pyr. gray mudstone or sh.	2'0
122	127	same	3' 9"
127	132	same	1'
132	137	Brecc. Serp mudst. or fine ss.	1'7"
137	168	principally shale some serp. Francise Form	13'2"

Field identification only





OCEANIC MINE

Cambria California June 1, 1955

H 50'=1"

Location of Core Drill Holes →

Completed Drilling

To be completed

Ply bearing zone

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

CERTIFICATION BY THE UNITED STATES OF AMERICA
OF A DISCOVERY OR DEVELOPMENT UNDER
AN EXPLORATION PROJECT CONTRACT

To: Mr. Frank Vollmer
2726 Redondo Beach Boulevard
Redondo Beach, California

Pursuant to the provisions of Exploration Project Contract No. Idm-2766, executed February 28, 1955, (Docket No. DMEA 3541), as amended, hereinafter called the "Contract", between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that a discovery or development from which production may be made has resulted from the exploration.

The nature of said discovery or development is described broadly or indicated as follows:

Diamond drilling and bulldozer trenching on the Oceanic mine claims have indicated the presence of mercury ore occurring as cinnabar-bearing pods and lenses in silica-carbonate rock and serpentine in a mineralized shear zone along and near the Oceanic fault.

THE UNITED STATES OF AMERICA

Dated: FEB 8 - 1957

By C. Mitchell
Administrator, Defense Minerals
Exploration Administration

SPHolt: am 2-4-57
cc to: Docket
Code 400
Admr. Read. File
Oper. Comm.
FT REG II
Messrs. Lamb - Rm. 3608
J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

cc to: Finance Office
Audit Division
Mr. Johnson
Mr. Fredell, GSA

Mr. Ernest Curti and
Mrs. Nina C. Curti

Henry Curti and
Marina Ida Curti

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

FEB 11 1957

Mr. Frank Oliver
2726 Redondo Beach Boulevard
Redondo Beach, California

Re: Docket No. DMEA 3541 - Mercury
Oceanic mine
San Luis Obispo County, California
Contract No. Idm-7766

Dear Mr. Oliver:

Enclosed is a certification of discovery or development which covers all the land described in Article 2 of the contract.

By the terms of the Exploration Project Contract, as amended, and of the certification all minerals mined or produced from February 28, 1955 to February 28, 1966 are subject to the Government's percentage royalty as set forth in the contract until the sum of $4,979.25 is paid.

You should continue making royalty payments, as you have been doing, to Mr. Spangler Ickes, Executive Officer, DMEA Field Team, Region II, 1605 Evans Avenue, Reno, Nevada. Checks should be made to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward check direct to the Executive Officer. Royalty payments to the Government should be accompanied by suitable evidence, such as settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the charge certified to be correct by the purchaser.

You are requested to notify Mr. Ickes of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Ickes at 6-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Mitten

Administrator

Enclosure

SPHolt:sm 2-4-57
cc to: Docket
Code 400
Admr. Read. File
Oper. Corm.
FT REG II

cc to: Messrs. Lamb - Rm. 3608
McMahon - USBM
Eilsgeard, USGS
Audit Division
Mr. Johnson
Ernest Curti and Nina C. Curti
Henry Curti and Marina Ida Curti

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

FEB 11 1957

Mr. Clarence A. Fredell, Acting Director
Technical Services Division
Defense Material Service
General Services Administration
7th and D Streets, S. W.
Washington 25, D. C.

Re: Docket No. DMEA 3541 - Mercury
Frank Vollmer
Oceanic mine
San Luis Obispo County, California
Contract No. Idm-3766

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development issued under the subject contract.

Contract No. Idm-3766 for the exploration of the Oceanic mine mercury deposits was executed February 28, 1955. Expenditures up to $6,639.00 were authorized by the contract as amended, of which the Government's share at 75 percent was $4,979.25. The cost of the work completed was $6,639.00, of which the Government's share was $4,979.25.

The object of the exploration program was to test the possible mercury occurrences in silica-carbonate rock and serpentine in a mineralized shear zone along and near the Oceanic fault. The program employed diamond drilling and bulldozer trenching to explore the mineralized zone.

The contract, as amended, provided for 534 feet of diamond drilling and 180 hours of bulldozer trenching, all of which work was completed.

Mercury ore discovered by project work was estimated by the Field Team as about 200 tons measured and 3,000 tons inferred, total 3,200 tons, averaging 5 pounds of mercury per ton of ore, or a total of about 200 flasks of mercury.

Sincerely yours,

C. O. Hitchcock

Administrator

Enclosure

cc to: Messrs. Lamb - Rm 3608
McMahon - USBM
Killegerd, USGS
Audit Div.
Mr. Johnson

SPHolt:am 2-4-57
cc to: Docket
Code 400
Admr. Read. File
Oper. Comm.
Ft HEO II

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

FEB 11 1957

Mr. Ernest Curti
Mrs. Mina C. Curti
Cambria
San Luis Obispo County
California

Re: Docket No. DMEA 3541 - Mercury
Frank Vollmer
Oceanic mine
San Luis Obispo County, California
Contract No. Idm-5766

Dear Mr. and Mrs. Curti:

Enclosed for your information is a copy of the certification of discovery or development issued as a result of the exploration program under the above-referenced contract. The property as set forth in the contract was referred to in a certain Lease, executed August 4, 1954 by Ernest Curti, Mina C. Curti, Henry Curti and Marina Ida Curti, lessors, and Frank Vollmer, lessee. The same property was also referred to in an Owner's Consent to Lien, executed March 19, 1955 by the above lessors.

Also enclosed is copy of a letter to Mr. Frank Vollmer.

Sincerely yours,

C. O. Mittenbert

Administrator

Enclosures

SPHolt:sm 2-4-57
cc to: Docket
Code 400
Admr. Head. File
Oper Comm.
FT RSO II
Messrs. Lamb - Rm. 3608
McMahon - USBM
Killingsard - USGS
Audit Div.
Mr. Johnson

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

FEB 11 1957

Mr. Henry Curti
Mrs. Marina Ida Curti
Cambria
San Luis Obispo County
California

Re: Docket No. DMEA 3541 - Mercury
Frank Vollmer
Oceanic mine
San Luis Obispo County, California
Contract No. Ion-8766

Dear Mr. and Mrs. Curti:

Enclosed for your information is a copy of the certification of discovery or development issued as a result of the exploration progress under the above-referenced contract. The property as set forth in the contract was referred to in a certain Lease, executed August 4, 1954 by Ernest Curti, Nina C. Curti, Henry Curti and Marina Ida Curti, lessors, and Frank Vollmer, lessee. The same property was also referred to in an Owner's Consent to Lien, executed March 19, 1955 by the above lessors.

Also enclosed is copy of a letter to Mr. Frank Vollmer.

Sincerely yours,

C. O. Mitten

Administrator

Enclosures

SPHolt:am 2-5-57
cc to: Docket
Code 400
Admr. Hend. File
Oper. Coms.
FT REG II
Messrs. Lamb - Rm. 3608
McMahon - USBM
Killsgaard - USGS
Audit Div.
Mr. Johnson

Governm[illegible]'s Copy

EXPLORATION PROJECT CONTRACT
FRANK VOLLMER
DOCKET NO. DMEA-3541

Amendment No. 1

It is agreed this 6th day of March, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Frank Vollmer, that Exploration Project Contract No. Idm-E766 (Docket No. DMEA-3541), dated February 28, 1955, is amended as herein specified:

1. On page 1 of Exhibit "A" of the Contract, under Description of the Work, delete the second and third paragraphs and substitute the following three paragraphs:

The work consists of bulldozing an access road to a diamond-drill site near the center of the common end line of patented lode claims Lot 38 and Lot 39, diamond drilling therefrom, and surface bulldozer-trenching.

Four (4) diamond-core holes shall be drilled as follows:

Hole	Approximate Bearing	Approximate Dip	Depth of Hole
1	N 30° E	Horizontal	163 feet
2	N 50° E	Horizontal	177 feet
3	N 70° E	Horizontal	143 feet
4	N 30° E	-20°	201 feet
		Total footage	684 feet

The area, shown in brown on the map entitled "Oceanic Mine, San Luis Obispo County, California," numbered DMEA-3541 (Mercury) and attached hereto and made a part hereof, which is approximately 200 feet by 70 feet between the haulage road and the outcrop of silica-carbonate rock in the main open cut, shall be trenched with a D-8 bulldozer. The trenching shall start at the intersection of the silicified portion of the shear zone and the haulage road and proceed along a bearing of S 55° E so as to expose the shear zone to the main open cut.

2. On page 2 of Exhibit "A" of the Contract, the paragraph under the heading Fixed Unit Costs, is changed to read as follows:

RECEIVED

684 feet diamond-core drilling @ $6.30/lineal foot	$4,309.20	
180 hours trenching with a D-8 Bulldozer @ $12.94/hour (rounded to)	2,329.80	
Estimated Total Cost		$6,639.00
Government Participation @ 75%		$4,979.25

3. The time for completion of the work, as specified in Article 3 of the Contract, is hereby extended from August 1, 1955, to August 1, 1956.

4. The period for royalty payments and liens to secure the payment thereof, as specified in Article 7 of the Contract, is extended to eleven years.

This amendment shall not be construed to increase the estimated cost of the project, the aggregate total amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

Frank Vollmer
Frank Vollmer

Docket No. ~~DMEA - 3541~~

Commodity ~~Mercury~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E ~~766~~

Date of Contract ~~or Amendment:~~ Feb. 28,1955

Name and Address of Operator:

Frank Vollmer
Oceanic Mine
San Luis Obispo, California

Amount of Government participation ____ $ 4,979.25

Percent of Government participation ~~75~~ %

Region: 11 State: California

(Name)

J. L. Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington.

2/28/55

54458

Government's copy

RECEIVED

MF-200A
(Revised June 1954)

Docket No. DMEA - 3541

Commodity Mercury

Contract No. Idm-E - 766

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

It is agreed this 28th day of February, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Frank Vollmer,

whose mailing address is 2726 Redondo Beach Blvd.
Redondo Beach, 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 San Luis Obispo, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] lessee-optionee of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] - recorded 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: .....

(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: Owner's Consents to Lien signed by Ernest Curti and wife, Mina C., and Henry Curti and wife, Marina Ida.

[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 Mercury. The work to be performed is described in Exhibit "A." The Operator on or before April 1, 1955 shall commence the work, and on or before August 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 $6,639.00. The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $4,979.25: *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.

Frank Vollmer
(Operator)

THE UNITED STATES OF AMERICA

By O. Mitchendorf
Administrator, Defense
Minerals Exploration
Administration

~~By~~

Frank Vollmer
operator

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
FRANK VOLLMER
DOCKET NO. DMEA-3541

RECEIVED
MAR 24 1955

ANNEX I

The land referred to in Article 2 of the Contract consists of three parcels of land in T. 27 S., R. 9 E., M. D.B.&M., San Simeon Mining District, and in the County of San Luis Obispo, California, as follows:

Parcel 1

The entire interest in three patented lode mining claims located in sections 15 and 16, and recorded, on August 30, 1899, in Volume "G" Book of Patents, as follows:

Lot No. 40, "Sulphur Springs Quicksilver," at page 288.

Lot No. 38, "Second Claim Quicksilver," at page 298.

Lot No. 39, "Bristoll and Morss Quicksilver," at page 293.

These claims are shown on a map, "Figure 1," attached hereto and made a part hereof.

Parcel 2

The mineral rights in:

✓ SE$\frac{1}{4}$ of NW$\frac{1}{4}$ of Section 16

✓ S$\frac{1}{2}$ of NE$\frac{1}{4}$ of Section 16

✓ SE$\frac{1}{4}$ of Section 16

✓ N$\frac{1}{2}$ of NE$\frac{1}{4}$ of Section 21

recorded in Liber 74 of Deeds, at page 605 et. seq.

Parcel 3

The mineral rights in the N$\frac{1}{2}$ of NW$\frac{1}{4}$ of NW$\frac{1}{4}$ of the NE$\frac{1}{4}$ of Section 16.

The above three parcels of land were leased by an instrument dated August 4, 1954, by Ernest and Henry Curti, and their wives, to the Operator for a period of 10 years, renewable for a like term. The Operator, under said instrument, also has the option to purchase the land during the term of the lease.

EXPLORATION PROJECT CONTRACT
FRANK VOLLMER
DOCKET NO. DMEA-3541

EXHIBIT "A"

Description of the Work

The object of this project is to explore, at depth, a mercury-bearing serpentine and silica-carbonate deposit which has been exposed on the surface in a trench, cut with a bulldozer, along the strike of the "Oceanic Fault" contact zone (see Figure 2 attached).

The work consists of bulldozing an access road to a diamond-drill site near the center and common end lines of the patented lode claims Lot 38 and Lot 39; and diamond drilling therefrom.

Six (6) diamond-core holes shall be drilled, as follows:

Hole	Approximate Bearing	Approximate Dip	Approximate depth of hole
1	N 30° E	Horizontal	160 feet
2	N 50° E	"	160 "
3	N 70° E	"	180 "
4	N 30° E	- 20°	170 "
5	N 50° E	"	170 "
6	N 70° E	"	190 "

Total footage--approximately 1,030 feet

The approximate location of the drillsite and direction of the drill holes are shown on a map entitled "Figure 2, Oceanic Mine, San Luis Obispo County, California," attached hereto and made a part hereof.

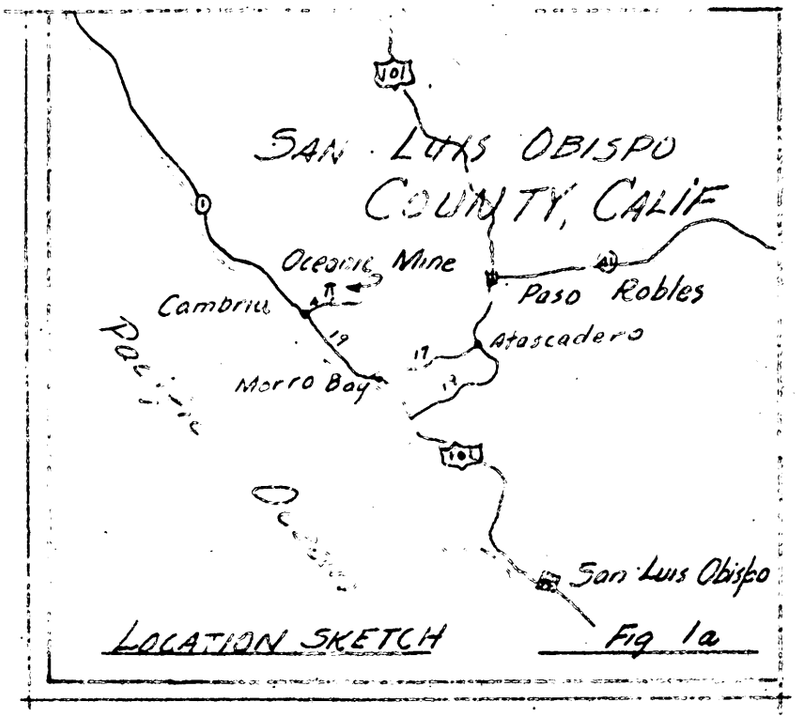
Both drill core and cuttings shall be saved for study or analysis. All core and cuttings recovered

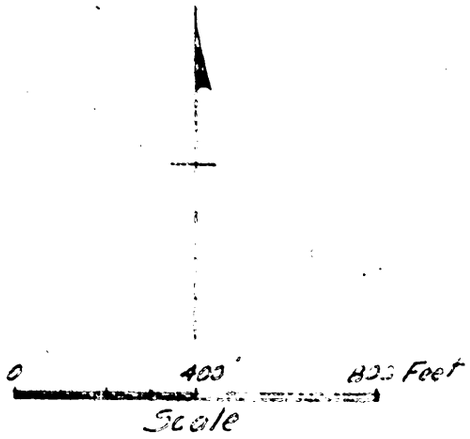
shall be split into two halves, and one-half shall be retained by the Operator who shall have all mineralized sections of the core and the cuttings assayed for their mercury content. The other half of the core and the cuttings shall be stored for the use of the Government.

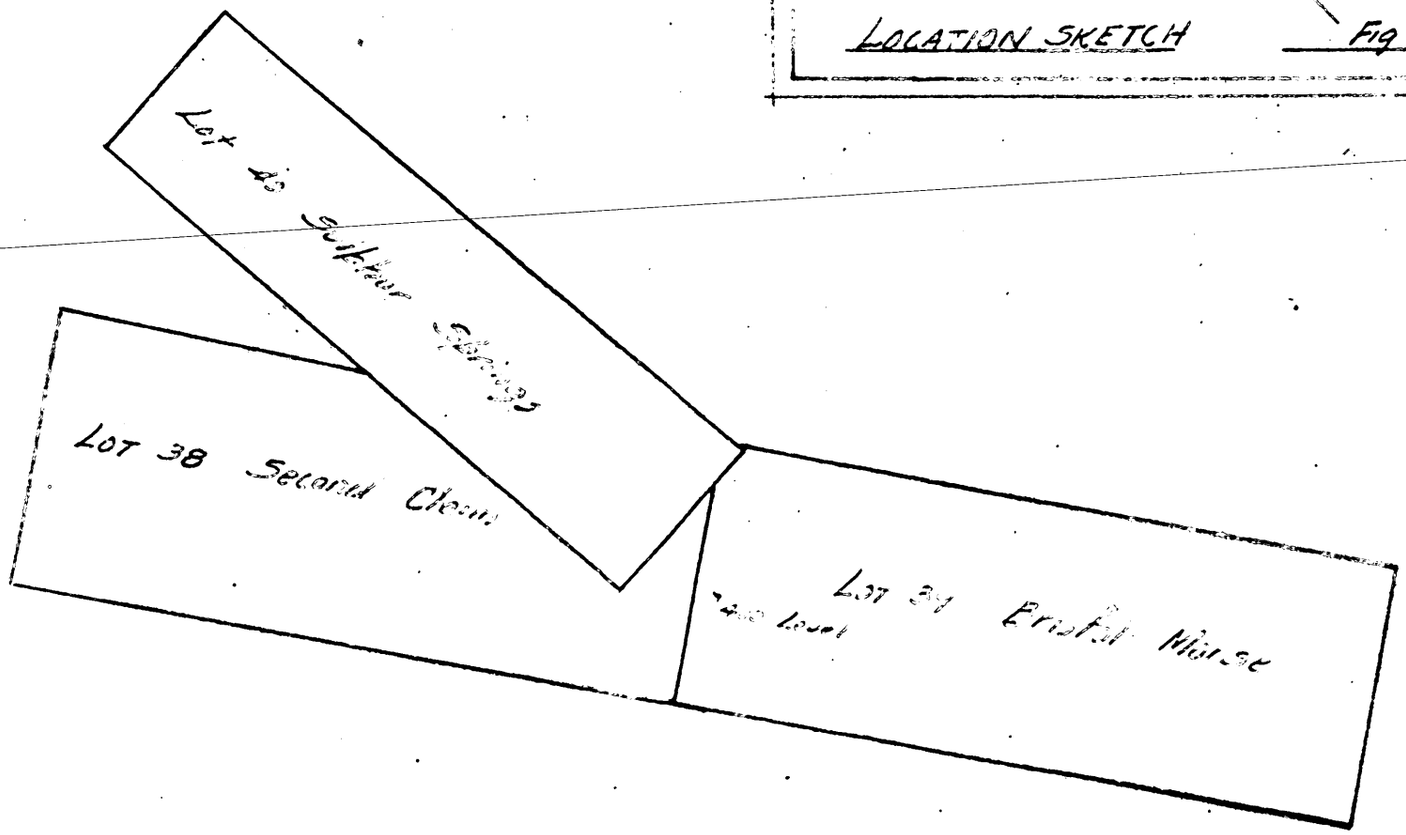
The first 10 feet of each diamond drill hole shall be started NX core size and thereafter shall be drilled BX core size to the bottom. However, with prior written approval of the Government the core sizes may be reduced from NX to BX and from BX to AX. The location, inclination, direction, and extent of all drilling are subject to Government approval.

Fixed Unit Costs

1,030 feet diamond-core drilling @ $6.30 per lineal foot	$6,489.00	
30 mercury assays @ $5.00 each	150.00	
Estimated Total Cost of Project		$6,639.00
Government participation @ 75%		$4,979.25







Location Sketch & Claim Map Oceanic Mine, San Luis Obispo Co. Calif.
DMEH 3541 (Mercury) (From Alpine to Map.)

Figure 1a & 1b

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

APR 24 1955

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of California, County of SanLuisObispo, described ~~as follows:~~ 1/ in a lease dated Aug.4.1954 recorded Nov.17.1954 in book 13519 Vol.779 page 467 official records of said county

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

2/ ~~Frank Vollmer, 2726 Redondo Beach Blvd. Redondo Beach Calif.~~

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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

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

2. To secure the payment to the Government of the percentage royalty on production 3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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

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

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

(OVER)

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

4. Changes and added provisions In paragraph 2 the words "the period fixed in the contract or any amendment thereof has" are substituted for "ten years have."

Dated this 19 day of March, 1955.

Henry Curti [Seal]

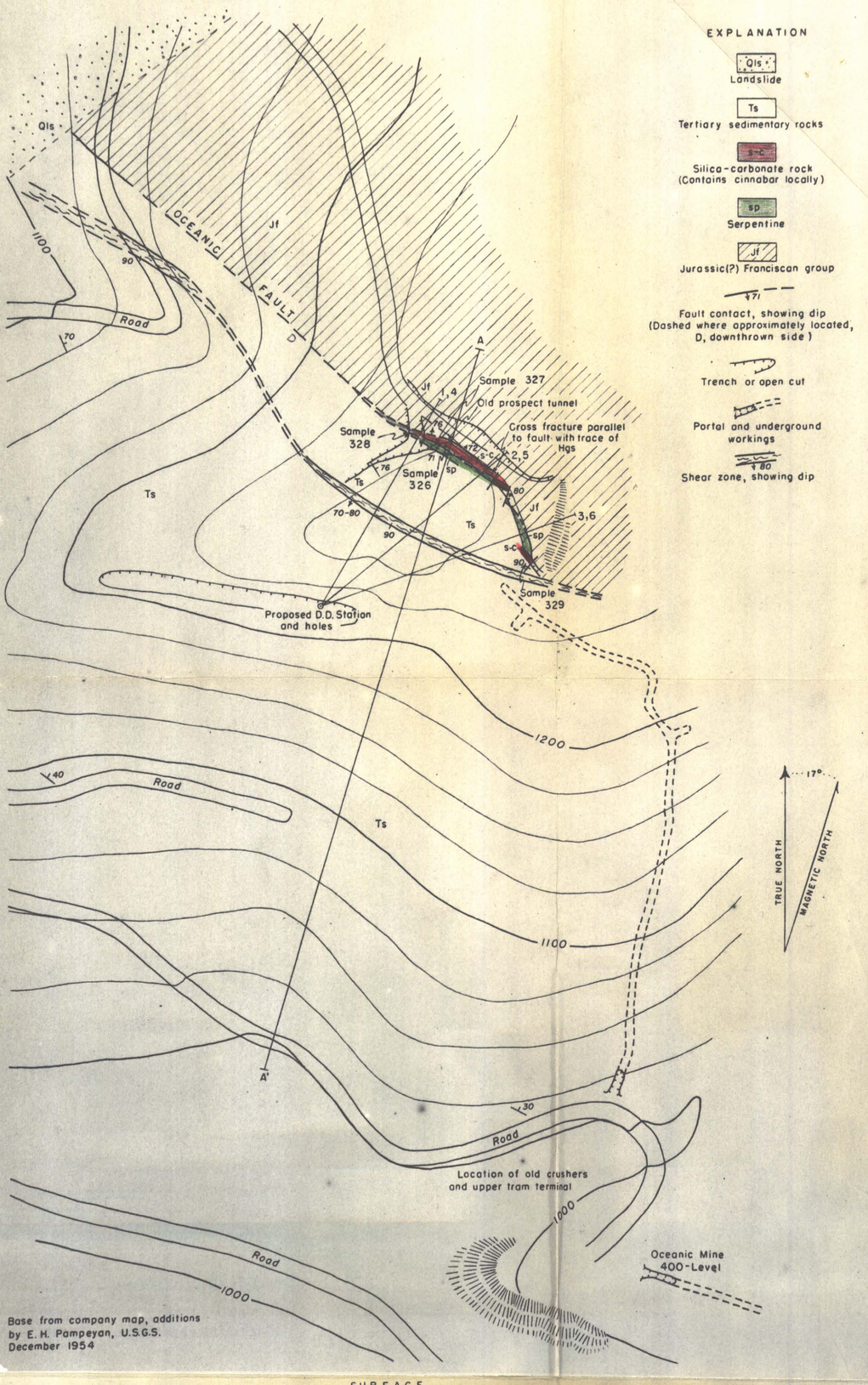
Ernest Curti [Seal]

Nina Curti [Seal]

Marina Curti

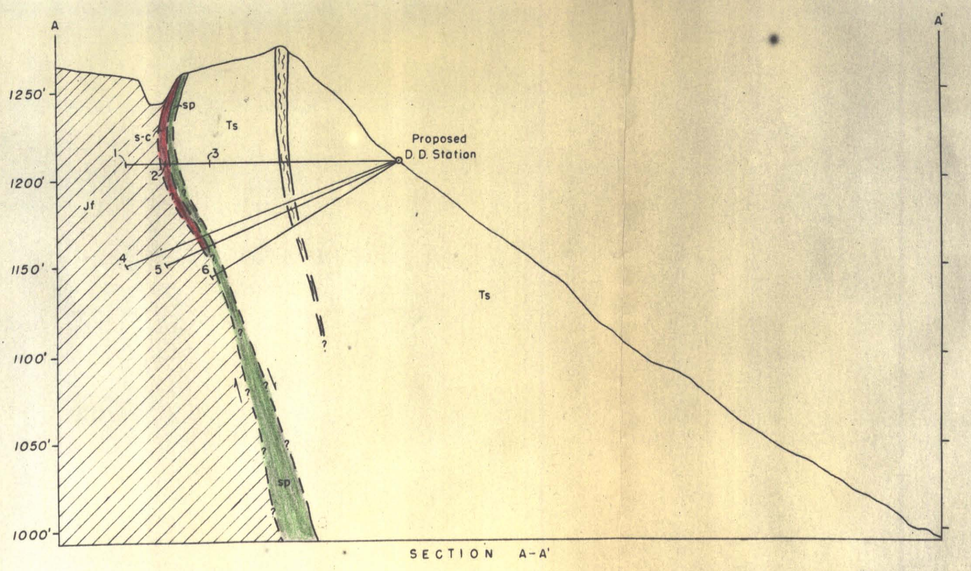
UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 3541
(MERCURY)



Base from company map, additions by E. H. Pampeyan, U.S.G.S. December 1954

SURFACE



SECTION A-A'

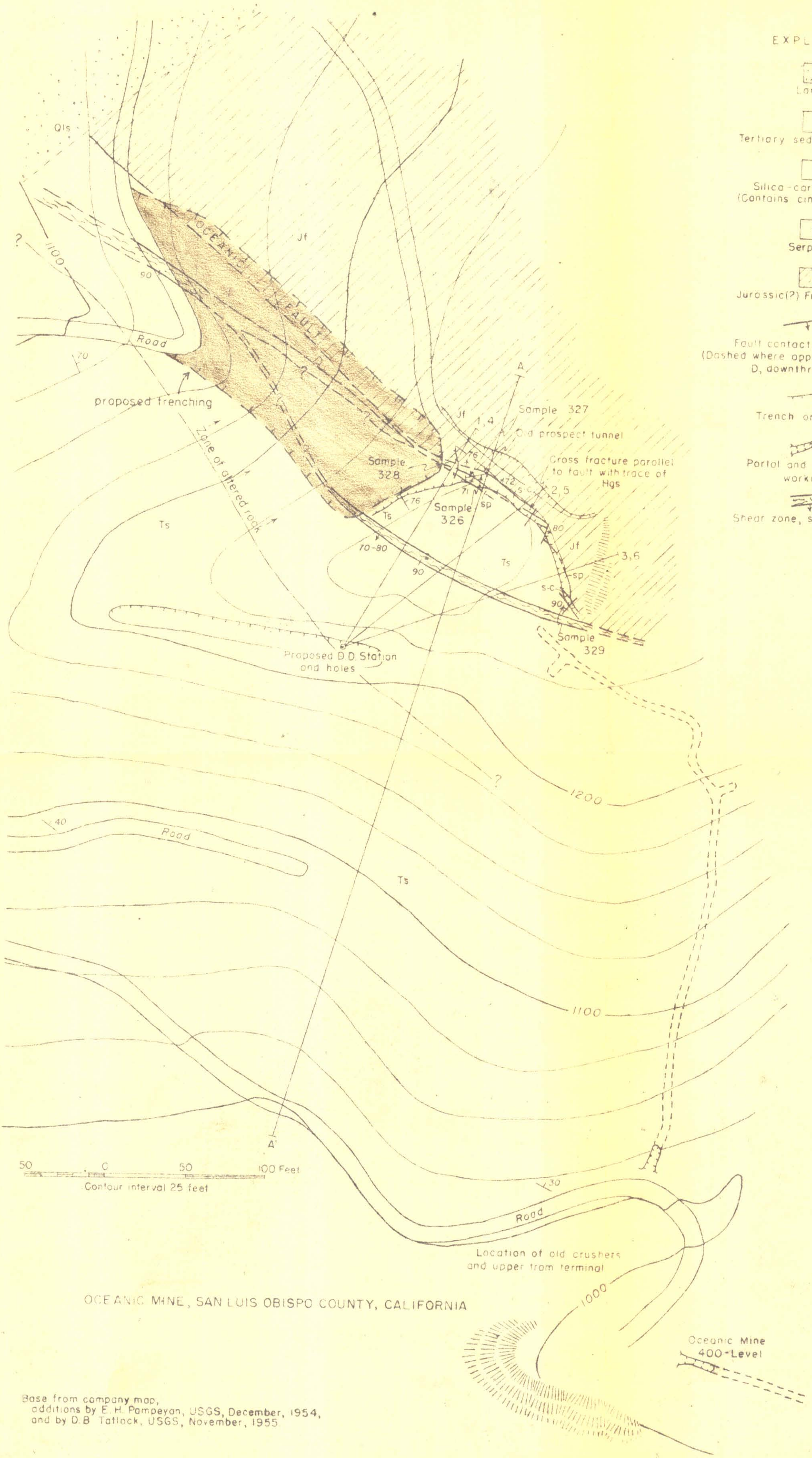
OCEANIC MINE, SAN LUIS OBISPO COUNTY, CALIFORNIA

0 50 100 150 Feet

FIGURE 2

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 3541
(MERCURY)



OCEANIC MINE, SAN LUIS OBISPO COUNTY, CALIFORNIA

Base from company map,
additions by E. H. Pampeyan, USGS, December, 1954,
and by D. B. Tatlock, USGS, November, 1955