DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE | Idm-E NO._____ | DMEA NO. 4177

Application
- [ ] Denied
- [ ] Withdrawn

Contract 19 NOV 1957 1155
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified

- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [x] Royalty Audits
- [x] Certification of Discovery] pseudo in T.A.
- [x] Closing Letter
- [x] Cost Audits 5-23-60
- [x] Termination Notice or Agreement]
- [ ] Recision Notice]
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [x] Project summary (final)
- [x] Work Comoleted analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab) 9-4-59
- [x] Operator's Final Report (Tab) waived 12/30/59
- [x] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [ ] Field Team Semi-Annual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No._____: Maps (Use pocket folder or envelope)

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty material

17963

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-E1155, Docket DMEA-4777 (mercury), dated November 19, 1957, with

H. L. M. Mining Company
c/o John J. Lukanish
33 Beechwood Drive
Piedmont, 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 Aetna Springs Resort Area located in Napa County, California, during the period November 19, 1957, through July 12, 1960.

In accordance with the Termination Agreement, Amendment No. 1, and Article 6 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 May 23, 1960, indicated accepted costs under the exploration contract amounting to $975.00 with the Government's contribution on a 75 percent basis being $731.25.

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 for the period. Accordingly, as of July 12, 1960, the royalty account of this project was found to be:

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

E. D. Talbert, OME Auditor

June 5, 1962

Idm-E1155 H. L. M. Mining Company DMEA-4777

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

A Termination Agreement dated August 18, 1959, and effective February 20, 1959, provides that the Operator (a partnership of Alexander R. Hiland, John J. Lukanish, and Philip Mumko), 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 under the contract. The land consists of the W½ of sec. 1 and the NW¼ of sec. 12, T. 9 N., R. 6 W., Mount Diablo Base and Meridian, held by the Operator, at the time the contract was executed, under an April 1, 1957, lease from George B. and Ruth V. Heibel, Pope Valley, California. In consideration of the contract the landowners executed a Consent to Lien and Subordination Agreement on February 2, 1958.

On March 5, 1959, the Operator terminated its lease and some time later dissolved the partnership. Shortly thereafter one of the partners, John J. Lukanish, together with F. A. Devlin and a Mr. MacIvor, formed a partnership doing business under the same name. The new partnership was unsuccessful in an attempt to obtain an assignment of the contract from the Operator and, therefore, a lease obtained by Mr. Devlin was terminated.

On February 1, 1960, Elio R. Giusti leased the property and performed some work thereon. On June 30, 1961, Mr. Giusti and Robert Gary Baker, d/b/a Aetna Springs Mine, executed exploration Contract 14-23-090-2127, Docket OME-6117, which includes a portion of the land under this contract. Therefore, any production from such portion is subject to the royalty provisions of both contracts.

No minerals were produced during the exploration work under this DMEA contract. However, during a conference with the Acting Field Officer, OME Region II, on July 12, 1960, Mr. Giusti reported his installation of a small furnace, production of a small quantity of ore from an area adjacent to old workings, and hopes to produce a small quantity of mercury.

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 no sales of production through 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 royalty which might be disclosed.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Report of:

H. L. M. Mining Company
Aetna Springs
Pope Valley, California

pertaining to Exploration Project Contract Idm-E1155, DMEA No. 4777, including Amendment No. 1, for April, May, and June 1958, covering a mercury project in the Aetna Springs Resort Area, Napa County, California.

My review included an examination of the Monthly Report (Form MF-104) and supporting documents, comparison of the claimed costs with the contract and pertinent schedules, confirmation of work performed by reference to Field Team reports and correspondence, 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 reason that:

All of the acceptable costs were under a contract provision for contribution by the Government on the basis of fixed unit costs of work performed.

The findings of this review are stated in the following summary:

Total cost billed by Operator		$975.00
Exceptions:		
Prior to this review	$ -0-	
Herewith	-0-	-0-
Total acceptable cost		$975.00

The contract calls for a 75 percent contribution of the allowable costs by the Government. Therefore, if the project is otherwise accepted as having met the terms of the contract, payments as follows are valid and proper:

Payable on audited claim	$731.25
Paid to date	731.25
Balance due Operator	$ -0-

E. D. Talbert, OME Auditor

May 23, 1960

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/8/69		120
		220

AIRMAIL

MAY 8 1969

Mr. George B. Heibel and
Mrs. Ruth V. Heibel
Aetna Springs
Pope Valley, California 94567

Re: DMEA-4777 (Mercury)
H.L.M. Mining Co.
Aetna Springs Resort Area
Napa County, California
Contract Idm-K1155

Dear Mr. and Mrs. Heibel:

By the terms of the subject Exploration Project Contract, as amended, and Paragraph 5 of the Termination Agreement, all minerals mined or produced from November 19, 1957, to November 19, 1968, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract.

This refers to the Consent to Lien and Subordination Agreement signed by you on February 2, 1958.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Economic Geology File
Branch of Budget and Finance
OME docket
OME Reading File
OME Region II
Mr. Kirkemo
130

GLAult/a 5-8-69

Government's copy

AUG 1959
BUREAU OF MINES
DIVISION OF
MINERAL RESOURCES
REGION

8/12 J Lynch
Hoffland
Appd. Sol. Off.
Holt
Neisman
Talbert
Selfridge

TERMINATION AGREEMENT

It is agreed this 18th day of August, 1959, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government", and H.L.M. Mining Company, a partnership, hereinafter called the "Operator", parties to that certain Exploration Project Contract No. Idm-E1155 (Docket No. DMEA-4777), dated November 19, 1957, as amended, hereinafter called the "Contract", that:

1. Effective February 20, 1959, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

4. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this Termination Agreement.

5. The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain its interest in the land), shall pay to the Government the royalty on production provided for in the Contract in the same manner and amount, and for the same period, and subject to the same conditions provided in the Contract, as if certification of discovery or development had been made, such certification being hereby waived by the Operator.

6. All rights of the Government respecting reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayment, are preserved.

AUG 1959
BUREAU OF MINES
DIVISION OF
MINERAL RESOURCES
REGION II

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Acting Director, Office of
Minerals Exploration

H.L.M. MINING COMPANY

By Alexander R. Hiland Partner
Alexander R. Hiland

By John J. Lukanish Partner
John J. Lukanish

By Philip C. Munko Partner
Philip C. Munko

Government's copy

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 15 1958
DATE | INITIALS | CODE

Long
Chapman
Selfridge

EXPLORATION PROJECT CONTRACT
H.L.M. MINING COMPANY
DOCKET NO. DMEA-4777

AMENDMENT NO. 1

It is agreed this 19th day of August, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and the H.L.M. MINING COMPANY, that Exploration Project Contract No. Idm-E1155 (Docket No. DMEA-4777), dated November 19, 1957, is amended as follows:

The date fixed in Article 1 of the Contract for completion of the work is extended from August 19, 1958, to February 19, 1959.

The maximum period for royalty payments and the lien to secure the payment thereof, provided for in Article 6 (b)(2) of the Contract, is extended from ten (10) to eleven (11) years from the date of the Contract.

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

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals
Exploration Administration

H.L.M. MINING COMPANY
By [signature]
Title [signature]

EXPLORATION PROJECT CONTRACT
H.L.M. MINING COMPANY
DOCKET NO. DMEA-4777

JUSTIFICATION

(for Amendment No. 1)

Heavy rains in the area made surface trenching next to impossible and the Operator had to discontinue work. These were conditions over which the Operator had no control, and there is justification for requesting an extension of time. The project is in two stages and any part or all of Stage II depends on prior work and requires approval of the Government. If the results of work on Stage I justify the continuation of the work it is to the interest of the Government to grant an extension of time.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

1605 F[illegible]ans Avenue
R[illegible] Nevada

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DMEA
RECEIVED SEP 2 1958

DATE	INITIALS	CODE
9/2	C	220
9/2	[illegible]	800
9/3	[illegible]	400

August 28, 1958

Mr. John J. Lukanish
H. L. M. Mining Company
Aetna Springs Resort
Pope Valley, Napa County
California

Re: Docket No. DMEA-4777 ~~(Uranium)~~ Mercury
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

Dear Mr. Lukanish:

Upon receipt from you of executed copies of Amendment No. 1 to referenced contract, which was sent to you on August 25, 1958, you will have the Government's approval to proceed with shaft-sinking under Stage II of the contract. The location of shaft shall be at point chosen by our geologist, H. K. Stager, during his visit to the property on August 5, 1958.

Very truly yours,

S. RICKER

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

Copy to:
Operating Committee, DMEA, Washington, D.C.
R. M. Smith, USGS
Finance Officer, Reg. II
Geo. Mayor

WORK AUTHORIZATION

Note cy Glenn G. Gentry memo May 31, 1960,
to Fiscal Section and attachments, re Operator's
address

11/19/68

Government's Copy

MF-200A
(Rev. April 1956)

DMEA
RECEIVED FEB 19 1958
DATE | INITIALS | OFFICE

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

DMEA No.	*Commodity*	*Contract No. Idm–E*	*County*	*State*
4777	Mercury	1155	Napa	California

It is agreed 19 NOV 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and H. L. M. Mining Company, a partnership composed of Alexander R. Hiland, John J. Lukanish and Philipp Munko

whose mailing address is Aetna Springs, Pope Valley, California

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) 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 Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before March 15-1958, and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 9 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $16,520.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $12,390.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interests of Lessors as set forth in lease

(b) 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: Consent to Lien and Subordination Agreement of Lessors

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. 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 will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *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 all pertinent books, documents, papers, and records of the Operator.

(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 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(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 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 7. *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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

.....

.....

.....

.....

.....

.....

Executed in sextuplicate the day and year first above written.

H. L. M. MINING COMPANY

By Alexander R. Hiland Partner
Alexander R. ~~xxxxx~~ Hiland

By John J. Lukanish Partner
John J. Lukanish

By Philip C. Munko Partner
Philipp Munko

THE UNITED STATES OF AMERICA

By C. Mittendorf
Administrator, Defense Minerals
Exploration Administration

Long
Sawyer
Approved
Chapman
Martin
Chambers
Martin
Johnson

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: 1956—O-383069

EXPLORATION PROJECT CONTRACT
H. L. M. MINING COMPANY
DOCKET NO. DMEA 4777

ANNEX NO. 1

The land referred to in Article 2 of the contract consists of the west half of section 1, and the northwest quarter of section 12, T. 9 N., R. 6 W., Mount Diablo Base and Meridian, Napa County, California.

This area, which is outlined on the attached Figure 2 map, is a portion of a 1500 acre tract. The operator is in possession of said tract by virtue of a lease dated April 1, 1957 from George B. and Ruth V. Heibel.

A Consent to Lien and Subordination Agreement executed by the lessors is attached.

EXPLORATION PROJECT CONTRACT
H. L. M. MINING COMPANY
DOCKET NO. DMEA 4777

EXHIBIT A

Description of the Work

Attached maps are as follows:

Figure 1 - Index Map of Lake, Mendocino, Napa and Sonoma Counties, California

Figure 2 - Map of Aetna Springs Resort Property, Showing Prospected Areas, Napa County, California

Figure 3 - Geologic Map of Heibel Prospect Area and Area South to Valley Mine Shaft, Napa County, California

The work shall be divided into two stages. The Operator shall complete Stage I, and shall perform as much of the Stage II work as is approved in writing in advance by the Government.

Stage I

The work, at the operator's option, shall consist of either bulldozing or backhoeing, three cross trenches easterly and westerly approximately 100 feet in length, and one trench northerly and southerly approximately 150 feet in length, cutting the cross trenches at right angles as indicated on Figure 3. The trenches are to be not less than six feet in width and approximately six feet in depth with total trenching not to exceed 450 lineal feet. The bottom of the trenches shall be drilled and blasted as necessary to produce a clean bottom for visual inspection and sampling.

Mineralized zones shall be sampled and assayed for mercury.

Stage II

At a site to be selected by the Operator and the Government sink a two compartment shaft a distance of 80 feet. The shaft shall be not less than 4 feet by 7 feet in the clear of timber.

From the 70 foot level of the shaft, drift and/or crosscut 200 feet. The directions of this work shall be agreed upon by the Operator and the Government. The drifts and/or crosscuts shall not be less than 4 feet by $6\frac{1}{2}$ feet in the clear and shall be timbered as necessary.

Mineralized zones shall be sampled and assayed for mercury.

ESTIMATED COST OF THE PROJECT
Fixed Unit Costs

Stage I

Bulldoze or backhoe 450 feet of trenches 48 hours at $10.00 per hour	$480.00	
Drilling and blasting of bottom of trenches, 450 feet approximately 6 feet wide at $1.20/ft.	540.00	
Assaying 50 samples for mercury at $3.00 each	150.00	
Estimated cost of Stage I		$1,170.00

Stage II

Sinking shaft 80 feet at $80.00/ft. To include cost of hoist, headframe, etc.	$6,400.00	
Drifting and/or crosscutting, 200 feet at $37.00/ft.	7,400.00	
Timbering 200 feet at $7.00/ft.	1,400.00	
Assaying 50 samples for mercury at $3.00 each	150.00	
Estimated cost of Stage II		$15,350.00
Estimated total cost of project		$16,520.00
Government participation 75 percent		$12,390.00

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA-4777
(Mercury)

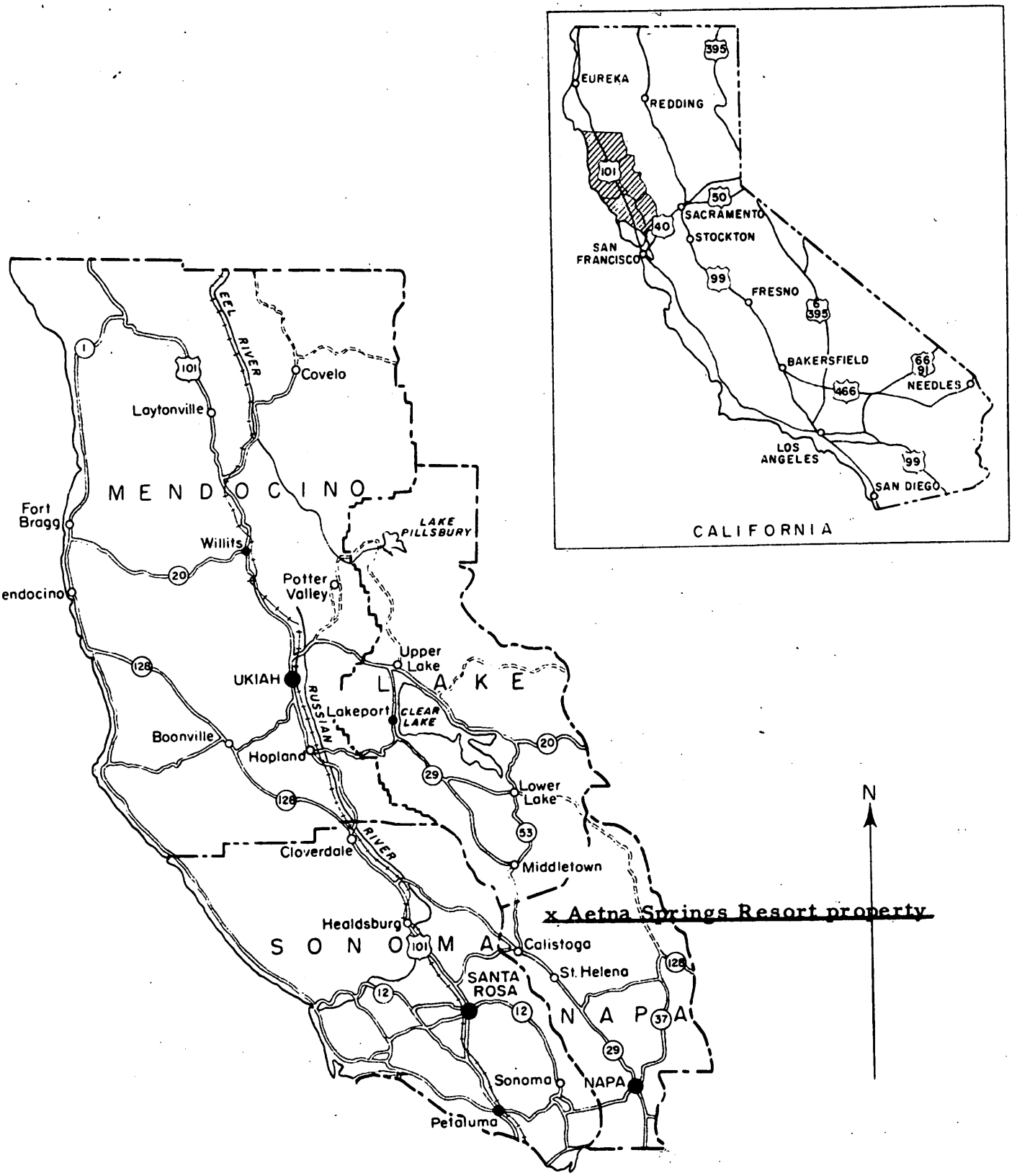


Figure 1. INDEX MAP OF LAKE, MENDOCINO, NAPA, AND SONOMA COUNTIES, CALIFORNIA

0 20 40 60 Miles

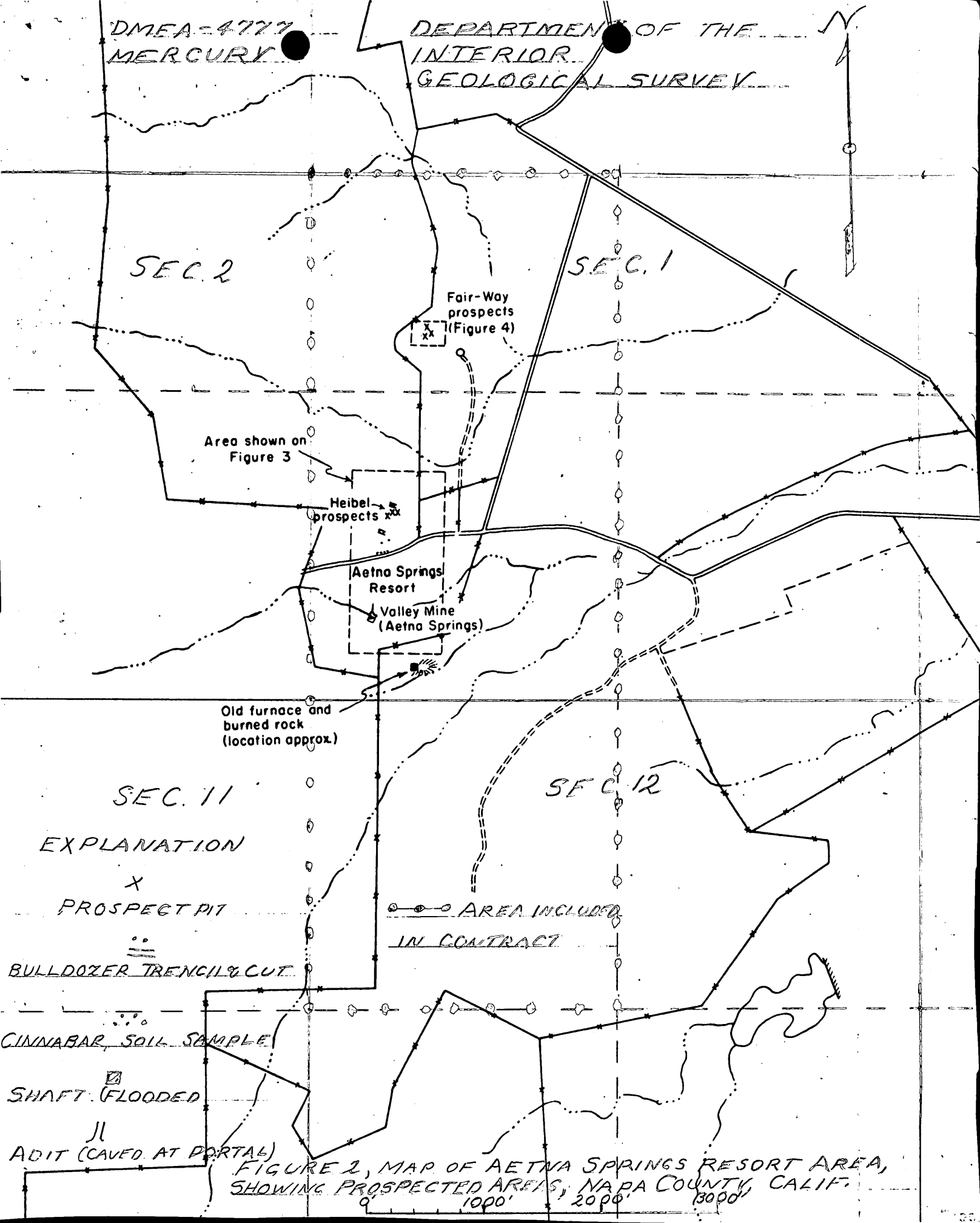
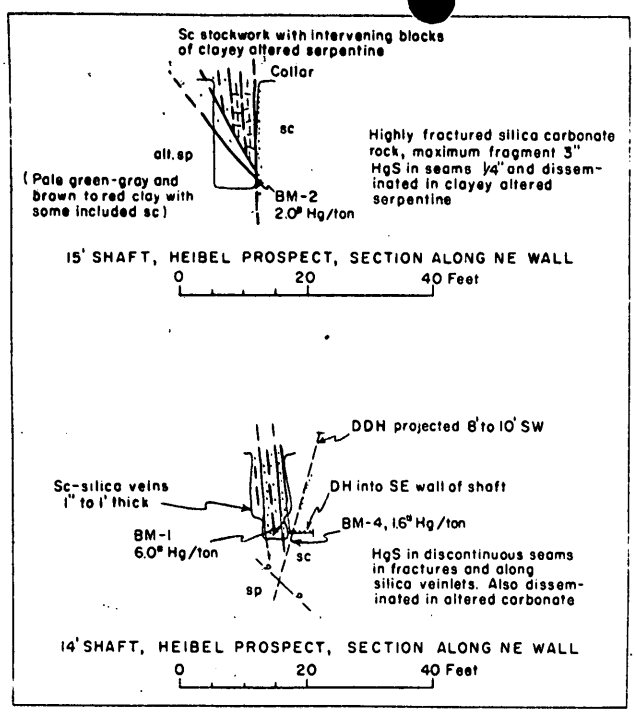
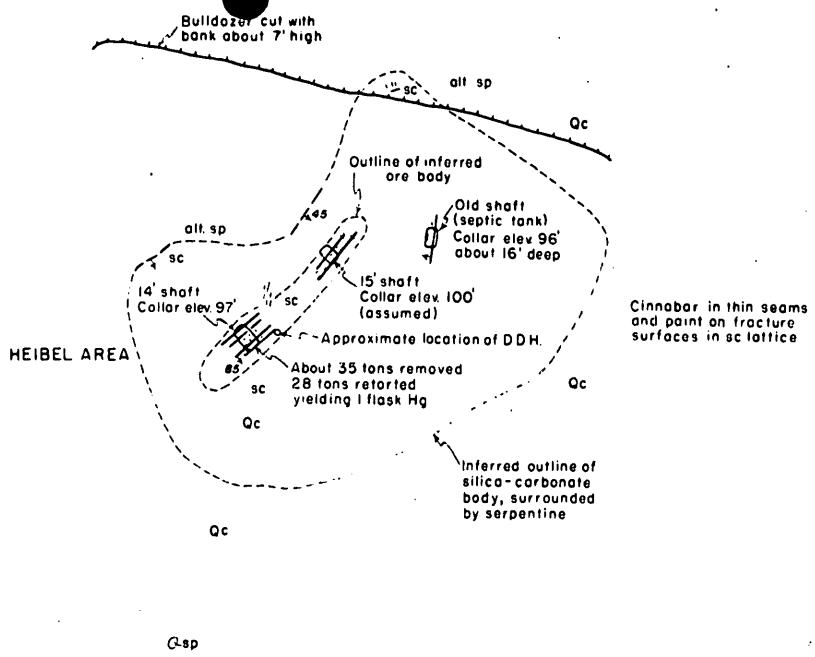


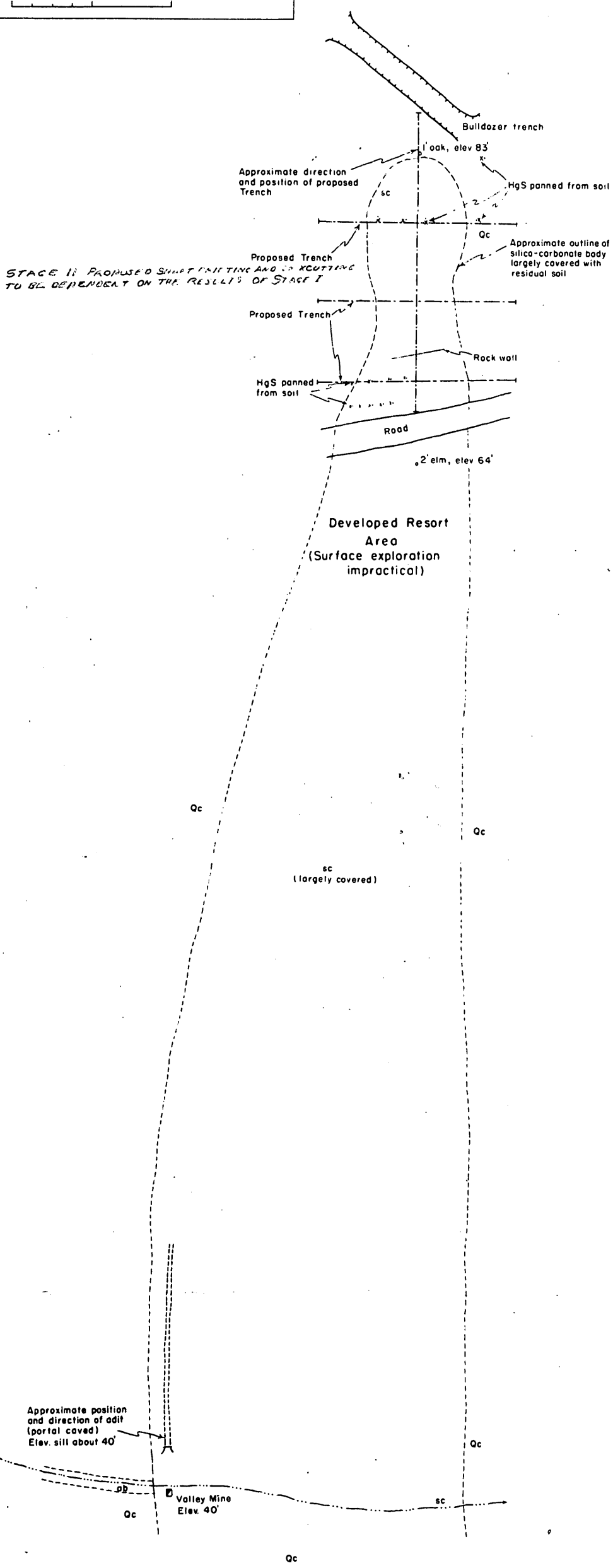
FIGURE 2, MAP OF AETNA SPRINGS RESORT AREA, SHOWING PROSPECTED AREAS, NAPA COUNTY, CALIF.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 4777
(MERCURY)







EXPLANATION

Qc — Alluvium, talus, and residual soil cover Abundant

sc — Silica carbonate rock Chiefly as lattice of vertical and horizontal veins and veinlets bounding blocks of clayey altered serpentine

alt sp — Clayey altered serpentine possibly a weathering product

sp — Serpentine

ab — Andesitic or basaltic rock, altered

Geology by R.H. Campbell and R.M. Smith, August 1957

Figure 3. GEOLOGIC MAP OF HEIBEL PROSPECT AREA AND AREA SOUTH TO VALLEY MINE SHAFT
NAPA COUNTY, CALIFORNIA

0 40 80 120 160 Feet

MF-205
(Combines and supercedes MF-[illegible] and MF-203)
June 1956

[illegible]r Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date

RECEIVED FEB 1[illegible] 1956 DMEA

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of NAPA, State of CALIFORNIA, described as follows: 2/

W 1/2 Sec. 1, and NW 1/4, Sec. 12, T. 9 N., R. 6 W., M.D.B.&M.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

NONE

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

2/ 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 May 8, 1957 (V1217), and recorded in Book 542, Page 487, 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 2 day of Feb, 1958.

George B. Heibel	[Seal]	Cetna Springs	[Address]
Ruth D. Heibel	[Seal]	Cetna Springs	[Address]
(Heibel	[Seal]	Calif	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
1605 Evans Avenue
Reno, Nevada

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 3 1957

DATE	INITIALS	CODE

July 1, 1957

Memorandum

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

From: Executive Officer, DMEA Field Team, Region II

Subject: Loan Application
H.L.M. Mining Co.
Aetna Springs Resort
Napa County, California

Enclosed are three sets of MF-103 Application for Aid forms relative to above-referenced subject. The fourth set has been retained in our files.

S. Ricker

Encls.

Form MF-103
Revised Feb. 1957

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1035.3
Approval expires June 30, 1958

APPLICATION FOR AID IN AN EXPLORATION PROJECT

PURSUANT TO DMEA ORDER I, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

NAME OF APPLICANT (Full legal name and mailing address as it should appear on contract if one is executed)

H. L. M. MINING CO.
Aetna Springs - Pope Valley - California
Alexander R. Hiland
John J. Lukanish
Philipp Munko

RECEIVED JUL 3 1957 D.M.E.A.

APPLICANT NOT TO USE THIS BLOCK

Docket Number: 4779
Date Received: 7-3-57
Government Participation %:
Region: II
Division Code: 400

BUSINESS ORGANIZATION (Check one)

- Individual [ ]
- Corporation [ ]
- Partnership [X]
- Other (Specify) [ ]

State in which firm is organized: California

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

Name	Address	Title
Alexander R. Hiland	Aetna Springs, California	
John J. Lukanish	1355 Market St., San Francisco, Calif.	
Philipp Munko	Aetna Springs, California	

Mineral(s) for which you wish to explore: Mercury

Estimated Cost of Project: $ 35,000.00

LOCATION OF PROPERTY

Name	County	State
Aetna Springs Resort	Napa	California

GENERAL INSTRUCTIONS

Before filling out this application, please read DMEA Order-I, Amended, "Government Aid in Defense Exploration Projects." To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit four copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 1, existing mine workings and geology in item 2, and the proposed exploration project in item 4. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 2(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest DMEA Field Office.*

CERTIFICATION

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

June 28, 1957
Dated

Alexander R. Hiland
BY *(Signature)*

Partner
Title

A wilfully false statement or certification to any Department or Agency of the United States Government is a criminal offense. U. S. Code, Title 18, Sec. 1001.

INFORMATION REQUIRED WITH THIS APPLICATION

1. *Applicant's Property Rights:*

(a) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all land adjacent to the proposed project area which you own or control. Describe any part of the project land or workings which should not be subject to Government lien for royalty payments. If the land consists of unpatented claims, state the book and page number for each recorded location notice, including amended locations, and the place where recorded (courthouse, recorder's office, county, and state).

(b) State all the names by which you know the property.

(c) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise. If you are not the owner, submit with this application one exact copy of the lease, contract, or other document (with address of owner) under which you control the property.

(d) Describe all liens, mortgages, or other encumbrances on the property.

2. *Physical Description:*

(a) Describe in detail and illustrate with maps or sketches all mining or exploration operations which you know have been or are being conducted upon the lands, including existing mine workings. Describe all production facilities.

(b) State your interest, if any, in operations stated in 2*(a)*.

(c) State, as far as you know, the past and current production, supporting your statement with copies of settlement sheets, mine records, or published data if available.

(d) Describe known ore reserves on the property giving quantities and grades and sampling methods used, supporting your statement with copies of assay certificates and assay maps if available.

(e) Describe by narrative and maps or sketches the geologic features of the property, including ore minerals, geologic formations if known, and type of deposit (vein, bedded, etc.).

(f) State your reasons for expecting to find ore, and if you have sampled the area you propose to explore, show where the samples were taken, describe sampling methods used, and provide copies of assay certificates.

(g) Send with your application at least *two* copies of all geologic or engineering reports, assay maps, or technologic information which you may have, indicating on each whether you require its return to you.

3. *Accessibility of Project:*

(a) To aid DMEA representatives who may be required to examine the property, state the name and address of the person who will meet the DMEA representative; give directions for reaching the property; and describe accessibility of the property including the mine workings.

(b) Name the shipping and supply points and places where employees reside and state the distances between them and the property.

4. *The Exploration Project:*

(a) Describe fully the proposed exploration project giving individual footages and sizes of openings *for each item of work.* Use narrative, maps, plans, and longitudinal and cross sections as necessary. Show the location of the proposed work as related to geologic features such as veins, ore-bearing beds, contacts of rock formations, etc. Show also the relation of the proposed work to any existing mine workings and to *property boundaries* or to the closest identifiable corner.

(b) If an access road to the project must be built, show the location on the property map and state the length, type, and construction methods proposed.

(c) In the event that an exploration contract with DMEA is executed, how soon will the work start and how many months will be required to complete it? State your anticipated average daily or monthly rate of progress for each type of work.

5. *Experience:*

State your operating experience and background with relation to your ability to carry out this exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of Costs:*

Furnish detailed estimates of the costs *for each item of the work proposed in 4(a)* under the headings listed below with a total for each heading and the estimated total cost of the project. Costs for any work to be performed by an independent contractor should be shown separately under category *(a)* below. Costs for any work that is not to be performed by an independent contractor should be given in detail under categories *(b)* through *(g)*.

(a) Independent contracts. State the cost of any proposed independent contract for the performance of all or any part of the work, expressed in units of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved. Cost estimates should be supported by bids from three contractors if possible. *(Note* – If none of the work is to be contracted, write "none" after this item.)

(b) Personal services. For necessary supervision, engineering and geological services, and labor, include an itemized schedule of numbers, classes, rates of wages, salaries or fees, and periods of employment. State whether these technicians and employees are available.

(c) Operating materials and supplies. List items of material and supplies with their cost. Include under this heading power, water, and fuel, and units of equipment and tools costing less than $50 each.

(d) Operating equipment. List items of operating equipment to be used giving specifications and indicating how each item is to be acquired – i.e., rented, purchased, or provided by the applicant. If it is rented or purchased, state the estimated rental or purchase price. If it is to be furnished by the applicant, give its present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of necessary *initial* rehabilitation or repair of existing buildings, fixtures, installations (exclusive of mine workings), and movable operating equipment now owned by the applicant, which will be used on the exploration project.

(f) New buildings, fixtures, installations. Describe each building, fixed improvement, and installation to be purchased, constructed, or installed for the exploration project stating specifications and cost including labor, materials and supervision.

(g) Miscellaneous. For the operating equipment listed in 6*(d)*, describe the type and estimate the cost of repairs and maintenance expected during project operations. Do not repeat initial repairs listed in 6*(e)*. Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories.

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

7. *(a)* State whether you are prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation stated in Sec. 7 of DMEA Order–I, Amended.

(b) Explain to what extent you propose to furnish your share of the costs by providing money, by use of equipment owned by you, or otherwise.

* * * * *

INT.-DUP. SEC., WASH., D.C. 15539

1 (a) Description of property held by George S. Heibel and Ruth V. Heibel taken from Napa County Tax Statements. See Exhibit A on attached copy of lease.

See attached Exhibit 3-A clearly indicating the properties involved in this application, also indicating adjacent properties not subject to Government lien for royalty payments. The shaded portion of this map indicates all properties not subject to Government application. To the best of our knowledge no existent claims are recorded.

(b) See Exhibit A attached to copy of lease.

(c) Attached lease.

(d) To the best of our knowledge, all loans, mortgages and encumbrances are the obligation of the property owners, George S. Heibel and Ruth V. Heibel.

RECEIVED JUL 3 1957 D.M.E.A.

2 (a) See Exhibit 1-A, Exhibit 2-A and Exhibit 3-A attached.

(b) See attached lease, also Exhibits 1-A and 2-A.

3 (a) To assist the DMEA representative in the location of this new mine, the following gentlemen are at the mine -

Al Hiland - and
Phil Munko.

The mine is located 16 miles from St. Helena, California, via the Angwin and Pope Valley Highway clearly indicated by the State Highway signs right to the Aetna Springs Resort. At the Aetna Springs Resort, they will be personally directed to the location of the mine. It is possible to have a personally conducted tour right from San Francisco by J. J. Lukanish, 1355 Market Street, San Francisco, (telephone - Underhill 3-3914) if approximately 3 days' notice is received.

(b) Shipping and supply point - St. Helena, California. The distance is 16 miles. Employees reside in the area of Pope Valley.

4 (a) See Exhibits 1-A and 2-A.

(c) Work commences at the time of application acceptance. It will take approximately 10 months to complete anticipated project.

5 Mr. Phil Munko and A. R. Hiland will supervise and engineer this proposed project. Mr. Munko has 40 years of mining experience with a background in Gold, Mercury, Cinnabar and Chrome. Mr. Hiland has 5 years in exploration above ground mining and an experience of the right underground safety mining. He is experienced in Diamond core drilling.

6 See Exhibit 4-A

7 (a) We are prepared financially to live up to the expectation and regulations of Government participation stated in Section 7 of DMEA.

(b) Financial statements will be available on demand.

H.L.M. MINING CO.
Under Lease Aetna Springs Resort

#6 (A)

20 Days Bull Dozer - $12.00 Hr.	$2,000.00 Rded ?

#6 (B)

		Aprox. Cost
Supervision -	$300.00 Mo.	
Engineering -	600.00 Mo.	$10,000.00 Rded ?
Geological - $125.00 & Expenses		1,000.00 Rded ?
Assayer work		100.00
100 Ft. Tunnel -	$28.00 Ft.	2,800.00
100 Ft. Drifts -	28.00 Ft.	2,800.00
50 Ft. Shaft	57.00 Ft.	2,850.00
1,000 Ft. Drilling	8.00 Ft.	8,000.00
Purchase of Timber, etc.		1,000.00
Gas, Oil & Electricity		500.00
Purchase of Water Pump & other expenses		2,000.00
Purchase of Ore Car and Track		500.00
Purchase of possible wiring		500.00
Purchase of Hoist and Frame over Shaft		1,500.00
		$33,550.00
Miscellaneous - Dump Truck and Air Comp. Repairs & Expenses		1,000.00
Workman's Compensation, Employees Liability, Insurance		2,500.00
Pay Roll Taxes		400.00
		$36,450.00

EXHIBIT 4A

H. L. M. Mining Co.
Under Lease Aetna Springs Resort

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DATE	INITIALS	CODE

FAIR-WAY

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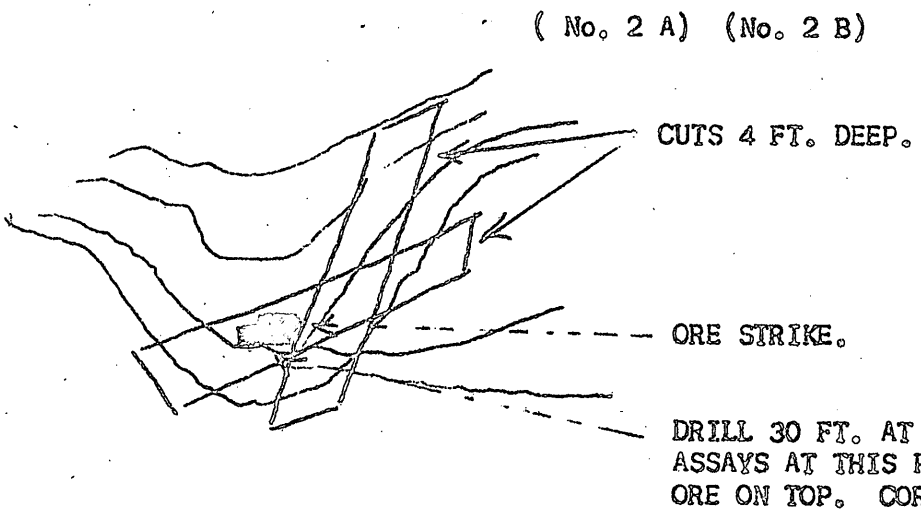
DMEA
RECEIVED JUL 3 1957

DATE	INITIALS	CODE



This vein has not been assayed, but with a drill hole 20 Ft. deep good percentages are indicated it is necessary to go at greater depths to prove this vein. To explore this strike, bulldozing is necessary along the indicated strike to vein, leaving ore intact, to locate depth and possible length of ore body with more exploratory drilling. It is possible that a shaft down to 50 Ft. with short side drifts is a necessity. Drilling in this proposed shaft and cross cuts to locate parallel veins will be necessary.

Exhibit 1-A

H. L. M. MINING CO.
Under Lease Aetna Springs Resort

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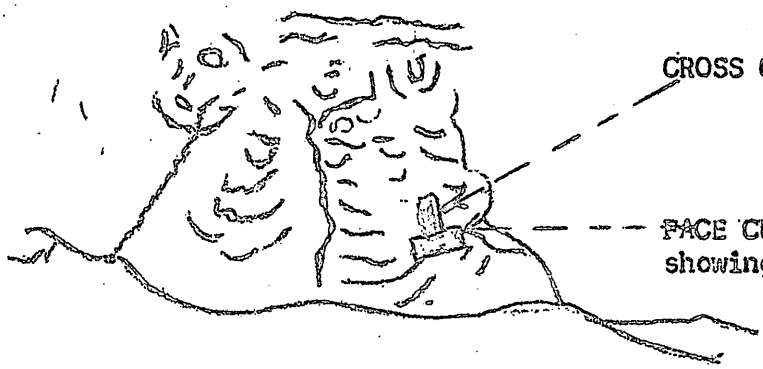
DMEA
RECEIVED JUL 3 1957

DATE	INITIALS	CODE

BACK-BONE

(No. 2 A) (No. 2 B)



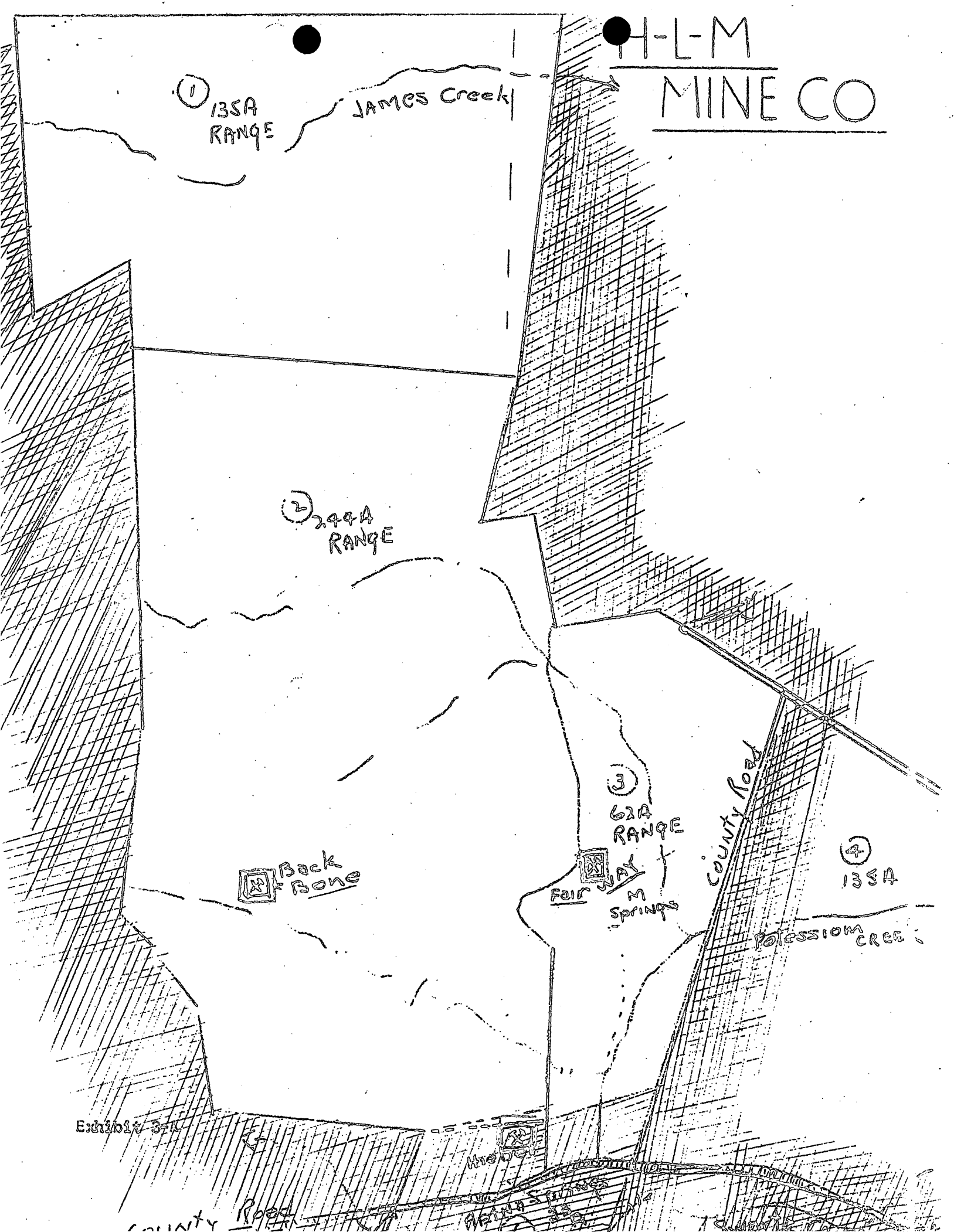
CROSS CUT TO FACE CUT - 38 FT. LONG 6 FT. DEEP

FACE CUT ON BACK BONE RIDGE 30 FT. WIDE 10 FT. DEEP showing very good % over 8 Ft. wide blanket. SEE ASSAY REPORT.

Additional exploration work necessary to find higher grade pre making deeper cuts on face and cross cuts, with the possibility of starting a 100 Ft. tunnel with side drifts approximately 50 Ft. . Drilling is necessary to proceed. this exploration problem.

Exhibit 2-A

H.L.M. MINING CO.
Under Lease Aetna Springs Resort


H-L-M
MINE CO
1
135A
RANGE
JAMES Creek
2
244A
RANGE
3
62A
RANGE
Back
Bone
Fair
WAY
M
Springs
County Road
4
135A
POTESSIOM CREE
Exhibit 3-M
Hwy
WAINA SPRINGS
County Road

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DMEA
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DATE	INITIALS	CODE

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DATE INITIALS CODE

L E A S E

THIS LEASE AND AGREEMENT made and entered into this 1st day of April, 1957, by and between GEORGE B. HEIBEL and RUTH V. HEIBEL , husband and wife, of Aetna Springs Resort, Pope Valley, Napa County, California, hereinafter called the "Lessor", and ALEXANDER R. HILAND and PHILIPP MUNKO of Dunsmuir, Siskiyou County, California, and JOHN J. LUKANISH of the City and County of San Francisco, State of California, hereinafter called the "Lessee" without regard to number or gender.

W I T N E S S E T H:

1. Lessor does by these presents demise and lease unto Lessee the tract and parcels of land more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof as though fully set forth herein, situate in the County of Napa, State of California, and containing fifteen hundred (1500) acres, more or less, for the purpose of prospecting, mining, drilling, boring or digging for all and every kind or kinds of valuable mineral ore, fossil or vegetable substance whatever, with the right to use so much of the surface of the land as may be properly needed to successfully conduct said prospecting and mining operations; also the right-of-way over and across said land whereon to construct and operate such line or lines of railroad as may be necessary to carry on and prosecute the objects of this indenture; also the right to use existing roads and to construct and use new roads as may be necessary to carry on and prosecute the object of this indenture; also the right to erect buildings, derricks, pumping plants and retorts as well as any and all buildings of a temporary or permanent nature which may be necessary for the purpose of carrying on and prosecuting the object of this indenture.

2. Lessor hereby grants the Lessee the right to have and to hold the above premises for the term of five (5) years beginning on the 1st day of April, 1957 and ending on the 31st day of March,

ERNEST J. HILL
ATTORNEY AT LAW
1104 HEARST BUILDING
SAN FRANCISCO 3
YUKON 2-6120
YUKON 2-6160

1962, unless sooner terminated in accordance with the covenants and conditions herein contained. Lessee shall have and is hereby given the right and option to renew this lease for additional periods of five (5) years each upon the same terms and subject to the same conditions and covenants as herein set forth, provided that Lessee shall notify Lessor in writing of his intention to extend this lease for an additional five (5) year period at least sixty (60) days before the termination of this lease or any extention thereof, and provided also that said Lessee shall not at that time be in default in any of the terms, provisions, covenants or conditions in this lease contained. Said notice shall be given in writing and served upon the Lessor either by personal service of by placing the notice by registered mail in the United States postoffice, postage thereon fully prepaid, and directed to the Lessor at Aetna Springs Resort, Pope Valley, Napa County, California, or such other address as Lessor may from time to time select by written notice served upon the Lessee by registered mail addressed to the Lessee.

3. Lessee shall commence exploration and prospecting upon the demised land within ninety (90) days from the date hereof and continue such exploration and prospecting in good faith and miner-like manner, and to have a retort in operation within six (6) months from execution of this lease.

4. If Lessee fails, refuses or neglects to have said retort in operation within the period stipulated hereinbefore, then he shall be deemed to have abandoned this lease and the Lessor thereupon may terminate this lease by a thirty (30) day notice given in writing to the Lessee to that effect. If no ore is discovered upon the premises of this lease in paying quantitites suitable for commercial extraction, then the Lessee shall have the right to abandon the demised premises and to notify the Lessor of his intention to do so by giving thirty (30) days written notice

ERNEST J. HILL
ATTORNEY AT LAW
1104 HEARST BUILDING
SAN FRANCISCO 3
YUKON 2-6120
YUKON 2-6160

thereof to that effect.

5. Lessee shall upon the discovery of ore in paying quantities commence within six (6) months of the date of this lease to mine and extract from said premises the ore located thereon and therein and shall continue such mining in good faith and in a miner-like manner with a force of men and equipment and machinery to show good faith until said ore or mineral deposits shall have been drilled out or exhausted. Lessee promises and agrees to carry on said mining in a good and economical manner so as to take out the greatest amount of ore, mineral or other substance without undue waste and with due regard to the safety, development and preservation of said premises as a workable mine.

6, Lessee promises and agrees to do everything in his power not to disturb by his mining operations Lessor's Aetna Springs Resort, and promises to this effect the following:

(a) As to the Aetna Springs Resort located east of the County road: Any mining operations shall be carried on underground in a tunnel at least 50 feet under the surface in order not to disturb land and buildings located east of the County road.

(b) As to the premises located west of the County road: Mining operations shall be carried on in such a way so as not to disturb or destroy the golf course of the Lessor.

7. Lessee agrees to pay to Lessor for the use and enjoyment of the premises hereby leased for the purposes aforesaid a royalty of the gross sales price of all ore, minerals, fossil or vegetable substances taken from any of the demised premises during the term of this lease, as follows:

10% (ten percent) of the first $100,000.00 (One Hundred Thousand Dollars)

12½% (twelve and one-half percent) of any and all amounts over and above $100,000.00 (One Hundred Thousand Dollars)

8. Lessee shall keep full and accurate books of account showing the amount of ore, minerals and other valuable substances extracted and sold from the demised premises and the amount of

ERNEST J. HILL
ATTORNEY AT LAW
1104 HEARST BUILDING
SAN FRANCISCO 3
YUKON 2-6120
YUKON 2-6160

money received from such operations. Lessor is hereby given the right to inspect Lessee's books of account and to do any and all other things reasonably necessary to verify the amounts and the royalties due Lessor.

9. Lessor hereby grants to Lessee the right to withdraw and use water from his present artificial reservoir located on Lessor's land east of the County Road for the purpose of maintaining mining camp facilities necessary for the mining operations under this indenture. If, by such use, the quantity of water necessary for the proper conduct of Lessor's resort operation is substantially impaired, Lessee shall furnish to Lessor at Lessee's cost and expense 22,000 (twenty-two thousand) feet of semi-rigid plastic 2-inch diameter pipe which Lessor shall be obligated to install for the replacement of existing water pipe lines. It is further understood and agreed that Lessor shall at all times maintain all of the pipe line at his own cost and expense and in the event of additional or replaced pipe lines, all installations and alterations will be at Lessor's sole cost and expense.

10. All work done in and about the leased premises by the Lessee shall be at his sole cost and expense, and the Lessee covenants and agrees that he will not, during the term of this lease, permit any lien or encumbrance done or caused by him, or arising from his operations on the said premises, to attach to the same, and that he will, prior to the commencement of work on the premises, and so often as may be necessary thereafter, post or cause to be posted upon the said premises, and to be recorded if required by law, notices of non-liability upon the part of the Lessor for any work, labor or materials employed or used upon the said premises by the Lessee or under his authority. As to any labor employed by him upon the said premises, the Lessee agrees to procure, and at all times to keep in force, full workmen's compensation and liability insurance, and to indemnify and save harmless

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ATTORNEY AT LAW
1104 HEARST BUILDING
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YUKON 2-6160

the Lessor against any and all loss, liability or damage to persons or to property, including all members of the public, and all livestock which may come upon the said premises during the term hereof. Copies of insurance policies are to be furnished the Lessor.

11. Lessee agrees to pay all Social Security and unemployment insurance taxes levied or assessed in the operations hereunder and to conduct all operations hereunder in accordance with the laws of the State of California, the United States of America, and in accordance with all safety regulations prescribed by any duly authorized body.

12. Lessor and Lessee further agree that all taxes levied or assessed on the real estate of the Lessor, improvements thereon and personal property belonging to the Lessor shall be paid by the Lessor; the Lessee shall pay all taxes levied or assessed on his machinery and equipment. In the event that the mineral rights to said lands shall be taxed, or in the event that the rights conferred by this lease and agreement shall be taxed, or in the event that any tax or taxes shall be imposed upon precious metals or minerals, or upon the production thereof, from said lands, then in any or all of said events the Lessor shall bear that proportion of the whole of such tax or tax s which the royalty accrued in favor of the Lessor during the incidence of such tax or taxes bears to the returns upon which such royalty is based, and the Lessee shall pay the balance of such tax or taxes when the same shall become due and payable.

13. Lessor and Lessee further agree that no equipment, tools, machinery, structures, improvements or personal property of any nature or description brought or placed upon the said leased premises by the Lessee for use in and about the same shall become a fixture, but shall remain the property of the Lessee and shall be subject to removal at all times by the Lessee if he be not in default under any of the provisions of this lease. In the event

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ATTORNEY AT LAW
1104 HEARST BUILDING
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YUKON 2-6120
YUKON 2-6160

this agreement shall be terminated, and said Lessee shall not be in default under any of the terms or provisions of said lease, said Lessee shall be entitled to remove all of said equipment, tools, machinery, structures, improvements and personal property from the leased premises within thirty (30) days after the termination of the lease as to such premises; provided, however, that in no event shall the Lessor remove any timbering placed in or about said leased premises.

14. Should the Lessee be prevented by reason of strikes, riots, labor disputes, or acts of God from entering upon the leased premises or working the same, or removing ore therefrom or selling mineral-producing ore, then and in that event any act to be performed by the Lessee shall be extended as to the time of performance to the extent of any time lost by the Lessee by reason of any of said causes.

15. This agreement, and each of the terms, conditions, provisions, stipulations, agreements, and covenants in this lease shall extend to and bind or inure to the benefit of, as the case may be, not only to the parties hereto, but to each heir, executor, administrator, successor and assign of the Lessor and Lessee, and that whenever in this lease reference to Lessor or Lessee is made such reference shall be deemed to refer to the successors and assigns of such party to the same extent as if in every case expressed, and all stipulations, admissions, agreements, conditions, and covenants contained in this lease shall be covenants running with the land.

16. Lessor and Lessee further agree that the Lessee may also assign and transfer this lease to a corporation which they intend to form and all the rights and obligations of the parties agreed upon in this indenture shall inure to the benefit of and shall bind the corporation as a successor in interest of the Lessee.

ERNEST J. HILL
ATTORNEY AT LAW
1104 HEARST BUILDING
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YUKON 2-6120
YUKON 2-6160

17. Lessor hereby covenants and agrees that he will furnish all information and execute any and all documents which will be necessary should lessee apply and be eligible for Federal loans on account of the exploration and/or mining of strategic minerals.

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

Doug. B. Hubel

Ruth V. Hubel

LESSOR

A. P. Hilland

Philip C. Brandt

John J. Lukanish

STATE OF CALIFORNIA,
City & County of San Francisco } ss.

On this 29 day of April in the year one thousand nine hundred and fifty seven before me, Ruth Gitzel, a Notary Public in and for the City and County of San Francisco, State of California, residing therein, duly commissioned and sworn, personally appeared John J. Lukanish

known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

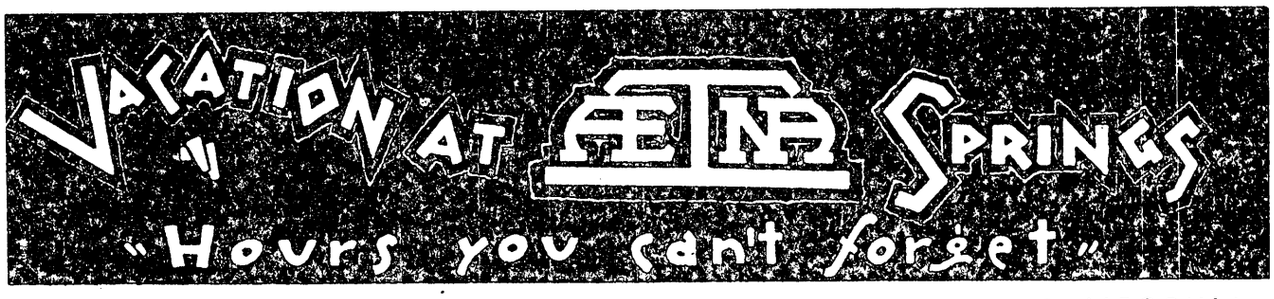
IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in the City & County of San Francisco the day and year in this certificate first above written.

Ruth Gitzel

Notary Public in and for the City & County of San Francisco State of California.

My Commission Expires My Commission Expires April 13, 1958

wdery's Form No. 32—Acknowledgment—General.
. C. Sec. 1189) 75685



GEORGE B. HEIBEL · OWNER-OPERATOR · NAPA COUNTY · CALIFORNIA

George B. Heibel & Ruth V. Heibel

Portion of
PTN. SEC~~S~~ 1,2,11, & 12 of TWP 9N R 6 W, subdivision
Bordered BD. N-LOT 85 OF INK RANCH SUBD. E-AETNA
SPRINGS TOWNSITE S-HEIBEL W-LOTS 5 & 6
OF SEC.2 81.085 A.

SE 15 A. OF SE ¼ OF SW ¼, & W 65 A. OF S
½ OF SE ¼ OF SEC.1, & 42 A. ADJ. ON S IN
N ½ OF NE ¼ OF SEC.12, IN TWP 9N R 6W
122 A.

S ½ OF SE ¼ EXC. off NW 1.93 A., & NE ¼ OF
SE ¼ EXC. off NW 4.96 A., & SE 8.31 A. OF NW
¼ OF SE ¼, & SE 16.94 A. OF E ½ OF NE ¼,
OF SEC. 11, & NW ¼, & W ½ OF SW ¼, & NW'LY
23 A. OF SW ¼ OF NE ¼, & N'LY 10 A. OF
NE ¼ OF SW ¼, OF SEC.12, & W ½ OF NW ¼,
& SE ¼ OF NW ¼, & NE ¼ OF SW ¼, OF SEC.
13, & E½ OF NE ¼ OF SEC.14, IN TWP 9N
R 6W
649.73 A. ?651.36 off 1.63 A

LOTS 1,2,5,7,8, OF SEC.2, TWP 9N R 6W, &
LOTS 79,80,81,82,83,84,85, & PTN. LOT 53,
IN AETNA SPRINGS SUBD. OF INK RANCH
458.59A.

AETNA SPRINGS TOWNSITE & LOT 86 IN
AETNA SPRINGS SUBD. OF INK RANCH
192 A. 1508.405 Ac

DESCRIPTION OF PROPERTY HELD BY GEORGE B. HEIBEL &
RUTH V. HEIBEL TAKEN FROM NAPA COUNTY TAX STATEMENTS

EXHIBIT "A"

Phone ASbbery 3-5834

ASSAY CERTIFICATE
C. M. BALL
ASSAYER CHEMIST

911 University Ave.
Berkeley 10, California

Assay May 27,1957

H M L Mining Co.

OUR NUMBER	YOUR DESCRIPTION OF SAMPLE	% Hg	% lbs/ton	%	%	%	%	%	%
27929		0.44	8.8						

OFFICIAL FILE COPY
DATA
APPROVED JUL 3 1957
DATE

ABBOT A. HANKS, INC.
Assayers, Chemists, Engineers
424 Sacramento Street
San Francisco, Cal.

April 9, 1957

A. R. Hiland
421 Sacramento Street
Dunsmuir, California

[redacted]

MERCURY

[redacted] 5.45 %

3.32 %

ABBOT A. HANKS, INC.
Assayers, Chemists, Engineers
624 Sacramento Street
San Francisco

June 19, 1957

H.L.M. Mining Company
1355 Market Street
San Francisco, California

O R E

MERCURY

15959

0.34 %

bob

OFFICIAL FILE COPY
D M E A
RECEIVED JUL 3 1957

DATE	INITIALS	CODE

PROJECT SUMMARY REPORT

By: Stephen P. Holt June 14, 1960

1. Docket No. DMEA 4777 (Mercury)
   Contract Idm-E1155

   Property: Aetna Springs Resort
   Napa County, California

   Operator: H. L. M. Mining Company, a partnership composed of Alexander R. Hiland, John J. Lukanish, and Philip Munko, Aetna Springs Resort, Pope Valley, Napa County, California.

   Operator's Property Rights:

   The Operator controls by lease, dated April 1, 1957, from the owners, George B. and Ruth V. Heibel, Aetna Springs Resort, Pope Valley, Napa County, California, the entire Aetna Springs Resort property of approximately 1,500 acres. The portion covered by Article 2 of the contract comprises the W$\frac{1}{2}$, sec. 1, and the NW$\frac{1}{4}$, sec. 12, T. 9 N., R. 6 W., M. D. B. and M., Napa County, California. Consent to Lien and Subordination Agreement dated February 2, 1958, is attached to the contract.

2. Contract: Dated November 19, 1957, on Short Form, MF-200A (Rev. April 1956).

3. Work authorized:

Fixed Unit Costs

Stage I

Bulldoze or backhoe 450 feet of trenches, 48 hours @ $10.00/hour	$480.00	
Drill and blast bottoms of trenches, 450 feet, approximately 6 feet wide, @ $1.20/ft.	540.00	
Assay 50 samples for mercury, @ $3.00/each	150.00	
Estimated Total Stage I		$1,170.00

(Estimated Total Stage I contd. $1,170.00)

Stage II

Sink shaft 80 feet @ $80.00/ft., cost to include headframe, hoist, etc.	$6,400.00	
Drift and/or crosscut 200 feet @ $37.00/ft.	7,400.00	
Timber drift or crosscut, 200 feet @ $7.00/ft.	1,400.00	
Assay 50 samples for mercury @ $3.00/each	150.00	
Estimated Total Stage II		$15,350.00
Estimated Total Cost of the Project		$16,520.00
Government Participation @ 75%		$12,390.00

Amendment No. 1, signed August 19, 1958, extended the period for completion of the work from August 19, 1958 to February 19, 1959, and extended the royalty payment period from ten (10) years to eleven (11) years.

Work completed:

Bulldozer trenching, 48 hours @ $10.00/hr.	$480.00	
Blasting trench bottoms for sampling, 345 feet @ $1.20/ft.	414.00	
Assaying 27 samples for mercury @ $3.00/ea.	81.00	
Total Cost of the Contract		$975.00 1/
Government Participation @ 75%		731.25 1/

1/ Subject to final audit

Work under the contract started April 28, 1958, and was stopped after the substantial completion of Stage I, during July 1958. Although performance of Stage II work was approved by the Field Team, the Operator, due apparently to financial difficulties and disagreement between the partners, has not started work on Stage II.

4. Audits:

Report of Review, in lieu of final audit, dated May 23, 1960, shows:

Total cost billed by Operator	$975.00
Exceptions	---
Total acceptable cost	$975.00
Government contribution @ 75%	$731.25

5. Reports:

The Final Report of the Field Team, dated September 4, 1959, was received September 10, 1959. The Operator's Narrative Report of May 16, 1958, together with a map showing trenches Nos. 1 to 5, with location of samples and geologic data, and a report showing assays of the trench samples, were accepted in lieu of an Operator's Final Report.

6. Past Production:

It is reported that about 17,000 pounds of mercury were produced from the Valley mine prior to its closing in the year 1863. Remains of a furnace and a dump containing about 3,000 tons of silica-carbonate rock, from ore reported to have averaged 10 pounds or more of mercury per ton, tend to support that report. The Operator reports production of one flask of mercury from ore produced during the sinking of a 14-foot prospect shaft on the Heibel prospect. No production is reported from the Fairway prospect.

7. Present Production:

No production is reported from the property since the date of the contract, and no royalty has been paid or is presently due the Government.

8. Certification:

No certification of discovery or development is recommended at this time, but in view of the possible potential production, a Termination Agreement dated August 18, 1959, containing a "pseudo-certification" clause to protect the interest of the Government was signed by the Government and the Operator.

9. Comments:

The project was established to explore for mercury in the Aetna Resort area, where it occurs as cinnabar-bearing

veins, stringers, veinlets, and discontinuous seams along fractures in tabular and irregular masses of silica-carbonate rock in altered basalt and intrusive serpentine of the Franciscan and Knoxville series of Jurassic age.

The Operator proposed exploration in three areas, the Fairway, Heibel, and Valley mine. Field Team examiners recommended work only in the Valley mine area. Stage I exploration, comprising bulldozer and backhoe trenching, followed by blasting trench bottoms for sampling, was completed, resulting in the discovery of some low-grade mercury-bearing material, and Stage II shaft sinking and drifting was authorized. However, reportedly because of financial difficulties and disagreement between the partners, Stage II work was never started, and the contract was closed by a mutual termination agreement containing a "pseudo certification" to protect the rights of the Government.

Stephen P. Holt

Stephen P. Holt

SPHolt:kb - June 20, 1960
Copy to: Director's reading file
Mr. Johnson
Mr. Holt
Chron.
Docket

DMEA Form 17
Feb. 58

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WORK COMPLETED ANALYSIS

After final audit or review report is received, prepare original only and file in official docket

Operator: H. L. M. Mining Company		Actual Cost	
State: California		Agreed Unit Cost	X
Final Report of Audit		Commodity: Mercury	Docket No. DMEA 4777
Final Report of Review	X		Contract No. Idm-E1155

Operation	Authorized by Contract and Amendments		Completed		Net cost after sale of Government Property
	Units	Cost	Units	Cost	
	Feet	$	Feet	$	$
Drifting & Crosscutting	200	7,400.00			
Timbering drift and/or crosscut	200	1,400.00			
Shafts	80	6,400.00			
Winzes					
Drilling (Specify)					
Surface Excavation Bulldozing		480.00		480.00	480.00
Drill and blast trench bottoms		540.00		414.00	414.00
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify) Assaying		300.00		81.00	81.00
Totals		$16,520.00		$ 975.00	* $975.00

* Net cost total must agree with final report of audit or review.

Prepared by Stephen P. Holt Date 6.15.60
Stephen P. Holt

31398

DMEA-4777 - Contract Idm-E1155 H.L.M. Mining Co.

INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Show to whom, date, and address where delivered ☐ Deliver ONLY to addressee

(Additional charges required for these services)

RECEIPT

Received the numbered article described below.

REGISTERED NO.

CERTIFIED NO. 133187

INSURED NO.

DATE DELIVERED 12-10-68

1 SIGNATURE OR NAME OF ADDRESSEE (*Must always be filled in*) J. D. Mackay

2 SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

3 SHOW WHERE DELIVERED (*Only if requested*)

DEC 10 1968 9 AM LOS ANGELES CALIF.

c55—16—71548-10 GPO

no reply to 63's sent 3/16/67; 11/15/68, and 12/4/68 (receipt above)

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

December 2, 1968

OFFICIAL COPY

gla	130
	110
	220

Memorandum

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: DMEA-4777 (Mercury)
H.L.M. Mining Co.
Aetna Springs Resort Area
Napa County, California
Contract Idm-E1155

In response to your memorandum of November 15, 1968, we have requested information from the U. S. Bureau of Mines on possible production from the subject property from June 1960 through November 19, 1968. The USBM records indicate that there was no production from the property during that period of time.

H. K. Stager

IN REPLY REFER TO:
Office of Minerals Exploration

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

November 15, 1968

Mr. George B. Heibel
Aetna Springs
Pope Valley, California 94567

Re: DMEA-4777 (Mercury)
H.L.M. Mining Co.
Aetna Springs Resort Area
Napa County, California
Contract Idm-E1155

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 4 1968

INITIALS	CODE
	130
	110
	220

Dear Mr. Heibel:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to R-II

MME Form 63
Revised 7-65

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. ~~Since~~ From June 4, 1967, to November 19, 1968, , has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes [X] No [ ]

Is the Lease Agreement entered into with George B. Heibel, Ruth V. Heibel, and others, in August 1965, still in effect? If not, please explain. lapsed Yes [ ] No [X]

2. ~~Since~~ From June 4, 1967, to November 19, 1968, , has there been any production from the land subject to the contract? Yes [ ] No [ ]

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

3. Since through workings (see of contract)? Yes [ ] No [ ]

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name George B. Heibel Title owner

Address GEORGE B. HEIBEL
AETNA SPRINGS
POPE VALLEY, CAL.
94567

Date 11/27/68

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/30/68		110
		220

November 15, 1968

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: DMEA-4777 (Mercury)
H.L.M. Mining Co.
Aetna Springs Resort Area
Napa County, California
Contract Idm-E1155

Please request information from the U. S. Bureau of Mines on possible production from the subject property during the period July 1960 to November 19, 1968, the expiration date of the royalty repayment period, and advise.

FRANK E. JOHNSON (gla)

Frank E. Johnson

cc: Director's Reading File
Economic Geology File
OME File
OME Reading File
130 (2)

GLAult/a 10-30-68

Office of Minerals Exploration

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

May 26, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 12 1967
INITIALS | CODE
gla | 120M
HR | 120
220

Re: DMEA-4777 (Mercury)
H.L.M. Mining Co.
Actna Springs Resort Area
Napa County, California
Contract Idm-E1155

Mr. George B. Heibel
Aetna Springs
Pope Valley, California 94567

Dear Mr. Heibel:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
Chief, Office of
Minerals Exploration

MME Form 63
Revised 7-65

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since **April 1966**, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since **April 1966**, has there been any production from the land subject to the contract? Yes ☐ No ☒

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☐

   If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name [signature] Title OWNER

Address AETNA SPRINGS, POPE VALLEY, CALIF. 94567 Date June 4th, 1967

220

INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Show to whom and when delivered ☐ Show to whom, when, and address where delivered ☐ Deliver ONLY to addressee

(Additional charges required for these services)

4777

RECEIPT

Received the numbered article described below.

REGISTERED NO. 500300

CERTIFIED NO.

INSURED NO.

1 SIGNATURE OR NAME OF ADDRESSEE (*Must always be filled in*) Angus Mordey

2 SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED 3-27-62

SHOW WHERE DELIVERED (*only if requested*) 0

c55—16—71548-8 GPO

DMEA 4777

AETNA SPRINGS
VIA ST. HELENA, CALIFORNIA
POPE VALLEY, CALIF. 94567

Gateway to Happy Holidays

GEORGE B. HEIBEL
OWNER • OPERATOR
TELEPHONE
St. Helena Area Code 707
965-2115

April 29th, 1966

attn. Frank E. Johnson, Chief
Office of Minerals Exploration
UNITED STATES DEPARTMENT OF THE INTERIOR
WASHINGTON 25, D.C.

In accordance with your letter of April 22nd, 1966 I enclose herewith the original of the present lease on this property--the signed lease is a copy I find and this original is the only other "copy" we have. So I do hope that it would be available from your file if we should ever need it.

Unsigned

The lessees address is;

James S. MacKay
310 Hillside Avenue
Mill Valley, Calif. 94943

DMEA 4777

Yours very truly,

George B. Heibel per R.H.

George B. Heibel
Aetna Springs
Pope Valley, Calif. 94567

Copy of Ltr to K-11
Lease not forwarded
5/11/66
m

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 4 1966
INITIALS | CODE
120
JE 110
HK 120K
RMS 120S

LEASE AGREEMENT

This Lease is executed in duplicate by GEORGE B.HEIBEL and RUTH V. HEIBEL, husband and wife, as lessors, and JAMES S. MacKAY, DOROTHY MacKAY, DOROTHY LHOYD, PAUL H. TRAVIS and WILLIAM HAMANN, as lessees;

IT IS AGREED:

(1) Lessors hereby lease to the lessees and lessees hire from the lessors, all that real property in the County of Napa, State of California, containing one thousand five hundred (1,500) acres of land, more or less, and particularly described in Exhibit A attached hereto and made a part hereof by reference thereto.

(2) This lease is given by lessors to lessees solely for the purpose of prospecting, mining, drilling, boring or digging for all and every kind or kinds of valuable mineral ore, fossil or vegetable substance whatever, with the right to use so much of the surface of the land as may be reasonably needed to properly conduct said prospecting and mining operations; also the right of way over and across said land whereon to construct and operate such line or lines of railroad as may be necessary to carry on and prosecute the objects of this indenture; also the right to use existing roads and to construct and use new roads as may be necessary to carry on and prosecute the object of this indenture; also the right to erect buildings, derricks, pumping plants and retorts and other equipment, as well as any and all buildings of a temporary or permanent nature which may be necessary for the purpose of carrying on and prosecuting the object of this indenture. Provided, however, that the surface of the land shall in no way be disturbed nor any roads constructed or buildings or any other improvements erected or equipment installed within six hundred (600) feet of the Aetna Springs Resort proper upon the leased premises.

(3) The TERM shall be for five years (5) commencing July 1, 1965, and ending July 31, 1970, unless sooner terminated in accordance with the provisions herein contained. Conditioned upon the lessees not being in default in the performance or observance of any of the terms and conditions herein contained at the end of said five year term, the lessees are hereby granted the option to extend the term of this lease for an additional period of five (5) years from and after July 1, 1970, upon the same rental, terms and conditions as herein contained except that there shall be no further option to extend or renew the term, and provided further that lessees shall notify lessors in writing of their election to extend the term at least ninety (90) days before the termination of the original term hereof.

(4) Lessees shall commence exploration and prospecting or mining operations upon the leased premises forthwith upon the commencement of the term and continue such exploration and prospecting or mining operations in good faith and minerlike manner and have refining facilities in production and operation within two (2) years from the commencement of the term.

(5) If lessees fail, refuse or neglect to have said refining facilities in production and operation within the period provided hereinbefore then they shall be deemed to have abandoned this lease and the lessors thereupon may terminate the same without notice. If no ore is discovered upon the leased premises in paying quantities suitable for commercial extraction, then the lessees shall at their sole discretion have the right to abandon the leased premises upon giving lessors written notice thereof to that effect, and their obligation under this lease shall terminate.

(6) Lessees shall upon the discovery of ore in paying quantities commence as soon as practicable to mine and extract from

said leased premises the ore located thereon and therein, using good and accepted mining methods, and shall continue such mining in good faith and in a minerlike manner with a force of men and equipment and machinery to show good faith until said ore or mineral deposits shall have been drilled out or exhausted. Lessees promise and agree to carry on said mining in a good and economical manner so as to take out the greatest amount of ore, mineral or other substances without undue waste and with due regard to the safety, development and preservation of said premises as a workable mine. Should the lessees be prevented by reason of strikes, riots, labor disputes, fires, floods, or acts of God from entering upon the leased premises or working the same, or removing ore therefrom or selling mineral-producing ore, then and in that event any act to be performed by the lessees shall be extended as to the time of performance to the extent of any time lost by the lessees by reason of any of said causes.

(7) Lessees promise and agree to do everything in their power not to disturb by their mining operations lessors' Aetna Springs Resort, and promise to this effect the following:

> (a) As to the Aetna Springs Resort located east of the County road: Any mining operations shall be carried on underground in a tunnel at least 50 feet under the surfact in order not to disturb land and buildings.
>
> (b) As to the premises located west of the County road: Mining operations shall be carried on in such a way so as not to disturb or destroy the golf course of the lessors.
>
> (c) As to the said Aetna Springs Resort: The lessees shall not disturb the surface of the land nor construct any buildings or improvements or install any machinery or equipment of any kind within six hundred (600) feet of said resort or the said County road.

(8) As and for full compensation for the use and enjoyment of the premises hereby leased for the purposes aforesaid, lessees agree to pay to lessors, at lessees' election, either fifteen per cent (15%) of all mercury, minerals, fossil or vegetable substances taken from any of the leased premises during the term of this lease in kind, or fifteen per cent (15%) of the gross sales price obtained by lessees therefor. Provided, however, that the lessees shall pay to lessors on the 1st day of each and every month during the term commencing _____ the sum of ONE HUNDRED DOLLARS ($100.00) as a minimum royalty, which shall be credited against the aforementioned percentage of gross sales price obtained by lessees for each month following each such payment, said credits to be noncumulative.

(9) Lessees shall keep full and accurate books of account showing the amount of ore, minerals and other valuable substances extracted and sold from the leased premises and the amount of money received from such operations. Lessors are hereby given the right to inspect lessees' books of account and to do any and all other things reasonably necessary to verify the amounts and the royalties due lessors.

(10) Lessors hereby grant to lessees the right to withdraw and use water from their present artificial reservoir located on lessors' land east of the County road for the purpose of maintaining mining facilities necessary for the mining operation under this indenture. In no event shall use of water by lessees impair or prejudice the supply of water for lessors' Aetna Springs Resort nor harm the trout or other fish with which such reservoir may be stocked from time to time. Use of such reservoir by the lessees is limited to the rights in this paragraph granted and in particular neither lessees nor their employees or agents shall use the reservoir for fishing or swimming.

(11) All work done in and about the leased premises by the lessees shall be at their sole cost and expense, and the lessees covenant and agree that they will not, during the term of this lease, permit any lien or encumbrance done or caused by them, or arising from their operations on the said premises, to attach to the same, and that they will, prior to the commencement of work on the premises, and so often as may be necessary thereafter, post or cause to be posted upon the said premises, and to be recorded if required by law, notices of non-liability upon the part of the lessors for any work, labor or materials employed or used upon the said premises by the lessees or under their authority. As to any labor employed by them upon the said premises, the lessees agree to procure, and at all times to keep in force, full workmen's compensation and liability insurance, and to indemnify and save harmless the lessors against any and all loss, liability or damage to persons or to property, including all members of the public, and all livestock which may come upon the said premises during the term hereof. Copies of insurance policies are to be furnished the lessors.

(12) Lessees agree to pay all Social Security and Unemployment insurance taxes levied or assessed in the operations hereunder and to conduct all operations hereunder in accordance with the laws of the State of California, the United States of America, and in accordance with all safety regulations prescribed by any duly authorized body.

(13) Lessors and lessees further agree that all taxes levied or assessed on the real estate of the lessors, improvements thereon and personal property belonging to the lessors shall be paid by the lessors; the lessees shall pay all taxes levied or assessed on their machinery and equipment. In the event that the mineral rights to said lands shall be taxed, or in the event that

the rights conferred by this lease agreement shall be taxed, or in the event that any tax or taxes shall be imposed upon precious metals or minerals, or upon the production thereof, from said lands, then in any or all of said events the lessors shall bear that proportion of the whole of such tax or taxes which the royalty or percentage accrued in favor of the lessors during the incidence of such tax or taxes bears to the returns upon which such royalty or percentage is based, and the lessees shall pay the balance of such tax or taxes when the same shall become due and payable.

(14) Lessors and lessees further agree that no equipment, tools, machinery, structures, improvements or personal property of any nature or description brought or placed upon the said leased premises by the lessees for use in and about the same shall become a fixture, but shall remain the property of the lessees and shall be subject to removal at all times by the lessees if they be not in default under any of the provisions of this lease. In the event this agreement shall be terminated, and said lessees shall not be in default under any of the terms or provisions of said lease, said lessees shall have the right to remove all of said equipment, tools, machinery, structures, improvements and personal property from the leased premises and to begin said removal within sixty (60) days after the termination of the lease as to such premises; provided, however, that in no event shall the lessees remove any timbering placed in or about said leased premises.

(15) This agreement, and each of the terms, conditions, provisions, stipulations, agreements, and covenants in this lease shall extend to and bind or inure to the benefit of, as the case may be, not only to the parties hereto, but to each heir, executor, administrator, personal representative, assign and/or successor in interest of the lessors and lessees, and whenever in

this lease reference to lessors or lessees is made such reference shall be deemed to refer to the successors and assigns of such party to the same extent as if in every case expressed, and all stipulations, admissions, agreements, conditions, and covenants contained in this lease shall be covenants running with the land.

(16) Lessors hereby covenant and agree that they will furnish all information and execute any and all documents which will be necessary should lessees apply for Federal loans on account of the exploration and/or mining of strategic minerals, and cooperate in all reasonable manner to assist lessees in procuring said loan, without cost, however, to lessors. This lease is subject and subordinate to the loan of H. L. and M. Mining Company from United States Geological Survey in the sum of $700.00 more or less and Elio R. Giusti Mining Co., which loans are hereby assumed by lessees and shall be paid and discharged by lessees from the gross proceeds from their mining operations herein.

(17) In the event that the lessees fail to fulfill any of the obligations and requirements of this lease, then lessors shall notify said lessees of such failure, in writing, giving lessees thirty (30) days within which to commence to remedy said failure or fulfill said obligation.

(18) There is reserved from the property hereby leased the portion thereof known as the JAMES CREEK PLACER and this lease is subject and subordinate to all leases of those excepted premises now existing and which may be entered into by lessors from time to time.

(19) All payments or delivery of ore or other substances from lessees to lessors as provided for in paragraph (8) hereinabove shall be made within thirty days of receipt of gross sales proceeds by lessees or within thirty days of receipt of mercury or other substances by lessees.

(20) Title to all ore, mercury, minerals, fossil or vegetable substances shall remain in lessors until the same be taken from the ground.

(21) Lessees shall take out and maintain in force at their own expense a policy of public liability insurance in such an amount and in such company or companies as may be satisfactory to the lessors, insuring the lessors and lessees from all liability and all actions, suits and costs of suits by any and all persons for damage or injury to such persons or property caused on the leased premises, or by reason of any negligence on the part of the lessors or lessees or any sub-tenant or any employees, agents or servants of the lessees in and about the occupation, use and maintenance of the leased premises. A proper certificate of said policy of insurance satisfactory to the lessors shall be delivered to and remain in the possession of the lessors during the term of this lease or any extensions thereof.

(22) There shall be no living quarters constructed or used as dwellings upon the leased premises, except that the office building of lessees' operations may contain sleeping quarters for two individuals.

(23) In the event suit be brought for an unlawful detainer of the premises, for the recovery of any rent due under the provisions of this lease, or because of the breach of any other covenant herein contained on the part of lessees to be kept or performed, or to clear the title to the property by reason of any such breach, lessees shall pay to lessors a reasonable attorney's fee to be fixed by the Court.

(24) Anything to the contrary notwithstanding, this lease shall not be assignable by operation of law without the prior consent in writing of lessors, and this lease shall not be

assigned to, nor shall lessees sublet to nor part with the possession of all or any portion of the leased premises except to a person or corporation or corporations of good reputation and financial stability.

(25) There is reserved to lessors the right and privilege of making any use or occupancy of the leased premises that does not interfere with the mining operations of the lessees.

Executed this _____ day of August, 1965.

_____
GEORGE B. HEIBEL

_____
RUTH V. HEIBEL

LESSORS

_____
JAMES S. MacKAY

_____
DOROTHY MacKAY

_____
DOROTHY LHOYD

_____
PAUL H. TRAVIS

_____
WILLIAM HAMANN

LESSEES

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/22/66	Kirkemo	120K
		110
		220

Mr. George B. Heibel
Aetna Springs
Pope Valley, California 94567

APR 22 1966

Re: DMEA-4777 (Mercury)
H.L.M. Mining Co.
Aetna Springs Resort Area
Napa County, California
Contract Idm-E1155

Dear Mr. Heibel:

Thank you for answering our request for information on this certified DMEA exploration project which is under royalty agreement.

We note that new lessees leased this property in August 1965. Please furnish us with a copy of this lease and the mailing address of the lessees.

Sincerely yours,

FRANK E. JOHNSON

(FJ)

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
OME Reading File
Region II w/cy of incoming 63
Kirkemo
HKirkemo/mm (4/22/66)

23263

IN REPLY REFER TO:

90

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

March 2, 1966

Mr. George B. Heibel
Aetna Springs
Pope Valley, California

Re: DMEA-4777 (Mercury)
H.L.M. Mining Co.
Aetna Springs Resort Area
Napa County, California
Contract Idm-E1155

OFFICIAL COPY
O. M. E.
RECEIVED
APR 21 1966

INITIALS	CODE
4/22/66	120
	110
HK	120
	120
	220

Dear Mr. Heibel:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

P.S. This is in reference to the Consent to Lien and Subordination Agreement signed by you as of Feb. 2, 1958.

MME Form 63
Revised 7-65

DMEA-4777
Idm-E1155

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since **February 1965**, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes [X] No [ ]

2. Since **February 1965**, has there been any production from the land subject to the contract? At least, not to our knowledge Yes [ ] No [X]

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

3. Since , has any production been transported through workings (see of contract)? Yes [ ] No [X]

   If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name [signature] Title OWNER

Address AETNA SPRINGS POPE VALLEY, CALIF. 94567 Date April 12th, 1966

In August 1965 the property was leased for the purpose of prospecting, mining, drilling, boring or digging for all minerals, but to our knowledge there has been no production to date. The names of the new lessees are; WILLIAM HAMANN JAMES S. MacKAY, DOROTHY MacKAY, DOROTHY LLOYD. PAUL H. TRAVIS

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

January 21, 1965

Mr. George B. Heibel
Aetna Springs
Pope Valley, California

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 9 1965

INITIALS	CODE
ams	800
	100
	110
mm	120
	120

Re: DMEA-4777 (Mercury)
H.L.M. Mining Co.
Aetna Springs Resort Area
Napa County, California
Contract Idm-E1155

Dear Sir:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

This is in reference to the Consent to Lien and Subordination Agreement signed by you as of Feb. 2, 1958.

Sincerely yours,

George C. Selfridge

George C. Selfridge, Chief
Division of Exploration Operations

MME Form 63
Revised 3-62

DMEA-4777
Idm-E1155

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since March 1964 , has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since March 1964 , has there been any production from the land subject to the contract? Yes ☐ No ☒

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☒

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Geo. B. Kulich Title Owner

Address Aetna Springs, Pope Valley, Calif. Date January 30th, 1965

4511

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

March 5, 1964

Re: DMEA-4777 (Mercury)
H.L.M. Mining Co.
Aetna Springs Resort Area
Napa County, California
Contract Idm-E1155

Mr. George B. Heibel
Aetna Springs Resort
Pope Valley, California

Dear Sir:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

P.S. This is in reference to the Consent to Lien and Subordination Agreement signed by you as of Feb. 2, 1958.

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 30 1964

DATE	INITIALS	CODE
3/20		800
		~~100~~
3/30		~~110~~
		500
		320

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since October 15, 1962 , has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since October 15, 1962 , has there been any production from the land subject to the contract? Yes ☐ No ☒

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☒

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name George B. Heibel Title ~~George B. Heibel - OWNER~~

Address ~~AETNA SPRINGS, POPE VALLEY, CALIF.~~ Date ~~MARCH 23rd, 1964~~

4511

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

September 27, 1962

Re: DMEA-4777 (Mercury)
H. L. M. Mining Co.
Aetna Springs Resort Area
Napa County, California
Contract Idm-E1155

H. L. M. Mining Company
c/o Mr. John J. Lukanish
33 Beechwood Drive
Piedmont, California

Gentlemen:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 19 1962

DATE	INITIALS	CODE
10/19		800
10/19		100
10/19		110
10/30	S.P.H	500

MME Form 63
Revised 3-62

DMEA-4777
Idm-E1155

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since July 12, 1960, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☐

2. Since July 12, 1960, has there been any production from the land subject to the contract? Yes ☐ No ☑

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☐

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name [signature] Title

Address Date Postmarked 10.15.62

4511

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

FILE: DMEA-4777
H.L.M. Mining Company

Aetna Springs Mine
c/o Mr. Elio R. Giusti
Howard Hot Springs
Middletown, California

SEP 6 1962

Re: OME-6117 (Mercury)
Aetna Springs Mine
Aetna Springs Mine
Napa County, California
Contract 2127

Gentlemen:

Reference is made to your terminated exploration contract with the Government. We sincerely regret that the work performed did not result in a certification of possible production under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We therefore are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the periods indicated.

Please note, however, that this action in no way affects your obligation concerning the Government's right to its royalty under the terms of Contract Idm-21155 (DMEA-4777) H.L.M. Mining Company, as set forth in Article 16 of the Lease executed by George B. Heibel and Ruth V. Heibel, lessor, and Elio R. Giusti, lessee, amended by the Amendment to Lease, executed June 3, 1961, by the same lessor and lessee.

DMEA 4777

We appreciate your interest and participation in the OME exploration program.

Sincerely yours,

George Fumich, Jr.

Director

Copy to:
Aetna Springs Mine
c/o Mr. Robert Gary Baker
829 Masonic Avenue
Albany, California

SPHolt/gla
9-6-62
cc to: Director's Reading File
Contract Division
Region II (2)
Docket OME-6117
Docket DMEA-4777

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

OFFICIAL FILE COPY
O. M. E
RECEIVED JUN 18 1962

DATE	INITIAL	CODE
6/18		800
	gla	500
		220

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, Region II

Subject: DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort Area
Napa County, California
Contract Idm-E1155

Enclosed herewith is the original of a Report of Royalty Review covering the subject contract. This office concurs in the facts as stated in the Report of Royalty Review.

PAUL V. FILLO
Paul V. Fillo

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

JUN 5 1962

Memorandum

To: Acting Field Officer, Region II

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

Subject: DMSA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort Area
Napa County, California
Contract Idm-E1155

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 6-5-62

cc:
Docket
Director's Reading File
CA & A Division
Mr. Rothrock

43683

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

OFFICIAL FILE COPY
O. M. E
RECEIVED APR 7 1961

DATE	INITIALS	[illegible]
4-7	gad	VVO
		~~VVO~~
4/7	[illegible]	800
4/10	[illegible]	500
		~~120~~
		220

April 6, 1961

Memorandum

To: Chief, Division of Field Operations, OME
Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract Idm-E1155

Reference is made to your letter of March 28, 1961 regarding the above contract. Under date of March 15, 1961 Mr. Elio Giusti has submitted an application for exploration assistance by the OME. Attached to and made a part of the application is a copy of the mining lease executed by the owners, George B. Heibel and his wife, Ruth V. Heibel.

This lease covers the area of the former H. L. M. Mining Company contract and also covers mining rights under the Resort Area.

GLENN G. GENTRY

Copy to: OME Files, Region II

(Copy made for OME-6117, Elio R. Giusti)

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
3/27	Holt	500
	Mounel	500
3/27	Talbot	800
3/28	GCL	130
"	Johnson	110
3/28	CAC	220
	gla	500
		220

MAR 2 8 1961

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract Idm-E1155

Please advise us if Mr. Guisti has furnished the copies of lease or other document requested in your letter of December 20, 1960, concerning the subject contract.

/s/ George G. Selfridge

SPHolt/gla
3-27-61
cc to: Director's Reading File
Review Committee
Code 500
Docket

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION II

DIVISION
OF
MINERAL RESOURCES

420 CUSTOM HOUSE
555 BATTERY STREET
SAN FRANCISCO 11, CALIFORNIA

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 11 1961

DATE	INITIALS	CODE
1-11	gad	VVO
1/12		140
		800
		220

January 10, 1961

Memorandum

To: Chief, Division of Field Operations, Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Reference is made to our memorandum dated December 20, 1960 regarding the subject contract.

This office has been advised by Mrs. George B. Heibel that Mr. Guisti had visited this office and Mr. Gentry had seen the lease. Due to Mr. Gentry's illness, we cannot verify this statement.

Enclosed is a copy of Mrs. Heibel's reply, in which she advised that Mr. Guisti will clarify this matter.

for Gloria D Salac
GLENN G. GENTRY

Attachment

Copy to: OME Files, Region II

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

BUREAU OF MINES
DIVISION OF
MINERAL RESOURCES
REGION 11

December 20, 1960

Mr. George B. Heibel
Aetna Springs Resort
Pope Valley
Napa County, California

Re: Docket No. DMFA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E-1155

Dear Mr. Heibel:

Reference is made to our letter dated October 21, 1960, requesting a copy of your lease with Mr. Guisti and/or a copy of any new lease consumated with other parties in the event the Guisti lease is terminated.

We again wish to remind you of your obligation under Article 5 of the Consent to Lien and Subordination Agreement signed by you on February 2, 1958. Of course, the Consent to Lien and Subordination Agreement does not specifically require a copy of a lease. Two copies of any advance notice of the Government's rights to a third party would do.

We would appreciate hearing from you on this matter in the near future.

Very truly yours,

Gloria D. Solac
for GLENN G. GENTRY
Acting Field Officer, OME
Region II

cc: Chief, Division of Field Operations, Washington, D. C.

In response: Mr. Guisti has assured us that he has been in to your office and that you Mr. Gentry, have seen the lease, but evidently your office is not aware of this fact. He has promised to see you again, and assures us that he will take care of this matter for us.

George B. Heibel
Mrs. [illegible] B. Heibel

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

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 22 1960

DATE	INITIALS	CODE
12/22	Coe	220
~~12/20~~	~~Coe~~	~~800~~
~~12/29~~	~~Hoelt~~	~~500~~
		220

December 20, 1960

Mr. George B. Heibel
Aetna Springs Resort
Pope Valley
Napa County, California

Re: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E-1155

Dear Mr. Heibel:

Reference is made to our letter dated October 21, 1960, requesting a copy of your lease with Mr. Guisti and/or a copy of any new lease consumated with other parties in the event the Guisti lease is terminated.

We again wish to remind you of your obligation under Article 5 of the Consent to Lien and Subordination Agreement signed by you on February 2, 1958. Of course, the Consent to Lien and Subordination Agreement does not specifically require a copy of a lease. Two copies of any advance notice of the Government's rights to a third party would do.

We would appreciate hearing from you on this matter in the near future.

Very truly yours,

GLENN G. GENTRY
Acting Field Officer, OME
Region II

cc: Chief, Division of Field Operations, Washington, D. C.

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

December 20, 1960

Memorandum

To: Chief, Division of Field Operations, OME, Washington, D.C.

From: Acting Field Officer, Region II, OME

Subject: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E-1155

Reference is made to your memorandum of December 14, 1960 regarding the above subject.

To this date, no reply has been received by this office regarding to a copy of Mr. Heibel's lease with Mr. Guisti, or any new lease with other parties covering the property mentioned above.

This office will again remind him of his obligation under the Consent to Lien and Subordination Agreement.

for Gloria D Salac
GLENN G. GENTRY

Copy to: OME File, Region II

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 22 1960

DATE	INITIALS	CODE
12/22	Coe	210
12/23	Hart S.R.H.	~~500~~
		220

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
12/9	Holt	500
	Hussel	500
12/9	Talbot	800
12/13	[illegible]	130
"	Johnson	110
		220

DEC 14 1960

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract Idm-E1155

Please advise us whether you have received any reply to your letter of October 21, 1960, to Mr. George B. Heibel, requesting a copy of his lease with Mr. Guisti, or any new lease with other parties covering the property mentioned above.

If you have not heard from Mr. Heibel, please again remind him, as noted in our memorandum of October 14, 1960, of his obligation under the Consent to Lien and Subordination Agreement signed by him on February 2, 1958.

S/ George C. Schlinge

(24/2)

SPHolt/gla
12-9-60
cc to: Director's Reading File
Review Committee
Code 500
Docket
Chron

P.S. Of course, the Consent to Lien and Subordination Agreement does not specifically require a copy of a lease. Two copies of any advance notice of the Government's rights to a third party would do.

43683

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

October 21, 1960

Memorandum

To: Chief, Division of Field Operations, OME, Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E-1155

In reply to your memorandum of October 14, 1960 regarding the above subject, this office has not received from Mr. George B. Heibel a copy of his lease with Mr. Elio R. Guisti or a copy of any new lease with other parties on the land included in the contract mentioned above.

Gloria D Salac
for GLENN G. GENTRY

Copy to: OME File, Region II

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 24 1960

DATE		
10/24		2 10
		800
10/25		500
		220

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 24 1960

DATE	INITIALS
10/24	Cae
"	RCT
10/26	

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

October 21, 1960

Mr. George B. Heibel
Aetna Springs Resort
Pope Valley
Napa County, California

Re: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E-1155

Dear Mr. Heibel:

Reference is made to our letter of July 20, 1960 requesting a copy of your lease with Mr. Guisti and/or a copy of any new lease consummated with other parties in the event the Guisti lease is terminated.

We would appreciate hearing from you on the above matter.

Very truly yours,

GLENN G. GENTRY
Acting Field Officer, OME
Region II

cc: Chief, Division of Field Operations, OME, Washington, D. C.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
10/14	Holt	500
	Unwanell	500
10/14	Talbert	800
10/14	GCS	130
"	Johnson	110
10-14	gad	220

OCT 14 1960

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract Idm-E1155

Reference is made to your letter of July 20, 1960, to Mr. George B. Heibel, requesting a copy of his lease with Mr. Elio R. Guisti, or a copy of any new lease with other parties on the land included in the contract mentioned above.

We will appreciate your advice as to whether Mr. Heibel has furnished the requested document or documents. If not, please again remind him of his obligation in that respect under Article 5 of the Consent to Lien and Subordination Agreement signed by him on February 2, 1958.

/s/ George C. Selfridge (265)

SPHolt/EDTalbert/gla
10-14-60
cc to: Director's Reading File
Review Committee
CA&A Division
Code 500
Docket
Chron

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
10/14	Holt	500
	Hurand	500
		800
		130
		110
		220

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: IMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract Idm-E1155

Reference is made to your letter of July 20, 1960, to Mr. George B. Heibel, requesting a copy of his lease with Mr. Elio R. Guisti, or a copy of any new lease with other parties on the land included in the contract mentioned above.

We will appreciate your advice as to whether Mr. ~~Guisti~~ Heibel has furnished the requested document or documents. If not, please again remind him of his obligation in that respect as well as under the royalty provisions of the contract.

SPHolt/gla
10-14-60
cc to: Director's Reading File
Review Committee
CA&A Division
Code 500
Docket
Chron

43683

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 22 1960

DATE	INITIALS	CODE
7-22	gad	220
"	GEF	800
"	Hoet	500
7-25	July 20, 1960	
	SPH	225

Mr. George B. Heibel
Aetna Springs Resort
Pope Valley
Napa County, California

Re: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E-1155

Dear Mr. Heibel:

Reference is made to our conference at your residence in Aetna Springs on July 12, 1960 which included discussions of: July 12, 1960

(1) Possible production of ore from the land included in the subject contract.

(2) Present status of a mining lease on the above referenced property between yourself and Mr. Elio R. Giusti.

(3) A letter dated June 21, 1960 from the Acting Director, O.M.E., addressed to yourself and Mrs. Heibel, enclosing a letter to the operator setting forth its obligations under the terms of the above cited contract.

I understand the lease between yourself and Mr. Giusti was executed for a period of ten years, but due to default by the Lessee, had expired on July 1, 1960. However, according to my notes, you were continuing the lease in force on a monthly basis hoping that Mr. Giusti would obtain additional financing and continue exploring the property.

During a short conference with Mr. Giusti later in the same afternoon he reported installation of a small muffle type mercury furnace, production of a small quantity of ore from an area adjacent to the old workings identified as the Heibel prospects on the property map, and hoped to eventually produce a few flasks of quicksilver.

Mr. Giusti was advised that five per cent royalty on production from the subject contract area should be paid to the Government and that royalty payments should be accompanied by the purchasers settlement data.

Pursuant to Article 2 (c) of the contract, we will appreciate receiving a copy of your lease with Mr. Giusti and/or a copy of any new lease consumated with other parties in the event the Giusti lease is terminated.

Thank you for your cooperation in the above matters.

Very truly yours,

Glenn G. Gentry
Acting Field Officer, OME
Region II

cc: Chief, Division of Field Operations, OME, Washington, D. C.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/22	Holt	500
	Griswold	500
6/21	Talbert	800
6/21	Selfridge	130
		~~110~~
6/21	gad	220
		225

JUN 21 1960

Mr. George B. Heibel
Mrs. Ruth V. Heibel
Aetna Springs Resort
Napa County, California

Re: DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract Idm-E1155

Dear Mr. and Mrs. Heibel:

With further reference to your meeting with Messrs. Gentry and Stager, covered by Mr. Dietrich's December 15, 1959, letter to you, we are enclosing a letter of this date to the Operator setting forth its obligations under the terms of the above-cited contract.

This correspondence relates to the Consent to Lien and Subordination Agreement signed by you on February 2, 1958, under the Defense Minerals Exploration Administration program. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

Frank E. Johnson (fev)

Acting Director

Enclosure

SPHolt/WRGriswold/gla
6-22-60
cc to: Director's Reading File
Region II (2)
Docket
Code 500
Chron

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/16	Holt	500
	Johnson	500
		~~110~~
		~~110~~
6/21	Talbut	800
6/21	Selfridge	130
		~~110~~
6/21	gad	220
		225

JUN 21 1960

H. L. M. Mining Company
c/o Mr. John J. Lukanich
33 Beechwood Drive
Piedmont, California

Re: DMEA 4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract Idm-21155

Gentlemen:

By the terms of the subject Exploration Contract, as amended, and of the Termination Agreement (Item 5), all minerals mined or produced from November 19, 1957 to November 19, 1968, are subject to the Government's percentage royalty as set forth in the contract until the sum of $731.23 is repaid to the Government.

Royalty payments should be made to the Field Officer, OME, Region II, 420 Custom House, 555 Battery Street, San Francisco 11, California, by the purchaser, with checks drawn payable to the Office of Minerals Exploration. The purchaser should be advised to deduct royalties from the amount due on each shipment and send the check directly to the Field Officer. Each check should be accompanied by suitable sales evidence, such as copies of settlement sheets, showing the name of the purchaser, the quantity and grade of the products sold, and the price and charges, certified to be correct by the purchaser.

You are requested to notify the Field Officer of any changes in ownership or production rights that may have any effect on the Government's right to its percentage royalty. Your attention is called particularly to Article 2(e) of the contract relating to the preservation of the Government's right to a percentage royalty on production. Also when production starts, please notify the Field Officer. Thereafter, if production ceases for any extended period, please notify him accordingly at six-month intervals.

Sincerely yours,

Frank E. Johnson (Leo)

Acting Director

cc to: Region II (2)
Code 500
Chron.
CA&A Div.

cc to: Docket
Director's r. file
Mr. Johnson
Review Committee
Mr. Kirkemo, USGS

SPHolt:kb - 6/16/60
cc to: H.L.M. Mining Co.
c/o Mr. Philip C. Munko
710 Shasta Avenue
Dunsmuir, California

cc to: H.L.M.Mining Co.
c/o Mr.Alexander R.Hiland
103 Caldwell
Dunsmuir, California

George B. Heibel
Ruth V. Heibel
Aetna Springs Resort
Napa County, Calif.

43683

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

Official

EXTRA COPY O. M. E RECEIVED JUN 2 1960		
DATE	INITIALS	CODE
6-2	gad	220
6/2	[illegible]	800
6/3	[illegible]	500

May 31, 1960

Memorandum

To: Fiscal Section, Division of Administrative Services, OME

From: Acting Field Officer, OME, Region II

Subject: Distribution of Reports and Certificates
Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Attached hereto is the original Report of Review on the cited contract. Copies of the Report of Review have been distributed in the authorized manner.

Because we have now no definite address for the subject company, each of the partners is being notified separately in order that each will have the information.

Copies of my letters of transmittal are enclosed.

Glenn G. Gentry

Attachments 4

Copy to: H. K. Stager, U.S.G.S.
OME File

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

May 31, 1960

Mr. John H. Lukanish
c/o H. L. M. Mining Company
33 Beechwood Drive
Piedmont, California

Re: Docket No. IMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort Area
Napa County, California
Contract No. Ism-E 1155

Dear Mr. Lukanish:

Attached hereto is your copy of a Report of Review in lieu of a final audit on the cited contract, signed by E. D. Talbert, OME Auditor.

The Acting Field Officer, OME, Region II concurs with the facts stated thereon.

Very truly yours,

Glenn G. Gentry
Acting Field Officer, OME
Region II

Attachment

Copy to: Contract Administration Audit Division, [illegible]
[illegible]
[illegible]

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

May 31, 1960

Mr. Phillip Munko
710 Shasta Avenue
Dunsmuir, California

Re: Docket No. IMBA-4777 (Mercury)
M. L. M. Mining Company
Aetna Springs Resort Area
Napa County, California
Contract No. Idm-E 1155

Dear Mr. Munko:

Attached hereto is your copy of a Report of Review in lieu of a final audit on the cited contract, signed by E. B. Talbert, OME Auditor.

The Acting Field Officer, OME, Region II, concurs with the facts stated therein.

Very truly yours,

Glenn G. Gentry
Acting Field Officer, OME
Region II

Attachment

Copy to. Contract Administration and Audit Division, OME
H. K. Stager, U.S.G.S.
OME File

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

May 31, 1960

Mr. Al Hiland
c/o Hiland Music Store
103 Caldwell
Dunsmuir, California

Re: Docket No. BMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort Area
Napa County, California
Contract No. Idm-E 1155

Dear Mr. Hiland:

Attached hereto is your copy of a Report of Review in lieu of a final audit on the cited contract, signed by E. D. Talbert, OME Auditor.

The Acting Field Officer, OME, Region II concurs with the facts stated therein.

Very truly yours,

Glenn G. Gentry
Acting Field Officer, OME
Region II

Attachment

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5-23	gad	220
5/24	[illegible]	500

MAY 23 1960

Memorandum

To: Acting Field Officer, Region II

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

Subject: Docket No. OMBA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort Area
Napa County, California
Contract No. Idm-E1155

As requested by your May 19 memorandum, a Report of Review in lieu of a final audit of the subject contract has been prepared. The original and two copies are attached.

If you concur with the findings stated in this report, please make the distribution authorized by section 4 of OMB Circular 2, dated February 17, 1960. If for any reason you do not concur, please return the original and both copies to this Division with your comments.

Your file copy of the final (April-June 1958) MF-104 and supporting documents is returned. In this connection, it is to be noted that this MF-104 was paid in full on July 17, 1958, and no balance is due the Operator under this contract. Section 1 of OMB Circular 1 requires that a memorandum requesting a Report of Review be accompanied by the originals of any unpaid forms MF-104. Copies of paid forms MF-104 need not be submitted.

Attachments

EDTalbert/ama
May 23, 1960

Copy to: Docket
Director's Reading File
CA & A Division
Mr. Rothrock, Room 7354, Interior

43683

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

Sitter Official
OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 23 1960
DATE | CODE
5/23 | 100

May 19, 1960

Memorandum

To: Contract Administration and Audit Division, OME, Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: Docket No. DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Work under the subject contract was terminated effective February 20, 1959, by an agreement dated August 18,1959.

The number of units of work completed by the operator and accepted by the Field Team as conforming to contract specifications were:

Stage I -	Bulldozing of trenches (48 hours)	1 job
	Drilling and blasting of trenches	345 feet
	Assays	27

Stage II - No work done

The operator's narrative report of May 16, 1958, together with his sketch map and assay certificates received in June, 1958, has been accepted in lieu of his final report. A Report of Review, in lieu of a final audit, is in order and requested. For this purpose the original copies of the final (April-May 1958) MF 104 and MF 104-A, together with supporting documentation are attached.

Glenn G. Gentry

Attachments

Copy to: Chief, Division of Field Operations, OME
OME File

NME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/6	Holt	500
	Kramer	500
5/9	Jaklyk	800
5/9	Selfridge	130
5/10	Johnson	110
5/10	gad	220
		500

MAY 10 1960

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: IMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

It appears from our records that the Operator's narrative report of May 16, 1958, together with sketch map and assay certificates, having been accepted by this office in lieu of an Operator's final report, a final audit or review can be made.

If this is correct, please submit your request for such audit or review, in accordance with the provisions of OME Circular 2, as we wish to close this contract as soon as possible.

/s/ George C. Selfridge (SHB)

SPHolt/gla
5-6-60
cc to: Director's Reading File
Review Committee
CA&A Division
Docket
Chron

43683

MME Form 7
(10-58)

DEC 30 1959

OFFICIAL FILE COPY

Date	Surname	Code
12/29	Holt	500
	Driscoll	500
	Fisher	800
12/30	[illegible]	130
12/30	[illegible]	110
12/30	RCW	220
		500

Memorandum

To: Executive Officer, OME Field Team, Region II

From: Chairman, Operating Committee, OME

Subject: Docket No. DME 4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

We cannot, as you recommend in your memorandum of December 22, 1959, accept the Field Team's Final Report in lieu of the Final Report of the Operator of the above-captioned project, nor could we do so under any exploration contract.

However, in accordance with your other suggestion, we are willing to accept the Operator's narrative report of May 16, 1958, together with the sketch map and assay certificates noted in our memoranda to you of October 23 and December 18, 1959, in lieu of an Operator's Final Report on the captioned project.

/s/ George C. Selfridge (246)

APPROVED:

Frank D. Lamb (246)
Member, Bureau of Mines

Harold Kirkemo (246)
Member, Geological Survey

SPHolt:kb - 12-29-1959
Copy to: Docket ✓
Director's reading file
Operating Committee
J. W. Pennington, USBM
Harold Kirkemo, USGS
Code 500 (2)
Code 800
Chron.

43683

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

December 22, 1959

Memorandum

To: Chairman, Operating Committee, OME, Washington, D. C.

From: Executive Officer, OME Field Team, Region II

Subject: Docket No. DMEA-4777 (Mercury)
Aetna Springs Resort
H. L. M. Mining Company
Napa County, California
Contract No. Idm-E 1155

OPR'S FINAL REPORT

Reference is made to your letter of December 18, 1959 regarding the subject contract and the operator's narrative for the months of April-May-June, 1958 as submitted with the MF104-104A vouchers for that period.

file with 104 apr.-June

We enclose three copies of the operator's narrative of May 16, 1958, which is the only narrative ever submitted.

During the past several months (from September 1959 to date) numerous efforts by letter, telephone and personal conferences to obtain a Final Report from the operators have been unsuccessful.

Therefore, if the enclosed narrative is insufficient, we recommend acceptance of the Final Report of the Field Team dated September 4, 1959, in lieu of one from the operator.

W. F. Dietrich

W. F. Dietrich

Attachments

Copy to: Finance Office, Region II
H. K. Stager, U.S.G.S.
OME File

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 28 1959

DATE	INITIALS	CODE
12/28	C	220
"	[illegible]	800
12/29	S.P.H.	500

see 12/30/59 memo to Reg. II

OFFICIAL FILE COPY

Date	Surname	Code
12/17	Holt	500
	Kirkemo	500
	Fisher	800
12/18	GLS	130
12/18	Johnson	110
12-18	gad	220
		500

DEC 18 1959

Memorandum

To: Executive Officer, OME Field Team, Region II

From: Chairman, Operating Committee, OME

Subject: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

Receipt of the signed Termination Agreement forwarded with your memorandum of December 15, 1959, allows us to proceed with closing the subject contract.

Since only a small amount of work was performed on this project, we would be inclined to approve your recommendation that the Operator's narrative report of June 1958 be accepted in lieu of the Operator's final report. But records in this office do not contain such a narrative report. Our copy of the Operator's report for June 1958 consists of Forms MF-104 and 104A completed for April, May, and June, 1958, two assay certificates showing results of assays of samples Nos. 1 to 27, and a sketch map showing locations of trenches and samples.

Please forward to this office a copy of the narrative report referred to in the Final Report of the Field Team, and in your Review of Examination Report, dated September 8, 1959, on the subject project.

/s/ George C. Selfridge

(SHB)

APPROVED:

Frank D. Lamb (SHB)
Member, Bureau of Mines

Harold Kirkemo (SHB)
Member, Geological Survey

SPHolt/gla 12-17-59
cc to: Director's Reading File
Operating Committee
J. W. Pennington, USBM
Harold Kirkemo, USGS
Docket
Chron

43683

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 17 1959

DATE	INITIALS	CODE
12-17	gad	VVO
12/17	[illegible]	800
		500
12/17	Hoeb	600

December 15, 1959

Mr. George B. Heibel
Mrs. Ruth V. Heibel
Aetna Springs Resort
Pope Valley
Napa County, California

Re: Consent to Lien & Subordination Agreement
Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Dear Mr. and Mrs. Heibel:

Pursuant to the conference at Aetna Springs between Mr. Heibel and Messrs: Glenn G. Gentry and H. K. Stager, members of the OME Field Team, on the evening of December 9, 1959, relative to the subject contract:

Effective as of February 19, 1959 the exploration contract between the Government and the H. L. M. Mining Company has been terminated. Total expenditures during the period of the contract amounted to $975.00, subject to audit, and Government participation at 75 percent amounted to $731.25.

Therefore the sum of $731.25 is due the Government as royalty from production obtained from the contract area to November 19, 1968.

We understand that a lease agreement between yourselves and Mr. F. A. Devlin covering the subject property, has been cancelled and/or terminated and that no work was done by the lessee, and no production of mercury was made by F. A. Devlin or others since the contract became effective on November 19, 1957.

Your attention is directed to paragraph 5 of the Consent to Lien (copy of which is attached) relative to your

obligations to the Government in the event of any subsequent lease that may be granted on the subject property.

We will, therefore, appreciate your future cooperation in this matter.

Very truly yours,

W. F. Dietrich
Executive Officer
OME Field Team, Region II

Attachment

Copy to: Operating Committee, OME, Washington, D. C.
H. K. STager, U.S.G.S.
OME File

MF-205
(Combines and super [illegible]
June 1956

Government's Use Only
[illegible] PROJECT CONTRACT
Operator [illegible]
Docket No. DMEA- [illegible]
Contract No. Idm-E [illegible]
Contract Date [illegible]

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of NAPA, State of CALIFORNIA, described as follows: 2/

[illegible]

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

NONE

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

2/ 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 MAY 8, 1957 (V1217), and recorded in Book 542, Page 487, 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 2 day of Feb, 1958.

George B. Keibel [Seal] Aetna Springs [Address]

Seth D. Weber [Seal] Aetna Springs [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 17 1959

DATE	INITIALS	CODE
12-17	gad	220
"	Hoeft S.T.H.	500

December 15, 1959

Memorandum

To: Chairman, Operating Committee, OME, Washington, D. C.

From: Executive Officer, OME Field Team, Region II

Subject: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Reference is made to your letter of December 4, 1959 relative to the Termination Agreement of the subject contract.

We have obtained the signatures of the three operating partners and enclose the necessary copies of the Termination Agreement for your files.

Proper distribution has been made of the remaining copies.

For: W. F. Dietrich

Attachments

Copy to: Finance Office, Region II
H. K. Stager, U.S.G.S.
OME File

MME Form 7
(10-58)

DEC 4 1959

RECEIVED
DEC 2 - 1959
ASSOC. SOLICITOR
MINERAL RESOURCES

OFFICIAL FILE COPY

Date	Surname	Code
12/1	Griswold	500
12/2	J. Lynch	140
12/3	Vernon	140
	Assoc. Sol. Off.	
12/4	Talbert	800
12/4	[illegible]	130
"	Johnson	110
12-4	gad	220
		500

R
SOLICITOR
DEC 2 1959
INTERIOR DEPT.

Memorandum

To: Executive Officer, OME Field Team, Region II

From: Chairman, Operating Committee, OME

Subject: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

This is in reference to your November 5 memorandum (with enclosures) concerning the cited contract. We note, in your October 29 memorandum to us, that the Termination Agreement was signed by John J. Lukanish and returned to you. *Actually, this signature is, in itself, adequate for our needs.*

Assuming that you have heard nothing further since your memorandum of November 5, we suggest that you again get in touch with either Al Hiland or the attorney and diplomatically request that they either sign or return the Termination Agreement to you without their signature. If you can again obtain possession of it, we can close our books.

/s/ George C. Selfridge (243)

APPROVED:

Frank D. Lamb (HB)
Member, Bureau of Mines

Harold Kirkemo (HB)
Member, Geological Survey

WRGriswold/gla 12-1-59
cc to: Director's Reading File
Operating Committee
J. W. Pennington, USBM
Harold Kirkemo, USGS
Docket
Chron

*P.S. This information should not be passed on to any of the partners or their representatives.

FROM SOLICITOR
DEC 3 1959
FOR SIGNATURE

43683

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

November 5, 1959

Memorandum

To: Operating Committee, OME, Washington, D. C.

From: Executive Officer, OME Field Team, Region II

Subject: Docket No. DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Since September 17, 1959 we have endeavored to obtain the signatures of Messrs: Alexander R. Hiland and Phillip C. Munko to the Termination Agreement to the subject contract.

In further reference to the above, we enclose verifax copy of a letter dated November 3, 1959 from Mr. Howard E. Jones, Attorney at Law, Dunsmuir, California and a copy of our reply to Mr. Jones.

W. F. Dietrich

Attachments

Copy to: H. K. Stager, U.S.G.S.
Finance Office, Region II
OME File

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 9 1959

DATE	INITIALS	CODE
11/9	RCW	225
11/9	[illegible]	800
11	[illegible]	500
11/12	[illegible]	500

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 9 1959

DATE	INITIALS	CODE

November 5, 1959

Mr. Howard E. Jones
Attorney at Law
832 Florence Avenue
Dunsmuir, California

Re: Docket No. DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Dear Mr. Jones:

We acknowledge receipt of your letter dated November 3, 1959 relative to the termination of the subject contract. The termination agreement had been mailed to Mr. Alexander R. Hiland, Dunsmuir, California on September 17, 1959.

The cited exploration contract dated November 19, 1957 agreed that the work would be started on or before March 15, 1959 and would be completed within 9 months from date of contract.

Amendment No. 1 to the contract, dated August 19, 1958, extended the time for completion to February 19, 1959 and the maximum period of royalty payments from ten years to eleven years.

The contract has therefore been in default since February 19, 1959.

We enclose a copy of Amendment No. 1 and of Article 6 of the contract which refers to (a) repayment by the Operator and (b) royalty on production.

The contract approved expenditures of $16,520.00 of which the Government participation at 75 percent would amount to $12,390.00

Mr. John J. Lukanish submitted one voucher combining expenditures for the months of April, May and June, 1958. This voucher listed the following items of work and expenditures claimed for reimbursement:

Item	Units	Rate	Cost
Bulldozing	48	$10.00	$480.00
Bulldozing, bottom of trenches	345	$ 1.20	414.00
Sample analysis	27	$ 3.00	81.00
Total (subject to audit)			$975.00
Government participation at 75 percent			$731.25

Therefore, the amount of $731.25 was paid by the Government to the H.L.M. Mining Company on July 21, 1958 by check No. 12740819.

Resume:

Authorized expenditures	$16,520.00
Expended (subject to audit)	975.00
Unexpended	$15,545.00

If the expenditures of $731.25, paid by the Government to the H. L. M. Mining Company, is approved by a Government audit, then that amount is due the Government as royalty from any production made from the property. (refer to explanation in Article 6 of the contract and Amendment No. 1).

The contract was signed by the three partners and we assume they are familiar with said contractual requirements.

Your attention is directed to Article 5 (c) of the contract, which states:

"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 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."

We believe the information supplied in this letter will clarify the status of the subject contract and enable Messrs: Alexander R. Hiland and Phillip C. Munko to (comply) with the termination agreement.
sign

Very truly yours,

W. F. Dietrich
Executive Officer
OME Field Team, Region II

Attachments

NOV 1959
BUREAU OF MINES
DIVISION OF
MINERAL RESOURCES
REGION 11

HOWARD E. JONES
ATTORNEY AT LAW
822 FLORENCE AVENUE
DUNSMUIR, CALIFORNIA
PHONE CEDAR 5-4881

November 3, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 9 1959

DATE	INITIALS	CODE

United States Department of Interior
Office of Minerals Exploration
555 Battery Street
San Francisco 11, California

Attention -- W. F. Dietrich, Executive Officer
OME Field Team, Region II

Re: Docket No. D M E A - 4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm - E 1155

Your letter addressed to Mr. Al Hiland, dated September 17, 1959, which enclosed a proposed termination agreement and a copy of your letter of October 20, 1959, addressed to Mr. John J. Lukanish, has been referred to my office by Mr. Hiland of this city.

Previously there was an attempt to obtain an assignment of this DMEA exploration project contract from Mr. Hiland and Mr. Munko over to a person by the name of F. A. Devlin but this assignment was not signed because of the fact that there was no reference made to what the future liability of the partners, Hiland and Munko would be as a result of said assignment.

In looking over the Termination Agreement, I am somewhat concerned over the possible interpretation of paragraph V of said agreement whereby the H. L. M. Mining Company, would appear to act as surety and would pay to the government, the royalty on production provided for in the contract henceforth, although it is being operated by someone else. Perhaps I have not interpreted the clause correctly but that would seem to be the meaning according to the wording of said clause.

Also there is an item therein concerning the rendering of a final report and final account and Mr. Hiland is not in a position to render said final account at this time. It is my understanding that there is an amount owed to the government at the present time, or was owed at one time being somewhere in the amount of $800.00.

Letter to: United States Department of Interior
Office of Minerals Exploration
555 Battery Street
San Francisco 11, California

Mr. Hiland advises me that this amount was paid over to John J. Lukanish who is one of the partners in the H. L. M. Mining Company but that inspection of the books of the partnership has been denied to Mr. Hiland by Mr. Lukanish as to whether or not said amount was ever paid over to the government. Until it is possible to obtain further information regarding the status of the account, and until such time as we receive a clarification of Item V, to-wit, whether or not the H. L. M. Mining Company would be responsible for any operator in the future on this particular mining claim, I cannot justifiably advise Mr. Hiland to sign such termination agreement.

Thank you, Mr. Dietrich.

Sincerely,

Howard E. Jones

HOWARD E. JONES

HEJ:SAW

cc. Mr. John J. Lukanish
H. L. M. Mining Company
33 Beechwood Drive
Piedmont, California

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 2 1959

DATE	INITIALS	
11-2	gad	200
11-2		800
11-3	Hall	500
October	29, 1959	

Memorandum

To: Chairman, Operating Committee, OME, Washington, D. C.

From: Executive Officer, OME Field Team, Region II

Subject: Docket No. DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California

Reference is made to your letter of October 23, 1959 relative to the subject contract.

When the Final Report by the Field Team was prepared, they believed the operator's narrative report of May 16, 1958 had been transmitted to the Operating Committee in June 1958 and that:

a. Due to the limited work completed by the operator, it would be sufficient for acceptance in lieu of a final report by the operator.

b. The narrative report (due to personal disagreements between the three partners) would probably be the best that could be obtained.

However, a recent search of our files indicated the narrative report, copies of which are enclosed, would not meet the requirements of the operators' final report.

Therefore, we have again addressed the operators and directed their attention to their obligations under the terms of the contract and termination agreement.

Disposition of the Termination Agreement:

1. On September 9, 1959 the agreement was mailed to Mr. John J. Lukanish, Piedmont, California, who signed and returned it to this office on September 17, 1959.

2. On this date the agreement, with attached letter, was mailed to Messrs: Al Hiland and Phillip Munko, Dunsmuir, California for their signatures.

3. October 13, 1959: Not receiving a reply from our letter of September 17, we again wrote Messrs: Hiland and Munko relative to the termination agreement.

4. October 29, 1959: We are endeavoring to contact Mr. Al Hiland by telephone regarding the matter, but so far have been unable to reach him.

We will continue efforts to complete all details of the termination of contract as rapidly as possible and when received, we will distribute the executed copies in the usual authorized manner.

For: W. F. Dietrich

Attachments: Operators' narrative, May 16, 1958
Letters to Al Hiland, Sept. 17, Oct. 13, 1959
Letter to J. J. Lukanish, Oct. 28, 1959

Copy to: H. K. Stager, U.S.G.S.
OME File

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 2 1959

DATE	INITIALS	CODE
11-2	gad	VVO
11/2	[illegible]	800
		500

October 29, 1959

Mr. John J. Lukanish
H. L. M. Mining Company
33 Beechwood Drive
Piedmont, California

Re: Docket No. IMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-X 1155

Dear Mr. Lukanish:

Reference is made to the Termination Agreement on the subject contract dated August 18, 1959.

Your attention is directed to Article 3 of the Termination Agreement which provides:

> "The operator shall promptly perform all winding-up and settlement actions provided for in the contract, including the rendering of the final report and final account .

Will you therefore prepare five copies of your final report pursuant to the Termination Agreement and Article 5 (c) of the contract and forward to this office as soon as possible. Thank you for your cooperation in this matter.

Very truly yours,

W. F. Dietrich
Executive Officer
OME Field Team, Region II

Copy to: Operating Committee, OME √
Al Hiland, Dunsmuir, California
Phillip Munke, Dunsmuir, California
H. K. Stager, U.S.G.S.
OME File

555 Battery Street
San Francisco 11, California

October 13, 1959

Mr. Al Hiland
Hiland Music Store
103 Caldwell
Dunsmuir, California

Re: Docket No. DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Dear Mr. Hiland:

In reference to our letter of September 17, 1959 relative to the subject contract and enclosing copies of a proposed Termination Agreement to be executed by yourself and Mr. Phillip Munko.

Will you and Mr. Munko please sign and return these documents to this office as soon as possible in order to expedite closing of the contract.

Thank you for your cooperation in this matter.

Very truly yours,

W. F. Dietrich
Executive Officer
OME Field Team, Region II

Copy to: Mr. Phillip Munko
H. K. Stager
OME File

555 Battery Street
San Francisco 11, California

September 17, 1959

Mr. Al Eiland
c/o Eiland Music Store
103 Caldwell
Dunsmuir, California

Re: Docket No. EMLA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Ida-S 1155

Dear Mr. Eiland:

We are enclosing the original and five copies of a proposed Termination Agreement to above referenced exploration contract, signed by Frank E. Johnson, Acting Director, Office of Minerals Exploration, Washington, D. C. for the Government, and by Mr. John J. Lukanich of your company.

If the terms and conditions of the proposed agreement are satisfactory to you, all six copies should be signed by you and by Mr. Phillip Munko. The copy marked Operator's Copy should be retained by you and the original and the other four copies should be returned to this office.

Very truly yours,

W. P. Dietrich
Executive Officer
GSE Field Team, Region II

Enclosures

Copy to: Mr. Phillip Munko

J. J. LUKANISH CO.

1255 MARKET STREET • SAN FRANCISCO 3, CALIF.

REFRIGERATORS
HOME FREEZERS
ELECTRIC RANGES

May 16, 1958

Mr. S. Ricker
Executive Officer
BMEA Field Team Region 11
1695 Evans Avenue
Reno, Nevada

Dear Mr. Ricker:

Regarding Contract Number BMEA 4777 of the HLM Mine Company:

As per phone conversation March 14th this program delayed due to extended heavy winter rains and floods.

April 28th contract work was again continued but progress was momentarily halted due to Bulldozer rental disappointment. New arrangement for Bulldozer rental now being negotiated.

Very truly yours,

J. J. Lukanish
HLM Mine Company
Pope Valley, Calif.

cc: Finance Office, Reg. II

RECEIVED
REGION II
BUREAU OF MINES
DEPARTMENT OF INTERIOR
MAY 25 PM 2:25
SAN FRANCISCO, CALIFORNIA

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
10/16	Holt	500
	[illegible]	500
10/21	Jackson	800
10/22	[illegible]	130
10/23	James	110
10-26	gad	220
		500

OCT 23 1959

Memorandum

To: Executive Officer, OME Field Team, Region II

From: Chairman, Operating Committee, OME

Subject: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

In Item 2 of the second paragraph of your Review of Examination Report, dated September 8, 1959, accompanying the Final Field Team Report, dated September 24, 1959, on the above-referenced project, there is a recommendation that the Operator's narrative report of June 1958 be accepted in lieu of the Operator's final report.

Records in this office contain MF-104 and 104A forms, completed as one report, for the months of April, May, and June 1958, accompanied by a sketch map showing trenches Nos. 1, 2, 3, 4, and 5, with location of samples and geologic data, and a report showing assays of the trench samples. However, we have no copy of an Operator's narrative report to accompany and explain this material.

Please advise whether it was your intention to recommend acceptance of the above-listed data in lieu of an Operator's final report, or whether we have failed to receive the narrative report which should have accompanied it.

Your same Review of Examination Report contains the statement that the contract was terminated and a pseudo-certification was made. Our records indicate that a proposed termination agreement, including a pseudo, was forwarded to your office on August 19, 1959, to be signed by the Operator if it met with your approval and that of the Operator. We have not, to date, received the signed copies of this termination agreement.

43683

Please advise whether the Operator has signed the agreement and, if so, what disposition has been made of the signed copies.

/s/ George C. Selfridge

(SHB)

APPROVED:

Frank D. Lamb (SHB)
Member, Bureau of Mines

Harold Kirkemo (SHB)
Member, Geological Survey

SPHolt/gla 10-16-59
cc to: Director's Reading File
Operating Committee
J. W. Pennington, USBM
Harold Kirkemo, USGS
Docket
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

September 15, 1959

Memorandum

To: W. R. Griswold, Office of Minerals Exploration

From: Acting Chief, Branch of Base Metals

Subject: Field Team final report, Docket No. DMEA-4777 (Mercury), H. L. M. Mining Company, Aetna Springs Resort, Napa County, California. Contract Idm-E 1155

The final report on the subject property by G. G. Gentry, Bureau of Mines, and H. K. Stager, Geological Survey, has been reviewed and found adequate.

I concur with the recommendation of the Field Team that favorable consideration be given for exploration at depth if requested under the OME program. I am not in position to judge the merit of the operators' narrative report of June 1958. However, if the Field Team believes the narrative report should be accepted in lieu of the operators' final report, I have no objection.

J. W. Pennington

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Harold Kirkemo, U.S.G.S.
F. D. Lamb
Files

OFFICIAL FILE COPY
O. M. E.
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6-998

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O. M. E.
RECEIVED SEP 10 1959

DATE	Report Nos.	CODE
9-10	gad	220
9-15	fw for lb	130
9-16	gad	220
		140
9/16		800
9/17	Hull	500

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REVIEW OF EXAMINATION REPORT

State California *County* Napa *Mineral products* Mercury

Name of property Valley (Lidell) Mine DMEA-4777 ~~Contract Idm-E 1155~~

Owner George S. & Ruth V. Heibel *Address* Pope Valley, California
Alexander R. Hiland 421 Sacramento St., Dunsmuir, California
Lessee or John J. Lukanish 33 Beechwood Drive, Piedmont, California
Operator Philipp Munko *Address* Dunsmuir, California

Location ~~The Aetna Springs Resort is in Secs. 1, 2, 11, and 12, T. 9 N., R. 6 W.,~~ M.D.B. & M., Napa County, California. It is in the southeast part of the ~~Mayacmas quicksilver district, in the California Coast Range at an altitude~~ of about 800 feet.

Examined by ~~G. G. Gentry and H. K. Stager~~ *Date* ~~September 4, 1959~~

Apparent quality of examination and report Good

Discussion and review: The surface area at the north end of a favorable silica-carbonate body, the South end of which had yielded mineable cinnabar ore in the past, was explored by bulldozing under Stage I of the contract. Some low-grade mercury-bearing material was found but no ore was mined. Stage II of the contract, for underground exploration of the mineralized zone, was approved, but the partnership was disbanded before work began, and the contract was terminated, and a pseudo certification was made.

I concur in the examiners' recommendations:
1. That additional assistance for exploration at depth should be favorably considered if requested under the OME program; and
2. that operators' narrative report of June 1958 be accepted in lieu of operators' final report.

DRPS FINAL REPORT

FINAL F.T. REPORT

Reviewed by
OME OPERATING COMMITTEE
9/15/59
(date)

DATE	ACTION	BY

Reviewed by W. F. Dietrich
W. F. Dietrich, Executive Officer
Date September 8, 1959

GPO 93-54658

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 10 1959

DATE	INITIALS	CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION II

FINAL REPORT

DMEA-4777, Contract Idm-E 1155 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California

by

Glenn G. Gentry
U. S. Bureau of Mines

H. K. Stager
U. S. Geological Survey

September 4, 1959

Reviewed by
OME OPERATING COMMITTEE
9-15-59
(date)

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ILLUSTRATIONS

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2 . . . . . Geologic sketch map

INTRODUCTION

Part of the Aetna Springs Resort property, also known as the Valley or Lidell mine, Napa County, California, was explored by the H.L.M. Mining Company, Aetna Springs, Pope Valley, California, a partnership of A. R. Hiland, Phillip Hunke and J. J. Lukanish, in cooperation with the Defense Minerals Exploration Administration, docket DMEA-4777 (Mercury), contract Idm-E 1155, dated Novermber 19, 1957. Total cost of Stage I of the incompleted project was $975.00 of which the Government's share at 75 percent was $731.25. Work was begun March 10, 1958 and was discontinued in August, 1958. The contract expired on February 19, 1959 and was mutually terminated by an agreement dated August 18, 1959.

An examination of the property to evaluate the completed part of the work was made on November 6, 1958 by B. H. Sheahan, U.S. Bureau of Mines, and H. K. Stager, U.S. Geological Survey.

SUMMARY

The purpose of the project was to explore the north end of a large body of silica-carbonate rock, exposed at the Aetna Springs Resort, that had yielded mineable cinnabar ore bodies from the old Valley mine at the south end of the body. The project was justified by past production of about 300 flasks of mercury and inferred reserves of 3,000 tons of ore containing 10 pounds or more of mercury per ton.

Three bulldozer trenches, totaling about 420 feet, were completed at the north end of the silica-carbonate body (fig. 2). Although mercury-bearing material was discovered in the location where ore had been inferred, the grade at the surface was too low to be economically mined. Stage II of the contract, authorizing underground exploration of the mineralized zone, was approved but financial disagreements between the three partners resulted in dissolution of the company before any work could be done. The contract expired before a new company could be formed and the work completed.

The company has not submitted a final report, although its narrative report of June 1958 describes that portion of the exploration work completed under the first stage of the contract. ?

A pseudo certification is contained in the termination agreement and the Government is entitled to royalty on any ores produced until November 19, 1968 or until the loan is repaid, whichever occurs first.

CONCLUSIONS AND RECOMMENDATIONS

The surface area at the north end of the favorable silica-carbonate body was adequately explored and some low grade mercury-bearing material was discovered, but production is not economically feasible. No ore was mined from the property during the period of the contract and no royalties are due the Government. Additional exploration at depth is warranted and if further Government assistance is requested under the OME program, it should be given favorable consideration. The operators' narrative report of June 1958 adequately describes the completed work, we recommend that the operators' final report, required by the contract, be waived.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The Aetna Springs Resort is in Secs. 1, 2, 11, and 12, T.9N., R 6 W., M.D.B. & M., Napa County, California (fig. 1). It is in the southeast part of the Mayacmas quicksilver district, in the California Coast Range at an altitude of about 800 feet.

The Aetna Springs Resort is accessible by paved county roads from Pope Valley, Calif. (4 miles) or from Middletown, Calif. (17 miles). The DMEA project is on the north side of the highway, directly across the road from the main resort buildings.

Labor--available from the San Francisco Bay Area, a distance of about 75 miles.

Water and Electric Power--on the property.

Mail Service--delivered to the Pope Valley Post Office in the winter and to the Aetna Springs Resort in the summer.

Telephone--at the resort.

Supplies--obtainable in St. Helena or San Francisco area.

Rail and Freight Service--in St. Helena.

THE PROPERTY

History and Production:

The Valley mine was the site of the original discovery of cinnabar in the eastern Mayacmas district about 1860. The Hamilton Quicksilver Mining Company installed six retorts at the west end of Pope Valley and produced about 200 flasks of mercury before suspending operations in the autumn of 1863. The ore for this operation probably came from the Valley mine. The Valley mine was incorporated in 1867 but no production records are available for the period from 1863 to the early 1880's when the mine shaft flooded and the mine closed. Since that time the shaft has served as a source of part of the mineral water for which the resort was developed, and the value of the property as a resort has prevented mining activities until the last few years. Total production for the property is not known but it is estimated, from sparse

records and the presence of a 3,000 ton dump of burned silica-carbonate rock, to be about 300 flasks of mercury.

Ownership:

The Aetna Springs Resort property of about 1,500 acres at the northwest end of Pope Valley is owned by George S. Heibel and Ruth V. Heibel of Pope Valley, California. The H.L.M. Mining Company had a lease on the entire property dated April 1, 1957. Partners in the H.L.M. Mining Company were:

Alexander R. Hiland, 421 Sacramento St., Dunsmuir, California
John J. Lukanish, 33 Beechwood Drive, Piedmont, California
Philipp Munko, Dunsmuir, California

The DMEA contract area consists of the west half of section 1 and the northwest quarter of section 12, T. 9 N., R. 6 W., M.D.B. & M. A Consent to Lien and Subordination Agreement, executed by the lessors, was attached to the contract.

Development:

The mine property is developed to a depth of 125 feet by a shaft, with an unknown amount of workings on two levels (flooded); an adit over 100 feet long (caved); and numerous prospect pits and trenches from 4 to 15 feet deep.

There is at present no equipment or usable surface mine structures on the property. All of the equipment in use during the DMEA contract was removed when the partnership was dissolved.

THE DMEA PROJECT

The exploration work authorized by Stage I of the contract consisted of 48 hours of bulldozer trenching or not more than 450 lineal feet of trench about six feet deep and six feet wide including drilling and blasting where necessary. Stage II consisted of an 80-foot shaft and 200 feet of drifting and crosscutting.

The contract was dated November 19, 1957 but because of heavy rains and floods the starting date was delayed until March 15, 1958. Unfavorable weather and trouble with equipment delayed completion of the trenching until August. Amendment No. 1, dated August 19, 1958, extended the period of the contract to February 19, 1959 and the maximum period for royalty payments to eleven years from the date of the contract or until November 19, 1968. Although Stage II of the contract was authorized, financial difficulties within the company resulted in the discontinuance of the work and eventual dissolution of the partnership. On February 19, 1959 the contract expired, before a new partnership could be formed. The proposed work under Stage II of the contract was never started.

Three bulldozer trenches about 5 feet deep, 12 feet wide, and 120 to 180 feet long were dug across the trend of the silica-carbonate

rock containing a trace to 4.5 pounds of mercury per ton; trench No. 2 exposed 35 feet of silica-carbonate rock containing a trace to 0.1 pound of mercury per ton; and trench No. 3 was in barren serpentine. A fourth trench, about 40 feet northeast of trench No. 3 was dug by the Operators and exposed about 40 feet of barren material that is part of a small body of silica-carbonate rock separated from the main mass by about one hundred feet of serpentine (fig. 2).

Expenditures:

Total approved cost of contract	$16,520.00
Government's share at 75 percent	$12,390.00
Units of work and unit costs	
Bulldozing, 48 hours at $10.00 per hour	$ 480.00
Drilling and blasting, 345 feet of trench at $1.20 per foot	$ 414.00
Assays for mercury, 27 at $3.00 each	$ 81.00
Total expenditures	$ 975.00
Government's share of total expenditures	$ 731.25
Unexpended funds	$15,545.00
Government's share of unexpended funds	$11,658.75

There was no production from the property during the period of the contract and no royalties are due the Government, up to the date of termination, August 18, 1959. All equipment used for the exploration was provided by the Operators at no charge to the DMEA contract.

GEOLOGY

Geologic Setting:

The rocks in the DMEA project area are poorly exposed and are largely covered with soil and vegetation. Much of the Resort area is covered by lawns, gardens, and buildings. The area is underlain chiefly by rocks of the Franciscan group of upper Jurassic and Cretaceous age, intruded by serpentine that has locally been altered to silica-carbonate rock. Small remnants of altered volcanic flow rocks of the Tertiary Sonoma volcanic formation crop out in the southern part of the area.

The rocks of the Franciscan group consist chiefly of gray to brown sandstones and shales with minor amounts of greenstone and chert. The serpentine occurs as elongated and tabular bodies intruding the Franciscan rocks. It is dark green where fresh but weathers to a rusty brown where exposed at the surface. The volcanic rocks are basalt and andesite flows. All of the rocks show some alteration, much of which is

probably hydrothermal and some of which is the result of weathering.

Hydrothermal alteration of the serpentine, along and near the contacts with sedimentary rocks, has produced lenticular to irregular-shaped masses of silica-carbonate rock. This rock is the host rock for many of the mercury deposits in the district and consists chiefly of fine-grained to glassy opal or chalcedony and a lesser amount of carbonate minerals, usually calcite or dolomite. Scattered grains of picotite and magnetite are common and locally pyrite, hydrocarbons, and cinnabar are abundant. The silica-carbonate rock is white to dark-bluish-gray and weathers to conspicuous yellow or brown outcrops that stand out above the surrounding serpentine or sedimentary rocks.

The area is on the nose of the east-plunging Mayacmas anticline and the sedimentary rocks, in general are flat lying or dip northeast. The serpentine is sheared and cut by numerous faults of random orientation, small displacement and extent. Fractures in the silica-carbonate bodies trend north to northeast and are vertical or dip steeply southeast or northwest.

Ore Deposits:

The mercury ore deposits in the Aetna Springs Resort area are small irregularly-shaped shoots and masses of cinnabar-rich silica-carbonate rock localized along and near the contact of silica-carbonate rock and serpentine.

Cinnabar, the only mercury mineral seen, occurs as disseminated crystals, discontinuous veinlets, and seams along fractures in the silica-carbonate rock. Gangue minerals are pyrite, opal, chalcedony, calcite, dolomite, limonite, and hydrocarbons.

The ore bodies that have been mined from the project area ranged from small pods containing a few tons of ore to the Valley mine ore body that yielded about 3,000 tons of ore estimated to have averaged about 10 pounds of mercury per ton. The size and shape of the Valley mine ore body is not known as the mine workings have been caved and flooded for many years. In general the size of the deposits appears to be controlled by the size of the containing silica-carbonate body and the intensity of the pre-mineral brecciation. The grade of the deposits ranges from a trace to as much as 100 pounds of mercury per ton. The grade of the mined ore bodies averaged about 10 pounds per ton.

The silica-carbonate body, containing the Valley mine and partly explored by the DMEA project, is about 800 feet long, 50 to 150 feet wide, and is exposed or has been mined for a vertical depth of about 165 feet. The cinnabar-bearing material is concentrated along and near the west contact of the silica-carbonate and serpentine that strikes north and dips about 45° east. The highest grade material exposed by the DMEA trenches assays 4.5 pounds of mercury per ton over a width of 6 feet, about 10 feet from the west contact in Trench No. 1 (fig. 2). The silica-carbonate rock is intensely brecciated and contains abundant pyrite. Low-grade cinnabar-bearing material is exposed for about 50 feet of the

total width of 120 feet of silica-carbonate rock cut by Trench No. 1. This mineralized zone is inferred to be the surface expression of an ore body present at a shallow depth (less than 100 feet) in this area.

Sampling:

The following samples were taken by the Operator along the botton-center of Trenches 1 and 2, and were assayed by C. M. Ball, Berkeley, California:

Trench No.	Sample No.	Interval in feet from east to west in silica-carbonate	Thickness in feet	Mercury content Pounds/Ton
1	1	0 - 6	6	0.4
	2	6 - 12	6	0.6
	3	12 - 18	6	0.8
	4	18 - 24	6	0.4
	5	24 - 30	6	0.4
	6	30 - 36	6	0.4
	7	36 - 42	6	0.4
	8	42 - 48	6	0.4
	9	48 - 54	6	0.4
	10	54 - 60	6	0.6
	11	60 - 66	6	2.2
	12	66 - 72	6	1.0
	13	72 - 78	6	1.8
	14	78 - 84	6	1.2
	15	84 - 90	6	3.4
	16	90 - 96	6	1.8
	17	96 - 102	6	1.4
	18	102 - 108	6	0.2
	19	108 - 112	6	0.4
	20	112 - 118	6	1.8

Trench No.	Sample No.	Interval in feet from east to west in silica-carbonate	Thickness in feet	Mercury content Pounds/Ton
2	21	0 - 6	6	0.2
	22	6 - 12	6	1.8
	23	12 - 18	6	0.2
	24	18 - 24	6	1.0
	25	24 - 30	6	0.4
	26	30 - 36	6	0.4
	27	36 - 42	6	0.4

The following check samples were taken by DMEA personnel and assayed by the U. S. Bureau of Mines:

Trench No.	Sample No.	Interval in feet from west to east in silica-carbonate	Thickness in feet	Mercury content Pounds/Ton
1	1	0 - 6	6	0.8
	2	6 - 13	7	0.4
	3	13 - 19	6	4.5
	4	19 - 26	7	0.7
2	5	10 - 15	5	0.1
	6	15 - 21	6	0.1
	7	21 - 26	5	0.1

Ore Reserves:

There are no measured or indicated reserves of ore grade material (over 10 pounds of mercury per ton) in the project area.

It is inferred that one or more ore bodies similar to the body mined from the Valley mine, containing about 3,000 tons of ore averaging about 10 pounds of mercury per ton, will be found in the northern part of the same silica-carbonate body. The wide zone of low grade cinnabar-bearing material exposed by Trench No. 1, along the footwall side of the silica-carbonate body may indicate a near-surface ore body in this area that would have been discovered if the work planned under Stage II of the contract had been completed.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA-4777
(Mercury)
Idm-E1155

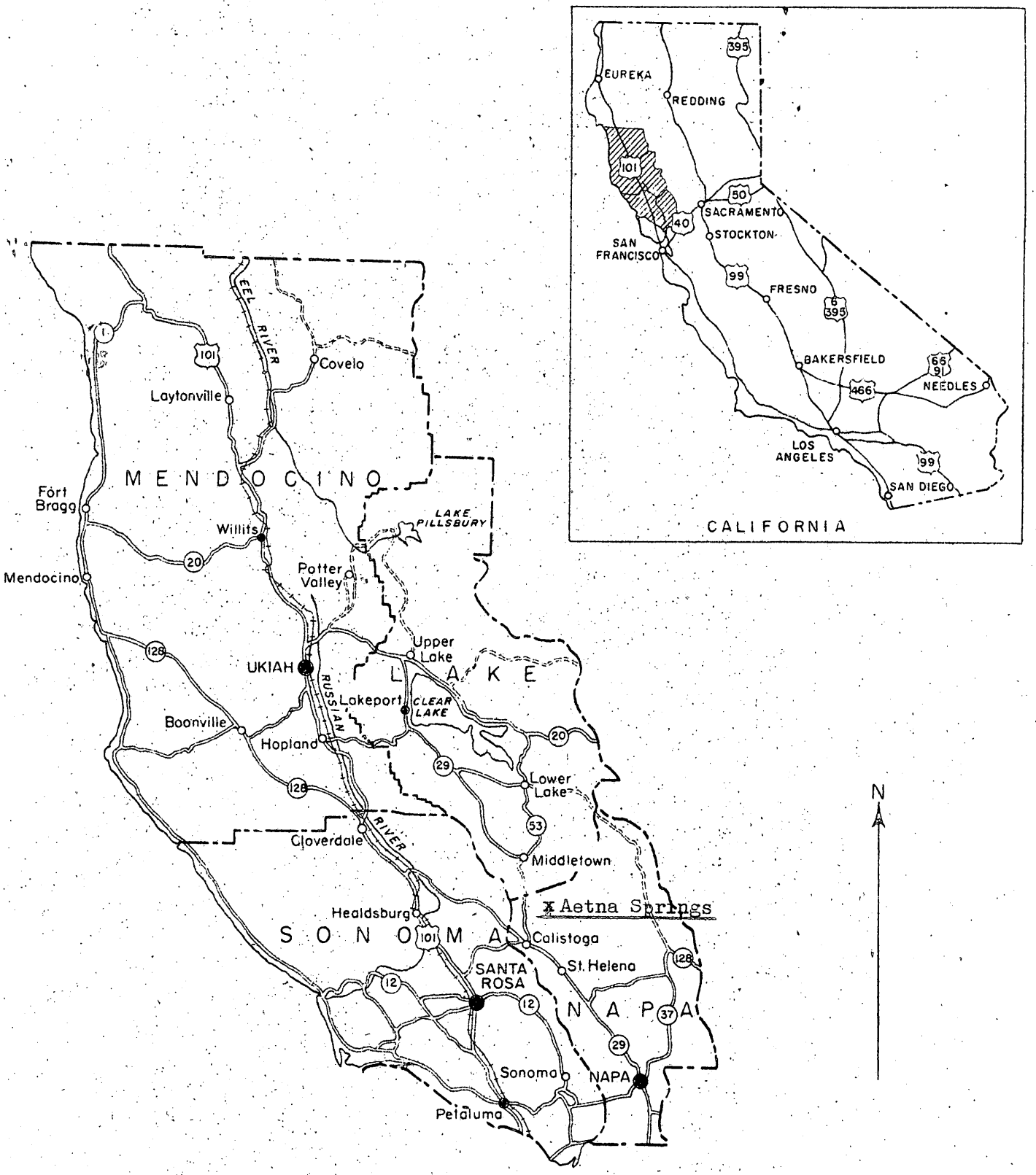

Figure 1. INDEX MAP OF LAKE, MENDOCINO, NAPA, AND SONOMA COUNTIES, CALIFORNIA

0 20 40 60 Miles

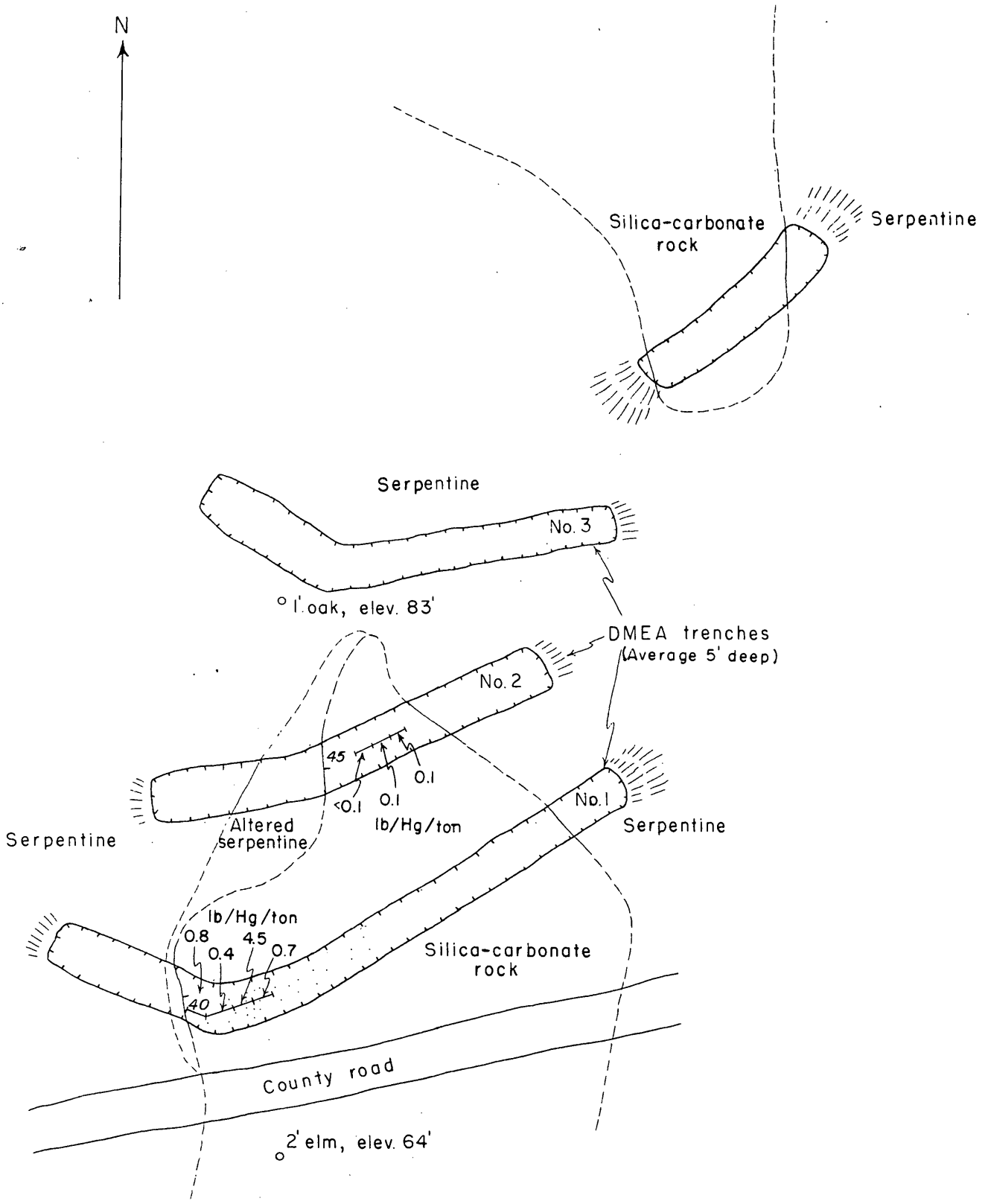

Figure 2. GEOLOGICAL SKETCH MAP OF H.L.M. MINING CO. PROJECT
AETNA SPRINGS RESORT, NAPA COUNTY, CALIFORNIA

0 40 80 120 Feet

E Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
8/17	Holt	500
	[illegible]	500
8/17	Talbot	800
8/18	[illegible]	130
8/18	[illegible]	110
		~~100~~ 340
8/19	gad	220
		500

AUG 19 1959

Memorandum

To: Executive Officer, OME Field Team, Region II

From: Chairman, Operating Committee, OME

Subject: Docket No. DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

No work has been done under the above-cited contract since last summer.

Although sincere efforts have been made to assign the contract to a new group and to resume work, apparently such efforts have not been successful.

We cannot keep this contract open indefinitely, since it was written under the old DMEA program which we are liquidating.

Hence, we enclose the original and four copies of a proposed Termination Agreement for the above-cited contract, signed by the Acting Director for the Government. Two extra copies are enclosed for the use of the Field Team.

If the terms and conditions of the proposed agreement are satisfactory to you and the Operator, all five copies should be signed by the Operator and the usual distribution made.

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

/s/ George C. Selfridge (SHB)

Enclosures

APPROVED:

Frank D. Lamb (SHB)
Member, Bureau of Mines

Harold Kirkemo (SHB)
Member, Geological Survey

SPHolt/gla 8-17-59
cc to: Director's Reading File
Operating Committee
Mr. Pennington, USBM
Mr. Kirkemo, USGS
Docket
Chron

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
8/17	Holt	500
		500
8/17	Talbot	800
8/18	Selfridge	130
		~~100~~
		~~100~~
8/19	gad	220
		500

8/18 Lamb 130
8/18 Kirkemo 130

AUG 19 1959

Mr. F. A. Devlin
Crocker Building
San Francisco 4, California

Re: Docket No. DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Con tract No. Idm-E1155

Dear Mr. Devlin:

By letter of June 30, 1959, your secretary, Miss M. Gleason, acknowledged receipt of our letter of May 27 and stated that you expected any day to receive form of assignment of the above-cited contract; also that you had left instructions to forward the assignment when it came in.

We cannot keep this contract open indefinitely, since it was written under the old DMEA program, and the period for completing the work ended last February. Hence, we are terminating it.

However, if you desire to submit an application for an exploration program under the new Office of Minerals Exploration program, we will be glad to consider such application. Enclosed are five copies of MME Form 40, Application for Financial Assistance in Minerals Exploration, and one copy each of the Regulations and the booklet, "Minerals Exploration Program," which contains questions and answers.

Sincerely yours,

Frank E. Johnson (fw)

Acting Director

Enclosures

SPHolt/er/gla (8-7-59) 8-17-59
cc to: Director's Reading File
Operating Committee
Mr. Pennington, USBM
Mr. Kirkemo, USGS
OME Field Team, Region II (2)
Docket
Chron

43683

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8/6	Holt	500

August 6, 1959

Memorandum

To: Associate Solicitor, Division of Minerals Resources

From: Chief, Division of Minerals

Subject: Preparation of Termination Agreement for Docket No. DMEA-4777, H.L.M. Mining Company, Aetna Springs Resort, Napa County, California, Contract No. Idm-E1155, Mercury.

Will you kindly prepare a proposed Termination Agreement for the cited contract as following:

EXPLORATION PROJECT CONTRACT
H.L.M. MINING COMPANY
DOCKET NO. DMEA-4777

TERMINATION AGREEMENT

It is agreed this _____ day of _____, 1959, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government", and H.L.M. Mining Company, a partnership, hereinafter called the "Operator", parties to that certain Exploration Project Contract No. Idm-E1155 (Docket No. DMEA-4777), dated November 19, 1957, as amended, hereinafter called the "Contract", that:

1. Effective February 20, 1959, the contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

8623

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

4. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said contract, except as otherwise provided in this termination agreement.

5. The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain its interest in the land), shall pay to the Government the royalty on production provided for in the Contract in the same manner and amount, and for the same period, and subject to the same conditions provided in the Contract, as if certification of discovery or development had been made, such certification being hereby waived by the Operator.

6. All rights of the Government respecting reports (including preservation of Operator's records), accounts audits, and recovery of any overpayment, are preserved.

IN WITNESS WHEREOF, these parties have executed this agreement this _____ day of _____, 1959.

THE UNITED STATES OF AMERICA

H.L.M. MINING COMPANY

By _____

Title _____

By _____
Acting Director, Office of Minerals Exploration
W. R. Griswold
W. R. Griswold

SPHolt/er
CC: Docket
Dir Read File
Chron.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8-5	Holt	500
	Finzel	500
		~~120~~
		~~130~~
		~~130~~
		110
		100
		HB
		220
		500

Mr. F. A. Devlin
Crocker Building
San Francisco 4, California

Re: Docket No. DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

Dear Mr. Devlin:

By letter of June 30, 1959, your secretary, Miss M. Gleason, acknowledged receipt of our letter of May 27, and stated that you expected any day to receive the form of assignment of the above-cited contract, also that you had left instructions to forward the assignment when it came in.

To date we have not received the assignment, nor any advice as to your wishes or plans in this matter, requested in our letter of May 27.

We cannot keep this contract, written under the old DMEA program, open indefinitely.

If you are unable to secure the assignment of contract, we would, as noted in our letter, consider an application from the new operator for an exploration program under the new Office of Minerals Exploration program.

Please advise us promptly of your wishes in this matter.

Sincerely yours,

Acting Director

SPHolt/er 8-5-59
Copy to: Docket
Dir Read File
Op. Committee
Mr.Pennington, USBM
Mr. Kirkemo, USGS
Region II(2)
Chron.

8623

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 6 1959

DATE	INITIALS	CODE
8-7	gad	VVO
8/7	[illegible]	110
		800
August 5	1959	
~~8/10~~	~~Hoet~~	~~700~~ S.P.H

Memorandum

To: Operating Committee, OME, Interior Building, Washington, D. C.

From: Executive Officer, OME Field Team, Region II

Subject: Interim Inspection Report

Attached are three copies of Interim Report on

Docket No. DMEA-4777

Contract Idm-E 1155

Commodity Mercury

Operator H.L.M. Mining Company

Property Aetna Springs Resort, Napa County, California

By H. K. Stager, U. S. G. S.

Dated July 31, 1959

W. F. Dietrich
W. F. Dietrich
Executive Officer
OME Field Team, Region II

Attachments

Copy to: Finance Officer, Region II (with copy of report)

File

IN REPLY REFER TO:

Route to:		Init.
✓	DIETRICH	

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Office of Minerals Exploration
4 HOMEWOOD PLACE
MENLO PARK, CALIFORNIA
DAVENPORT 5-6761

July 31, 1959

Memorandum

To: Executive Officer, OME Field Team, Region II

From: H. K. Stager, geologist, U. S. Geological Survey

Subject: DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract Idm-E1155

An interim inspection of the property was made on July 29, 1959 by H. K. Stager. The property was deserted and the project idle. No work has been done on the DMEA project since early September 1958. The time allowed for completion of the DMEA work expired on February 19, 1959. The original partmership of Hiland, Lukanish, and Munko has been desolved and to date all attempts by the new partnership of Lukanish, Devlin, and MacIver to have the DMEA contract assigned to them have failed.

A telephone conference with Mr. Devlin, representing the new partnership, revealed that he would make one last attempt to obtain the assignment before replying to the letter of the Acting Director OME, dated May 27, 1959, and if this attempt is not successful they will request that the DMEA contract be terminated. If, and when, the DMEA contract is terminated it is the intent of the new partnership to apply for an OME contract to complete the work authorized under Stage II of the DMEA contract. With this possibility in sight Mr. Devlin has requested, and been supplied with, the necessary OME application forms and instructions.

Noted S.P.H.

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 6 1959

DATE	INITIALS	CODE

LAW OFFICES OF
F. A. DEVLIN

CROCKER BUILDING
SAN FRANCISCO 4, CALIFORNIA
TELEPHONE EXBROOK 2-2477

June 30, 1959

Re: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

U. S. Department of the Interior
Office of Minerals Exploration
Washington 25, D. C.

Gentlemen: Attention: Mr. Frank E. Johnson
Acting Director

This note is merely to acknowledge receipt of your very prompt reply of May 27th to Mr. Devlin's letter of May 15, 1959, addressed to the U. S. Department of the Interior in Reno, Nevada, which letter was referred to you.

We are expecting any day to receive the form of assignment mentioned in your letter of May 27th and will forward it to you immediately upon its receipt.

The undersigned is writing this on behalf of Mr. Devlin who is away from the office at the present time. One of the last things he did before leaving was to check on this matter, and leave instructions to forward to you the assignment when it comes in.

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 2 1959

DATE	INITIALS	CODE
7-7	[illegible]	210
7/7	Hall	mg 600

Very truly yours,

M. Gleeson

(Miss) M. Gleeson,

Secretary

RM 6 REFERENCE SLIP

-56 DEFENSE MINERALS EXPLOR ON ADMINISTRATION

TO:	INITIALS	DATE
1. ~~Assoc. Solic. Minerals, Code 140~~		
2. W. S. Martin, Code 400 SOLICITOR		
3.		
4.		
5.		

MAY 25 1959

INTERIOR DEPT.

FROM: W. S. MARTIN

FOR: Check items for action desired

X Action	___ Reply for signature of ___	___ Surname
___ Approval	___ Investigate	___ Signature
___ Comment	X Recommendations	___ File
___ Conference	___ Rewrite	
___ Instructions	Your information	

REMARKS: Docket DMEA 4777 - H.L.M. Mining Co.

Please note remarks on routing slip by Messrs. Johnson and Selfridge, and call us before starting work on this proposed amendment.

RECEIVED

MAY 25 1959

ASSOC. SOLICITOR
MINERAL RESOURCES

INT.-DUP. SEC., WASH., D.C. M25803

DMEA FORM 6 REFERENCE SLIP

REV. 12-56 DEFENSE MINERALS EXPLOR ON ADMINISTRATION

TO:	INITIALS	DATE
1. G. C. Selfridge, Code 120		
2. F. E. Johnson, Code 100		
3. W. S. Martin, Code 400		
4.		
5.		

FROM: W. S. MARTIN

FOR: Check items for action desired

___ Action	___ Reply for signature of ___	___ Surname
X Approval	___ Investigate	___ Signature
___ Comment	X Recommendations	___ File
___ Conference	___ Rewrite	
___ Instructions	Your information	

REMARKS: Docket DMEA 4777 - H.L.M. Mining Co.

We are routing this to you before sending to Legal because we had already prepared a termination agreement as recommended by the FT in memo of April 8, 1959, now reversed by their memo of May 18 recommending an amendment extending the completion date to Nov. 19, 1959.

INT.-DUP. SEC., WASH., D.C. M25803

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/26	J. Lynch	140
5/26	[illegible]	140
	App'd. Sol. Off.	
5/27	Holt	400
5/27	Martin	400
5/27	Fisher	800
5/28	Selbredge	120
5/27	[illegible]	110
		~~100~~
5/27	a	220
		400

MAY 27 1959

F. A. Devlin, Esq.
Crocker Building
San Francisco 4, California

Re: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

Dear Mr. Devlin:

Your letter of May 15, 1959, to the U. S. Department of the Interior, Office of Minerals Exploration, Reno, Nevada, concerning an extension of the subject contract, has been referred to this office.

Your letter states: "I am the present Lessee of the Aetna Springs Resort Mineral Rights, still doing business under the H.L.M. Mining Company name". This does not tell us whether you received your leasehold interest by assignment from H. L. M. Mining Company (the operator) nor whether "still doing business" under that name means that you represent the original partnership entity or a new entity.

The subject contract is of course between the Government and H. L. M. Mining Company, a partnership, and we cannot substitute a new partnership entity for the original one without some agreement between the two entities.

H. L. M. Mining Company is long in default under the subject contract, and the Government will have to terminate that contract under the provisions thereof, unless some new operator (whether an individual, partnership or corporation) procures an assignment from H. L. M. Mining Company. If such an assignment can be obtained the Government will consider extending the time for completion of the work by the new operator-assignee. If such an assignment cannot be obtained and the new operator has acquired sufficient interest in the property, this office would consider an application for a new contract under the new Office of Minerals Exploration program.

43683

(New partners and new lease - copy needed.
New Lien Agreement needed - Assignment of
Contract needed.)

Please advise us promptly of your wishes in the matter and provide us with the necessary details as to your rights in the property and in the existing exploration project contract. If you wish to proceed by assignment of the contract from H. L. M. Mining Company, we would require the signatures of all of the partners on the instrument of the assignment.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

JLynch/JLHofflund/eal - 5/26/59

Copy to: H.L.M. Mining Company, Aetna Springs Resort, Pope Valley, California
Field Team, Region II (2)
W. S. Martin, Room 4449
J. L. Hofflund, Room 6554
J. Lynch, Room 6554
Director Reading File

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/22	Holt	400
5/22	Martin	400
		120
		110
		220

400

May 22, 1959

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Division of Iron and Ferro-Alloys, OME

Subject: Docket No. DMEA-4777 - Mercury
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

Attached is a rough draft of a proposed Amendment No. 2 to the above-captioned contract for your use in preparing it in final form.

Attachment

SPHolt:gad 5/22/59
Copy to: Dir. R. File
Mr. Martin

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/22	Holt	400
5/22	Martin	400
		120
	Draft	110
		220

EXPLORATION PROJECT CONTRACT
H.L.M. MINING COMPANY
DOCKET NO. DMEA-4777

AMENDMENT NO. 2

It is agreed this_____day of _____, 1959, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and the H. L. M. Mining Company, that Exploration Project Contract No. Idm-E1155 (Docket No. DMEA-4777), dated November 19, 1957, as amended, is further amended, effective February 19, 1959, as follows:

The date fixed in Article 1 of the Contract for completion of the work is extended from February 19, 1959, to November 19, 1959.

The maximum period for royalty payments and the lien to secure the payment thereof, provided for in Article 6(b)(2) of the Contract, is extended from eleven (11) to twelve (12) years from the date of the Contract.

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

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Acting Director, Office of Minerals Exploration

H.L.M. MINING COMPANY

By_____

Title_____

SPHolt:gad 5/22/59

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/22	Holt	400
5/22	Martin	400
		120
		110
		220

EXPLORATION PROJECT CONTRACT
H.L.M. MINING COMPANY
DOCKET NO. DMEA-4777

AMENDMENT NO. 2

Justification

Although Stage II work under this Contract was authorized by the Field Team's letter of August 28, 1958, to the Operator, because of financial difficulties and disagreement between the partners, the Stage II work was not undertaken, and the period for completion of the project ended February 19, 1959.

The Operator, by letter of May 15, 1959, to the Field Team, stating that its financial and other difficulties had been resolved, requested that the contract be renewed and completed.

The Field Team, by memo dated May 18, 1959, transmitted the Operator's request, stated that from a geologic point of view the Stage II work is warranted, and therefore recommended that an amendment be prepared extending the time for completion of the work to November 19, 1959.

Amendment No. 2 has been prepared to extend the completion period as recommended, also to extend the royalty repayment period from 11 years to 12 years.

SPHolt:gad 5/22/59

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
1605 Evans Avenue
Reno, Nevada

OFFICIAL FILE COPY O. M. E. RECEIVED MAY 20 1959		
DATE	INITIALS	CODE
5/20	G	220
5/20	WSM	400

May 18, 1959

Memorandum

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

From: Acting Executive Officer, OME Field Team, Reg. II

Subject: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Enclosed are two copies of a letter from the Operator requesting that the DMEA contract be reinstated. Stage 2 of the contract was authorized by a letter to the Operator from the Executive Officer, dated August 28, 1958, but because of financial disagreement between the partners no work was done and the contract expired on February 19, 1959. Inasmuch as it appeared that no further work would be done, we suggested on April 8, 1959 that a mutual termination agreement be prepared. We have not yet received your reply to this suggestion. ?

It now appears that difficulties within the company have been resolved and they wish to proceed with the work under Stage II of the contract. From a geologic point of view, the work is warranted. We recommend, therefore, that if reinstatement meets with your approval an amendment be prepared extending the time for completion of the work to November 19, 1959.

Very truly yours,

Roscoe M. Smith
ft.

Roscoe M. Smith
Acting Executive Officer
OME Field Team, Region II

Attachments

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

1605 Evans Avenue
Reno, Nevada

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 20 1959

DATE	INITIALS	CODE
5/20	WSM	400

May 18, 1959

Mr. F. A. Devlin
Crocker Building
San Francisco 4, California

Re: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Dear Mr. Devlin:

Your letter of May 15, requesting that the above-referenced contract be reinstated, has been received, but because the contract has expired we are forwarding your letter to our Washington office for their decision.

Very truly yours,

Roscoe M. Smith
Acting Executive Officer
OME Field Team, Region II

RMS:ft
cc: Opr. Com., OME, Wash., D.C.
Finance Office, Reg. II
GeoMavor
(RMSmith) Menlo Park Office
File
Chron

LAW OFFICES OF
F. A. DEVLIN

CROCKER BUILDING
SAN FRANCISCO 4, CALIFORNIA
TELEPHONE EXBROOK 2-2477

REFER TO	NOTED	DATE
Chesson	BHS	5/18/59
File		
ANSWERED		

OFFICIAL FILE COPY
RECEIVED MAY 20 1959

DATE	INITIALS	CODE

May 19, 1959

U. S. Department of the Interior
Office of Minerals Exploration
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Gentlemen: Attention: S. Ricker, Executive Officer
OME Field Team, Region II

This is in answer to your letter of February 19, 1959, addressed to Mr. John J. Lukanish. He has asked me to answer this to advise you that I am the present Lessee of the Aetna Springs Resort Mineral Rights, still doing business under the H.L.M. Mining Company name.

It is our plan and purpose to proceed as soon as possible with the development of this property and in furtherance thereof we would like to arrange to renew the contract providing for the loan to be made by your Department to our company for certain specified work on said property, as set out in the contract.

The matters pertaining to my procuring the lease on this property were terminated a short time ago, which accounts for the delay in answering your letter.

Will you please advise what course we should pursue in order to reopen the loan matter on the old application, or whether or not it will be necessary to file a new application. Upon receipt of this advice we shall endeavor to proceed without undue delay.

Very truly yours,

F. A. Devlin

F. A. DEVLIN

FAD:mg

Docket DMEA 4777

Draft of Termination Agreement with Pseudo drafted May 11, 1959, and not used, taken from this position in docket, and sent to Legal for preparation, Aug. 6, 1959 also memo to Legal, and Direct memo.

S. Pitt

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
1605 Evans Avenue
Reno, Nevada

April 8, 1959

Memorandum

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

From: Executive Officer, OME Field Team, Region II

Subject: Docket No. DMEA-4777 (Mercury)
Contract No. Idm-E 1155
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California

We have no formal reply from the Operator relative to our letter to him dated February 19, 1959. We, therefore, suggest that a mutual termination agreement be prepared and that a pseudo-certification be included therein.

S. Ricker

We can send one out and see whether that will smoke out the applicants

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 13 1959

DATE	INITIALS	CODE
4-14	C	220
4/14	MCS about	130
4/14	WSM	400

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Office of
Executive Officer
DMEA Field Team
Region II

1605 Evans Avenue
Reno, Nevada

Date March 23, 1959

Memorandum

To: Operating Committee, DMEA, Interior Bldg., Wash., D.C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Interim Inspection Report

Attached are three copies of Interim Report on

Docket No. DMEA-4777

Contract No. Idm-E 1155

Commodity Mercury

Operator H. L. M. Mining Company

Property Aetna Springs Resort

By H. K. Stager, U.S.G.S.

Dated March 20, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 25 1959

DATE	INITIALS	CODE
3/25	C	220
"	RG	110
3/26	[illegible]	800
3/27	WSM	400

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachments

Copy to: R. M. Smith, USGS (w/copy of report)
Finance Officer, Region II (w/copy of report)
File

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Office of Minerals Exploration
4 Homewood Place
Menlo Park, California

March 20, 1959

Memorandum

To: OME Field Team, Region II

From: H. K. Stager, geologist, U. S. Geological Survey

Subject: DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract Idm-E1155

An interim inspection of the property was made on March 12, 1959 by H. K. Stager. The property was deserted and the project idle. Local inquiry at a nearby ranch revealed that the partners of the H.L.M. company had desolved the partnership, had given up their lease on the property and removed the small amount of mining equipment and supplies that were stored at the property. No work had been done on the DMEA project since early September 1958. The time allowed for completion of the DMEA work expired on February 19, 1959.

On March 18, 1959 Mr. John J. Lukanish, one of the partners, was contacted in Oakland, California. Mr. Lukanish stated that he has formed a new partnership with a Mr. Devlin, attorney in San Francisco, and a Mr. MacIver, mining engineer of San Francisco, and that they are now in the process of obtaining a new lease on the property and will make application to the Government for assignment of the DMEA contract, and an extension of the completion time for the work under Stage II. He expected to be in a position to proceed with the work about April 15, 1959.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
1605 Evans Avenue
Reno, Nevada

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 26 1959

DATE	INITIALS	CODE
2/26	C	220
2/26	CW	800
2/27	WSay	400

February 19, 1959

Mr. John J. Lukanish
H. L. M. Mining Company
Aetna Springs Resort
Pope Valley, Napa County
California

Re: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Dear Mr. Lukanish:

Mr. Philipp Munko visited our office on December 11, 1958 and stated he would advise in a few weeks if you could finance the work called for in Stage II of the contract, in accordance with my letter to you dated August 28, 1958.

The completion date of the contract is February 19, 1959 and it is now in default. In lieu of receipt of your plans, we suggest that a mutual termination agreement of the contract be prepared. If this is agreeable to you, I shall recommend to our Washington office that such an agreement be drawn up. Please let us have your prompt reaction to such a proposal or any alternate plan you may have relative to the contract.

Very truly yours,

S. RICKER

S. Ricker
Executive Officer
OME Field Team, Region II

SRicker:ft
cc: Opr. Com., Wash., D.C.
Finance Office, Reg. II
GeoMavor
RMSmith
File
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OFFICIAL FILE COPY
RECEIVED NOV 24 1958

DATE	INITIALS	CODE
11-24	C	220
"	HG	110
11/25	[illegible]	500
11/26	WSA	400

Office of
Executive Officer
DMEA Field Team
Region II

1605 Evans Avenue
Reno, Nevada

Date Nov. 21, 1958

Memorandum

To: Operating Committee, DMEA, Interior Bldg., Wash., D.C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Interim Inspection Report

Attached are three copies of Interim Report on

Docket No. DMEA-4777

Contract No. Idm-E 1155

Commodity Mercury

Operator H.L.M. Mining Company

Property Aetna Springs Resort

By B. H. Sheahan, USBM
H. K. Stager, USGS

Dated Nov. 19, 1958

S Ricker

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachments

Copy to: R. M. Smith, USGS (w/copy of report)
Finance Officer, Region II (w/copy of report)
File

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Mineral Deposits Branch
4 Homewood Place
Menlo Park, California

OFFICIAL FILE COPY
IN REPLY REFER TO:
O. M. E.
RECEIVED NOV 24 1958

DATE	INITIALS	CODE

November 19, 1958

INTERIM REPORT

Memorandum

To: OME Field Team, Region II

From: B. H. Sheahan, mining engineer, U. S. Bureau of Mines
H. K. Stager, geologist, U. S. Geological Survey

Subject: DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract Idm-E1155

An interim inspection of the property was made November 6, 1958 by B. H. Sheahan and H. K. Stager. The property was deserted and the project idle. Local inquiry at a nearby ranch revealed that the partners of the H.L.M. company are in disagreement over company policy and are having financial difficulties. Mr. A. R. Hiland, the operating partner, was in Dunsmuir, California and not expected to return to the property for several weeks. Work at the property, including the Fair-Way prospect, was stopped late in October. No work has been done on the DMEA project since the last inspection on September 15, 1958.

The status of the project is as follows:

Stage I	Bulldozer trenching	Drilling and Blasting	Assays (mercury)
Authorized	48 hours	450 feet	50
Completed	48 hours	345 feet	27

Stage II	Shaft sinking	Drifting and Crosscutting (including timbering)	Assays (mercury)
Authorized	80 feet	200 feet	50
Completed	0	0	0

Total expenditures to date $975.00

Total expenditures authorized. $16,520.00

Time remaining for completion of work. . . . . 3 months

B. H. Sheahan

B. H. Sheahan
Mining Engineer

DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Office of
Executive Officer
DMEA Field Team
Region II

1605 Evans Avenue
Reno, Nevada

Date Sept. 19, 1958

DMEA
RECEIVED SEP 22 1958

DATE	INITIALS	CODE
9-22	C	220
22	[illegible]	100
23	[illegible]	110
9/23	[illegible]	800
9/24	WSM	400

Memorandum

To: Operating Committee, DMEA, Interior Bldg., Wash., D.C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Interim Inspection Report

Attached are three copies of Interim Report on

Docket No. DMEA-4777

Contract No. Idm-E 1155

Commodity Mercury

Operator H. L. M. Mining Company

Property Aetna Springs Resort

By B. H. Sheahan, Mining Engineer

Dated Sept. 17, 1958

S. Ricker

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachments

Copy to: R. M. Smith, USGS (w/copy of report)
Finance Officer, Region II (w/copy of report)
File

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 22 1958

DATE	INITIALS	COPY

INTERIM REPORT

Sept. 19, 1958

Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

The project was inspected September 15, 1958 by B. H. Sheahan, U. S. Bureau of Mines, and H. K. Stager, U. S. Geological Survey. The site for the proposed shaft has been cleared and the operator has been informed in writing to proceed with exploration under Stage II of the contract.

Mr. A. R. Hiland and two employees are now working at the Fair-Way prospect. They are assembling equipment for use on the shaft sinking operation and exploration work is expected to be resumed in a few days.

B. H. Sheahan

B. H. Sheahan,
Mining Engineer.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
1605 Evans Avenue
Reno, Nevada

Sept. 12, 1958

FILE COPY
DMEA
RECEIVED SEP 15 1958

DATE	INITIALS	CODE
9/15	C	220
9/15	WSM	400

Memorandum

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

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Enclosed are the Government's and Audit copies of Amendment No. 1 to subject contract, executed by the operator. The remaining copies have been distributed in the usual manner.

S. Ricker

Attachments

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

1605 Evans Avenue
Reno, Nevada

8/28 C 220
8/28 EEF 800
8/29 WSM 400

August 25, 1958

Mr. John J. Lukanish
H. L. M. Mining Company
Aetna Springs Resort
Pope Valley, Napa County,
California

Re: Docket No. DMEA-4777 (~~Uranium~~) Mercury
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

Dear Mr. Lukanish:

Enclosed are the original and four copies of a proposed Amendment No. 1 to referenced contract, signed by the Administrator for the Government.

If the amendment meets with your approval, all five copies should be signed by you and your partners. The copy marked "Operator's Copy" should be retained by you, and the original and other three copies should be returned to this office.

If any part of the amendment does not meet with your approval, the original and all copies should be returned, together with your suggested changes.

Sincerely yours,

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

Enclosure

Copy to:
Operating Comm., DMEA, Washington
R. M. Smith, USGS
Finance Officer, Region II
Geo. Mavor

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8-14	Holt	400
8-14	Chapman	400
8-14	Chamberlin	800
8/19	GCS	130
"	Johnson	110
"	Stattenbach	100
8/20	N.g.	220
		400

AUG 19 1958

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

Re: Docket No. DMEA 4777 - Mercury
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-11155

Dear Mr. Ricker:

Enclosed are the original and four copies of a proposed Amendment No. 1 to the above referenced contract, signed by the Administrator for the Government. Two extra copies are enclosed for the use of the Field Team.

If the terms and conditions of the proposed amendment are satisfactory to you and the Operator, all five copies shall be signed by the Operator and the usual distribution made.

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

Sincerely yours,

Enclosure

George C. Selfridge

Chairman, Operating Committee (HB)

APPROVED:

P. F. Yopes (HB)
Member, Bureau of Mines

N. E. Nelson (HB)
Member, Geological Survey

TLCHAPMAN/dlm 8-14-58
cc to: Code 400
Admr. R. File
Oper. Comm.
FT. REG. II
Messrs. J. W. Pennington, USBM
T. H. Kiilsgaard, USGA

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8/15	Hoff	400
8/15	Chapman	400
8/15	[illegible]	130
8/15	[illegible]	130
8/15	[illegible]	130
"	[illegible]	110
"	[illegible]	110
8/18	J. g.	220
		400

AUG 15 1958

INTERIOR

DMEA

14X4401(01) REVOLVING
FUND, DEFENSE PRODUCTION ACT, INTERIOR,
(TRANSFER TO OFFICE OF SECRETARY)

2 telefax

Telefax WESTERN UNION Telefax
SENDING BLANK

Call Letters HCQ
GOVT PD
AUG 15 1958
Charge to D.M.E.A.
SPANGLER RICKER, EXECUTIVE OFFICER, DMEA FIELD TEAM, REGION II
1605 EVANS AVENUE, RENO, NEVADA

REMEMO JULY 28 OF JOHN D. WARNE RECOMMENDING EXTENSION OF TIME OF CONTRACT NO. IDM-E1155, DOCKET NO. DMEA 4777, H. L. M. MINING COMPANY. PLEASE WIRE US RECOMMENDATIONS OF THE FIELD TEAM.

George C. Selfridge
GEORGE C. SELFRIDGE
CHAIRMAN, OPERATING COMMITTEE

RECEIVED
AUG 21
D.M.E.A.

Send the above message, subject to the terms on back hereof, which are hereby agreed to

PLEASE TYPE OR WRITE PLAINLY WITHIN BORDER—DO NOT FOLD

1269—(5-50)

413

Messrs. J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

8623

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

OB391

8/18/92C

O REA436 NL PD=RENO NEV 15/= 1958 AUG 15 PM 10 20

GEO C SELFRIDGE, CHAIRMAN, OPERATING COMMITTEE=

DEFENSE MINERALS EXPLORATION ADMIN INTERIOR BLDG WASHDC=

REYOURTEL CONTRACT NBR IDM-E1155 DOCKET #DMEA-4777 HML MINING CO LETTER PREPARED AND BEING MAILED TODAY AND WHICH AN EXTENSION OF COMPLETION TIME FROM AUG 19 1958 TO FEB 19 1959 IS RECOMMENDED JUSTIFICATION BASED ON EXCEPTIONALLY SEVERE WINTER RAINS AND IMPOSSIBLE SURFACE WORKING CONDITION DURING THOSE MONTHS. STAGE II WILL BE RECOMMENDED=

S RICKER=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 18 1958

DATE	INITIALS	CODE
8/18	Wg.	225
		130
		400

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OFFICE COPY
RECEIVED AUG 19 1958

DATE	INITIALS	CODE
8/19	W. G.	325
19	Conf	100
"	FD	110
8/20	[illegible]	800
8/20	DRC	400

Office of
Executive Officer
DMEA Field Team
Region II

1605 Evans Avenue
Reno, Nevada

Date Aug. 15, 1958

Memorandum

To: Operating Committee, DMEA, Interior Bldg., Wash., D.C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Interim Inspection Report

Attached are three copies of Interim Report on

Docket No. DMEA-4777

Contract No. Idm-E 1155

Commodity Mercury

Operator H. L. M. Mining Company

Property Aetna Springs Resort

By H. K. Stager, Geologist - USGS

Dated August 11, 1958

S Ricker

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachments

Copy to: R. M. Smith, USGS (w/copy of report)
Finance Officer, Region II (w/copy of report)
File

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
MINERAL DEPOSITS BRANCH
4 HOMEWOOD PLACE
MENLO PARK, CALIFORNIA

IN REPLY REFER TO:
OFFICIAL FILE COPY
DMEA
RECEIVED AUG 19 1958

DATE	INITIALS	CODE

August 11, 1958

INTERIM REPORT

To: S. Ricker, Executive Officer, DMEA Field Team, Region II

From: H. K. Stager, U. S. Geological Survey

Subject: Docket DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract Idm-E1155

An interim inspection of the project was made on August 5, 1958 by H. K. Stager accompanied by Mr. A. R. Hiland, one of the operators.

The operators had not done any additional work since the previous inspection on July 16, 1958 by J. D. Warne of the U.S. Bureau of Mines. However, a bulldozer and operator were expected to be at the property about August 8 to complete the trenching and to prepare a site for the shaft to be sunk under Stage II of the contract. Several prospective contractors for the shaft sinking and drifting were expected to visit the project on the weekend of August 9-10 to make bids on the work.

The geology of the completed trenches was mapped and the mineralized sections were examined (fig. 1). Trench No. 1 exposes 120 feet of silica-carbonate rock that contains 0.2 to 4.5 pounds and averages 1.0 pounds of mercury per ton. A six-foot sample across the

best exposures assayed 4.5 pounds of mercury per ton. Trench No. 2 exposes 30 feet of silica-carbonate rock that contains 0.2 to 1.8 pounds and averages 0.5 pound of mercury per ton. These exposures of cinnabar-bearing silica carbonate rock are sufficient to justify the work provided for under Stage II of the contract. A tentative site for the Stage II shaft was agreed upon (fig. 1) based upon both geologic and engineering considerations. Inasmuch as the ore bodies mined from the old Valley mine workings, several hundred feet south of the present exploration, were on the west (or foot wall) side of the silica-carbonate body and as the highest grade material exposed by the DMEA work is near the same edge it is evident that this is geologically the most favorable side of the body to explore by underground work. The silica-carbonate rock is blocky and is difficult to drill and break. For these reasons the operators desire to place the shaft in the serpentine that underlies the silica-carbonate body on the foot wall side. It is also necessary to place the shaft at a site that will allow ample dump space without obstructing the county road that bounds the trenched area on the south (fig. 1) or endanger traffic or the resort facilities on the south side of the road.

Mr. Hiland was advised to wait for DMEA approval in writing before proceeding with the shaft sinking. He was also advised to write to the Executive Officer immediately requesting an extension of time on the contract which expires on August 19, 1958.

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DATE	INITIALS	CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
1605 Evans Avenue
Reno, Nevada

Aug. 15, 1958

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 19 1958

DATE	INITIALS	CODE
8/19	SJ.G.	225
		130
8/20	PLC	400

Memorandum

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

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

The operator on subject contract has verbally requested an extension of completion time on subject contract.

We recommend that the request be granted and if approved by you, we suggest that an amendment be drawn up extending the completion time from August 19, 1958 to February 19, 1959.

Work on the project was delayed during the winter months due to exceptionally severe rainfall and impossible working conditions on the surface during those months. The last interim report dated August 11, 1958 by H. K. Stager details the current status of work.

Very truly yours,

S. Ricker

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8-8	Chapman	400
8-8	Martin	400
		110
		100

August 8, 1958

MEMORANDUM

To: Associate Solicitor, Division of Mineral Resources

From: Division of Iron and Ferro-Alloys, DMEA

Subject: Preparation of Amendment No. I
Docket No. DMEA 4777 - Mercury
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm- E1155

Attached is a rough draft of a proposed Amendment No. I to the above-captioned contract for your use in preparing it in final form.

W. S. MARTIN

W. S. Martin, Director
Division of Iron and Ferro-Alloys

Attachment

TLCHAPMAN/dlm 8-8-58
cc to: Docket

8623

JUSTI Administrator, DMEA

Division of Iron and Ferro-Alloys, DMEA

ect: Amendment No. 1, Extension of time for completion of project
Docket No. DMEA 4777 - Mercury
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E1155

Heavy rains in the area made surface trenching next to impossible and the Operator had to discontinue work. These were conditions over which the Operator had no control, and there is justification for requesting an extension of time. The project is in two stages and any part or all of Stage II depends on prior work and requires approval of the Government. If the results of work on Stage I justify the continuation of the work it is to the interest of the Government to grant an extension of time.

W. S. MARTIN

W. S. Martin, Director
Division of Iron and Ferro-Alloys

EXPLORATION PROJECT CONTRACT
H.L.M. MINING COMPANY
DOCKET NO. DMEA-4777

AMENDMENT NO. I

It is agreed this _____ day of _____, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and the H. L. M. Mining Company, that Exploration Project Contract No. Idm-E1155 (Docket No. DMEA-4777), dated November 19, 1957, is amended as follows:

The date fixed for the completion of the work, August 19,1958, is extended to February 19, 1959.

The maximum period for royalty payments and the liens to secure the payment thereof; as specified in Article 6 (b)(2) of the Contract, is extended from ten (10) years to eleven (11) years from the date of the Contract.

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

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals
Exploration Administration

H.L.M. MINING COMPANY

By _____

Title _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Office of
Executive Officer
DMEA Field Team
Region II

1605 Evans Avenue
Reno, Nevada

Date Aug. 1, 1958

Memorandum

To: Operating Committee, DMEA, Interior Bldg., Wash., D.C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Interim Inspection Report

Attached are three copies of Interim Report on

Docket No. DMEA-4777

Contract No. Idm-E 1155

Commodity Mercury

Operator H.L.M. Mining Company

Property Aetna Springs Resort

By John D. Warne,
Mining Engineer

Dated Aug. 1, 1958

ORIGINAL FILE COPY
DMEA
RECEIVED AUG 4 1958

DATE		CODE
8/5/58	J.G.	225
		100
8/5		110
		800
8/6		400

S Ricker

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachments

Copy to: R. M. Smith, USGS (w/copy of report)
Finance Officer, Region II (w/copy of report)
File

Must show that
[illegible] is in the
[illegible] of the Department

ORIGINAL FILE COPY
DMEA
RECEIVED AUG 4 1958
DATE | INITIALS | CODE

INTERIM REPORT

July 28, 1958

Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

An inspection was made of this project on July 16, 1958.

The operator had completed 414 feet of east-west bulldozer trenching across the silica-carbonate mineralized zone under Stage I of the contract. The north-south trench along the most mineralized portion (or strike) of the silica-carbonate zone had not yet been excavated to allow sampling and further examination of the cross trenches. Also, heavy rains in the area prevented completion of the bulldozer trenching operations. Total required footage of bulldozer trenching will exceed the amount allowed under the contract; however, the excess amount will be performed at the operator's expense.

It was recommended to the operator that further trenching be done in an easterly direction to expose the entire width of the silica-carbonate zone and that additional sampling across the zone be done. Seven samples taken by the operator across 35 feet of the mineralized zone contained from 1.0 to 3.4 pounds of mercury per ton.

The operator was requested to apply for an extension of time to allow completion of work under the contract. Considerable delays have been caused by extremely heavy rains in the area and difficulty in obtaining a bulldozer to perform trenching work under Stage I. It is recommended that the allowable time to complete work under the contract be extended for a period of six months from August 19, 1958 to February 19, 1959.

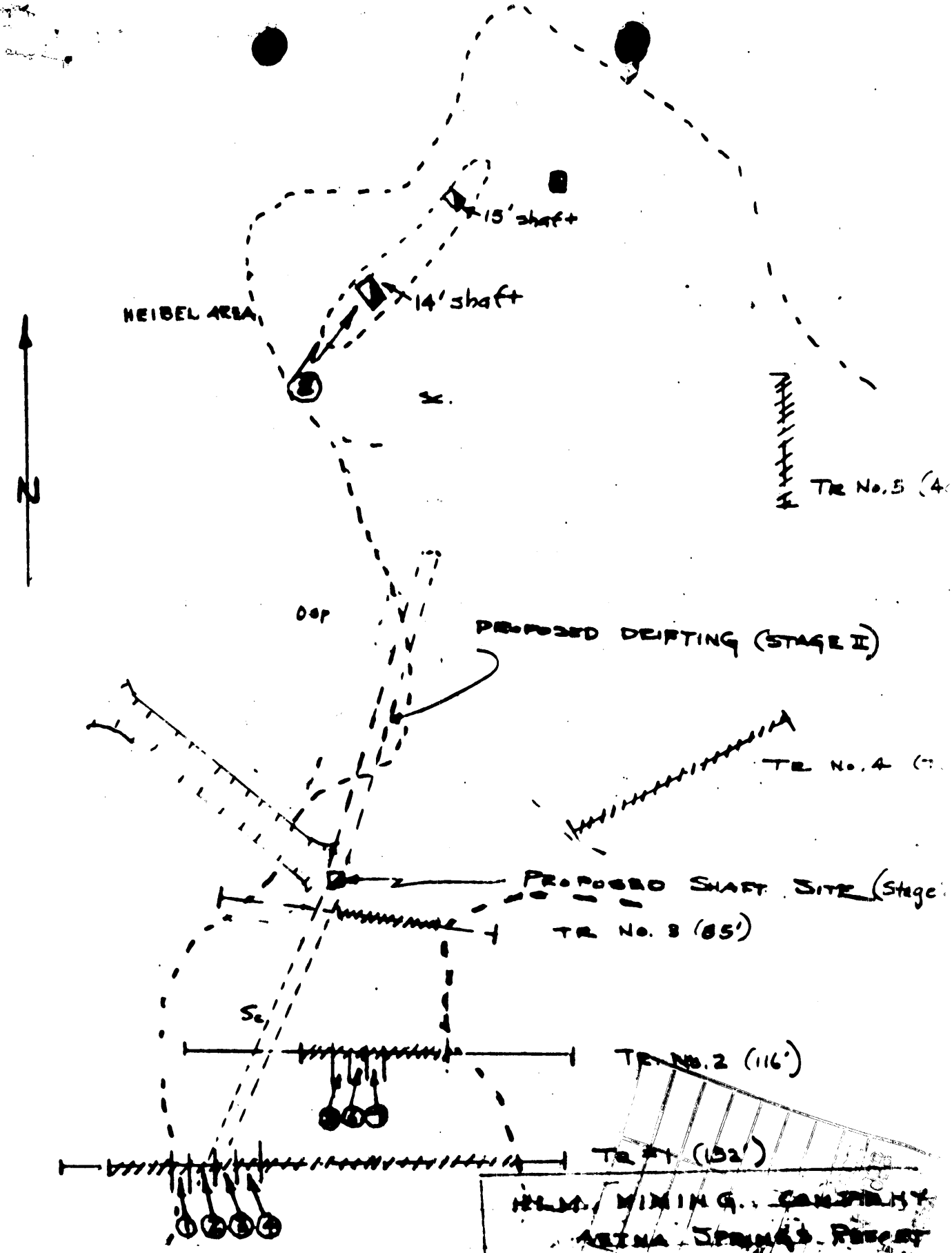
Samples taken during this inspection were as follows:

Lower S. trench	Sample Nos.	Pounds Hg./Ton
Interval 77.6 ft.	1	0.8
to 104 ft.	2	0.4
(26.4 ft.)	3	4.5
	4	0.7

Middle trench	Sample Nos.	
Interval 0.0 ft.	5	<0.1
To 16.0 ft.	6	0.1
16.0 ft.	7	0.1

Specimen sample of ore from bottom of 15 ft. test pit 170 ft. north of N. cross trench 35.6

John D. Warne,
Mining Engineer



Bulldozer Tr. in silica-carbonate zone.

HELM MINING COMPANY
ASTNA SPRINGS PROJECT

SKETCH SHOWING BULLDOZER TRENCHES & SAMPLES (Sta

DMEA-4777

Form MF-104
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED JUL 23 1958

OPERATOR'S MONTHLY REPORT AND VOUCHER

April May

Month of June 195 8 Docket No. DMEA 4777 Contract No. 104-2-1155

Operator's Name H L H Mine Company Minerals Mercury

Address Aetna Springs, Pope Valley, California

Contract Amount, $ 16,520.00 Government Participation: 75 % Amount, $ 12,390.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY (WSM): Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing	400.00	none	400.00			
Crosscutting						
Drifting						
Drill & Blast Trench	414.00	none	414.00			
(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	81.00	none	81.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	895.00		895.00			

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

Date June *Payee H L H Mining Company (Partnership)
Hiland, Lukanich & Manko

Per _____ Title Partner

*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:

$ 731.25

Frances S. Morton

Signature _____ (Authorized Certifying Officer)

Date JUL 17 1958 Vou. No. SF-DMEA-1

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E1155 in accordance with the terms of the contract.

Signature John D. Warne Title Mining Engineer Date June 27, 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature For. J. Ricker, Title Executive Officer Date June 27, 1958

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

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April May June 195 0 Docket No. DMEA 4777 Contract No. IDMC-1155

Operator's Name H L M Mine Company Minerals Mercury

Address Aetna Springs, Pope Valley, California

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								Stage One
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger	Ft.	414.00	345	414.00	345	1.20	450	540.00
Stripping								
Trenching	Hr	480.00	48	480.00	48	10.00	43	430.00
Test Pits								
Roads and Trails								
Sample Analysis	Ea	81.00	27	81.00	27	3.00	50	150.00
Total Distributed Costs		975.00		975.00	Stage Two			Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs					Assaying			150.00
New Buildings, Improvements, etc.					Timbering			1400.00
					Shaft Sinking			6400.00
Total Costs		975.00		975.00	Drifting & Cross Cut			7400.00
								16520.00

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 April, May & June 1950 Operator H L M Mining Company (Partnership)

Per [signature] Title Partner

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)

John S Maine

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

COPY

Phone Ashbury 3-2254

ASSAY CERTIFICATE
C. H. BIRD
ASSAYER CHEMIST

911 University Avenue
Berkeley 10, California

June 4, 1958

U. S. E. Mine Company, Cape Valley, California

Our Number	Your Description of Sample	Hg	lbs/ton
2903	1	0.02	0.4
2904	2	0.03	0.6
2905	3	0.04	0.8
2906	4	0.02	0.4
2907	5	0.03	0.6
2908	6	0.02	0.4
2909	7	0.02	0.4
2910	8	0.02	0.4
2911	9	0.02	0.4
2912	10	0.03	0.6
2913	11	0.11	2.0
2914	12	0.05	1.0
2915	13	0.09	1.8
2916	14	0.06	1.2

(CONTD signed C.H.Bird)

COPY

Phone Ashberry 3-5834

[illegible] CHEMISTS
C. H. [illegible]
[illegible]YER CHEMIST

911 University Avenue
Berkeley 10, California

June 4, 1958

N. S. R. Zinc Company

Our Number	Your Description of Sample	Hg	lbs/ton
28917	#15	0.17	3.4
28918	#16	0.09	1.8
28919	#17	0.07	1.4
28920	#18	0.01	0.2
28921	#19	0.02	0.4
28922	#20	0.09	1.8
28923	#21	0.01	0.2
28924	#22	0.09	1.8
28925	#23	0.01	0.2
28926	#24	0.05	1.0
28927	#25	0.02	0.4
28928	#26	0.02	0.4
28929	#27	0.02	0.4

([illegible]ED signed by C [illegible])

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 4777
(MERCURY)
IDM-E1155

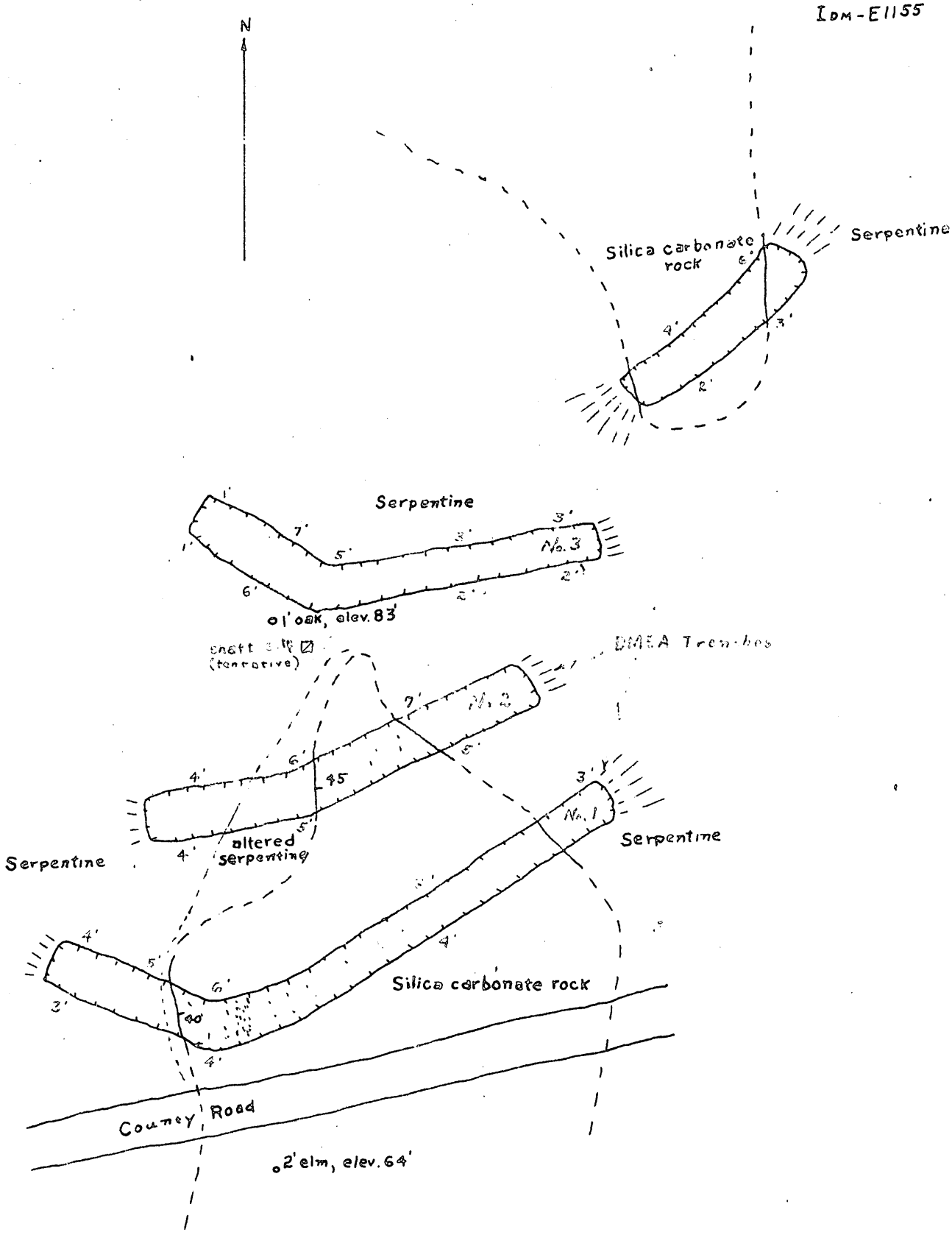


Figure 1. Geologic sketch map of H.L.M. Mining Co. project, Aetna Springs Resort, Napa County, California

0 40 80 120 Feet

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DMEA
RECEIVED AUG 19 1958

DATE	INITIALS	CODE

I-L-M-Mone[illegible]

Contract No. I D M E [illegible] [illegible] 4777 Hiebel Prospect

Aetna Springs, Pope Valley California

Bulldozer Cut NO I
I52°XI2°
Silica carbonite contact I24° XI2°

NO 2
II6°XI2°
Silica carbonite Contact 44°XI2°

NO 3
85°XI2°
Silica carbonite contact 29°XI2°

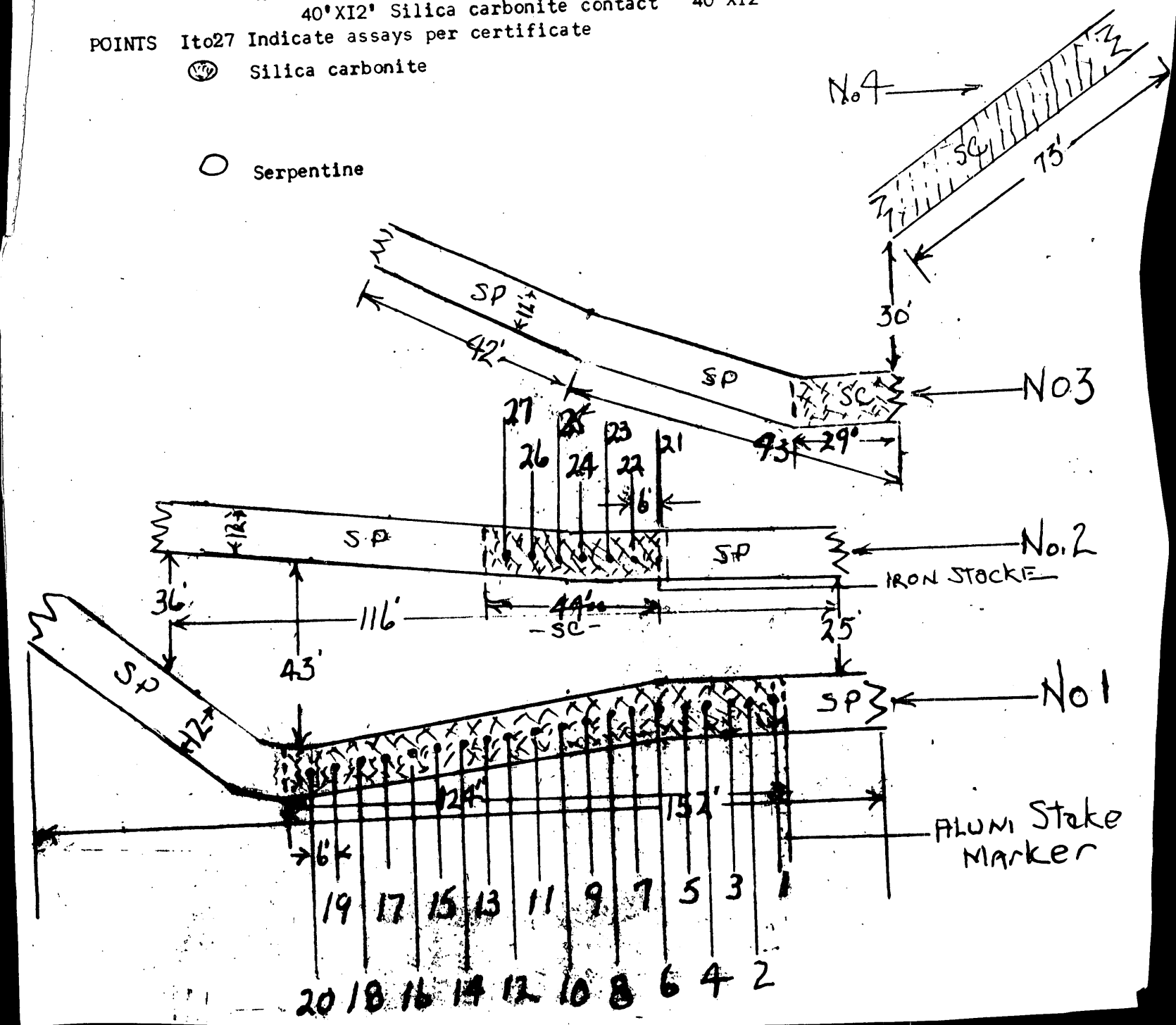
NO 4
70°XI2°
Silica carbonite contact 70°XI2°

NO 5
40°XI2° Silica carbonite contact 40°XI2°

POINTS Ito27 Indicate assays per certificate

Silica carbonite

Serpentine



Copy

J. J. LUKANICH CO.

1355 MARKET STREET · SAN FRANCISCO 3, CALIF.

REFRIGERATORS
HOME FREEZERS
ELECTRIC RANGES

May 16, 1958

Mr. S. Bisbee
Executive Officer
DMEA Field Team Region 11
1655 Evans Avenue
Reno, Nevada

Dear Mr. Bisbee:

Regarding Contract Number DMEA 4777 of the HLM Mine Company:

As per phone conversation March 24th this program delayed due to extended heavy winter rains and floods.

April 28th contract work was again continued but progress was necessarily halted due to Bulldozer rental disappointment. New arrangement for Bulldozer rental now being negotiated.

Very truly yours,

J. J. Lukanich
HLM Mine Company
Pope Valley, Calif.

cc: Finance Office

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 28 1959

DATE	INITIALS	CODE

OPRIS FINAL REPORT

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION II
SAN FRANCISCO
MAY 20 1958
RECEIVED

J. J. LUKANISH CO.

1355 MARKET STREET · SAN FRANCISCO 3, CALIF.

REFRIGERATORS
HOME FREEZERS
ELECTRIC RANGES

May 16, 1958

[illegible]
[illegible] Officer
DMA Field Team Region 11
1605 Evans Avenue
[illegible], Nevada

Dear Mr. Ritson:

Regarding Contract Number DMA 477[illegible] of [illegible] Wire Company.

As per phone conversation March [illegible] delay [illegible] to extreme heavy winter [illegible]

Trail 28th contract [illegible] was [illegible] and [illegible] was voluntarily halted due to Builders rental disappointment. New arrangement for Builders rental now being [illegible].

Very truly yours,

J. J. Lukanish
President
[illegible]

5/26 C 220
WSM 400

Copy: Operating Com., D.M.E.A.
Washington, D.C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Office of
Executive Officer
DMEA Field Team
Region II

1605 Evans Avenue
Reno, Nevada

Date May 16, 1958

Memorandum

To: Operating Committee, DMEA, Interior Bldg., Wash., D.C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Interim Inspection Report

CENTRAL FILE COPY
DMEA
RECEIVED MAY 19 1958

DATE	INITIALS	CODE
5/19	C	220
26	Com	100
"	JEB	110
5/21	[illegible]	800
	WSM	400

Attached are three copies of Interim Report on

Docket No. DMEA-4777

Contract No. Idm-E 1155

Commodity Mercury

Operator H. L. M. Mining Company

Property Aetna Springs Resort

By John D. Warne,
mining engineer

Dated May 13, 1958

S. Ricker

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachments

Copy to: R. M. Smith, USGS (w/copy of report)
Finance Officer, Region II (w/copy of report)
File

DMEA
RECEIVED 19
DATE

INTERIM REPORT

May 13, 1958

Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

An inspection was made of this project May 9, 1958.

The operator had partially completed two east-west bulldozed trenches under Stage I of the contract. Some drilling and blasting of silica-carbonate rock along the bottom of one of the trenches had been completed. No significant cinnabar mineralization has yet been encountered in the trenches.

Trenching work was suspended due to heavy rains in the area during March and April and will be resumed as soon as a bulldozer can be rented to complete the work. The operator expects to be able to complete work under Stage I of the contract by May 31, 1958.

Some cinnabar mineralization has been found several thousand feet away from the project area and an exploration test shaft is now being sunk at the operator's expense.

for John D. Warne,
mining engineer.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
1605 Evans Avenue
Reno, Nevada

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 19 1958

DATE	INITIALS	CODE
2/20	C	220
2/21	B	215
	WSM	400

February 17, 1958

Memorandum

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

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA- 4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Enclosed are the Government's and Audit copies of subject contract executed by the Operator. The remaining copies have been distributed in the usual manner.

Consent to Lien and Subordinate Agreements have been attached.

For: S. Ricker

Attachments

2/6 C 220
WSM 400

1605 Evans Avenue
Reno, Nevada

February 4, 1958

Mr. John J. Lukanish
H.L.M. Mining Company
Aetna Springs Resort
Pope Valley, Napa County, California

Re: Docket No. DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California
Contract No. Idm-E 1155

Dear Mr. Lukanish:

We have received the executed copies of referenced contract and are inserting the on or before starting date, Article 1 of Contract, as March 15, 1958. The Contract will be effective as soon as we receive the enclosed six copies of the Consent to Lien and Subordinatation Agreement properly dated (see red marks on back).

Enclosed are three months' supply of MF-104 and MF-104A forms, to be used in submitting your monthly account. One of our engineers will visit the property shortly after you advise us that work has started, and will explain the reporting procedure in detail.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachments
SRicker:ft
cc: Opr. Com., DMEA, Wash., D.C.
Finance Office, Reg. II
GeoMavor
RMSmith
File
Chron

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DMEA
RECEIVED DEC 16 1957

DATE		CODE
12/17	gb	220
12/17	WSM	400

1605 Evans Avenue
Reno, Nevada

December 12, 1957

H. L. M. Mining Company
Aetna Springs Resort
Napa County
Pope Valley, California

Re: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Proposed Contract Idm-E 1155

Gentlemen:

Enclosed are the original and four copies of a proposed short-form contract for an exploration program at the Aetna Springs property, signed by the Administrator for the Government, together with Annex I (1 page), Exhibit "A" (2 pages), and three maps.

If the terms and conditions of the proposed contract are satisfactory to you, all five copies should be signed. The copy marked "Operator's copy" is for your files and the others should be returned to this office

Under Article 1, the starting date has been left blank and is to be filled in if you sign the contract.

If any part of the contract does not meet with your approval, the original and all copies should be returned with your suggested changes. Minor changes , subh as changes in exact location of the work, can be made by amendment to the contract as the work proceeds.

Very truly yours,

Roscoe M. Smith
Acting Executive Officer
DMEA Field Team, Region II

Attachments

RMS:ft
cc: Opr. Com., DMEA, Wash., D.C.
Finance Office, Region II
GeoMavor
RMSmith
File
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

1605 Evans Avenue
Reno, Nevada

November 26, 1957

H. L. M. Mining Company
Aetna Springs Resort
Napa County, California

Re: Docket DMEA-4777 (Mercury)
Aetna Springs
Napa County, Calif.
Contract Idm-E1155

Gentlemen:

Enclosed are seven copies of form MF-205, Consent to Lien and Subordination Agreement. These should be signed by Mr. and Mrs. Heibel, one copy retained by them and the other six copies returned to this office.

A contract for an exploration program at the referenced property has been prepared, but it will be necessary to obtain Consent to Lien and Subordination Agreement before we can present the Contract to you for signing.

RECEIVED NOV 29 1957

DATE	INITIALS	CODE
11-29	gb	220
12/2	WEM	400

Very truly yours,

Roscoe M. Smith
Acting Executive Officer
DMEA Field Team, Region II

Enclosure

Copy to: Operating Comm., DMEA, Washington

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
11-6	Chapman	400
11-6	Martin	400
11-7	Chamberlain	800
11/15	Martin	130
"	Johnson	110
"	Rutherford	100
11/20	gb	230
		400

B

NOV 19 1957

Mr. Spengler Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Street
Reno, Nevada

Re: Docket No. DMEA 4777 - Mercury
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California

Dear Mr. Ricker:

Enclosed are the original and four copies of a proposed short-form contract for an exploration program at the above-referenced property, signed by the Administrator for the Government, together with Annex I (1 page), Exhibit A (2 pages) and 3 maps. Two extra copies of Exhibit A and the Annex and maps are enclosed for the use of the Field Team. It will be necessary to obtain Consent to Lien and Subordination Agreement from the Lessor before presenting the contract to the Applicant for execution.

If the conditions and terms of the proposed contract are satisfactory to you and the Operator, all five copies should be signed by the Operator and the usual distribution made.

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

The following substantial changes were made here in the costs submitted by the Field Team.

Stage I

Small bulldozer or back-hoe reduced from $750.00 to $400.00.

8623

Stage II

Shaft sinking increased from $70.00 to $80.00, to allow for adding one man to the crew and making a small increase in size of shaft.

Drifting and/or crosscutting increased from $36.00 per foot to $37.00 per foot, to cover addition of one man to labor crew.

Reductions were made in pipe and rail costs by allowing for salvage. Total cost of project was changed from $15,860.00 to $16,520.00. As you will note on Figure 2 the land area included in Annex I was reduced from approximately 1,500 acres to about 450 acres.

Sincerely yours,

W. S. Martin

APPROVED: ACTING Chairman, Operating Committee (SHB)

Frank D. Lamb (SHB)
Member, Bureau of Mines

W. P. Williams (SHB)
Member, Geological Survey

TLCHAPMAN/dlm 11-6-57
cc to: Code 400
Admr. R. File
Oper. Comm.
FT. REG. II
Messrs. J.W. Pennington, USBM
T. H. Kiilsgaard, USGS

Enclosures

P. S. Under Article 1 the starting date of the proposed contract has been left blank and is to be filled in when the contract is signed by the Operator.

Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/29	Chapman	400
10/29	Martin	400
		140

October 29, 1957

MEMORANDUM

To: Associate Solicitor, Division of Mineral Resources

From: Division of Iron and Ferro-Alloys, DMEA

Subject: Preparation of contract
Docket No. DMEA 4777 - Mercury
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California

Attached is a draft of a proposed contract for the captioned project for your use in preparing the contract in final form.

W. S. MARTIN
W. S. Martin, Director
Division of Iron & Ferro-Alloys

Attachment

TLChapman:foc
10/29/57
cc to: Docket
Read. File

8623

MF-200A
(Rev. April 1956)

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

DMEA No.	*Commodity*	*Contract No.*	*County*	*State*
4777	Mercury	*Idm–E*	Napa	California

It is agreed ....., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and H. L. H. Mining Company, a partnership

whose mailing address is Aetna Springs, Pope Valley, California

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) 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 Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 9 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $16,520.00 The Government will contribute ..... percent of the fixed unit cost of the work performed, not exceeding $12,390.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise) and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interests of Lessors

(b) 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: Consent to Lien and Subordination Agreement of Lessors

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. 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 will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *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 all pertinent books, documents, papers, and records of the Operator.

(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 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(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 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 7. *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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

.....
(Operator)

By .....

By .....

.....

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

EXPLORATION PROJECT CONTRACT
H. L. M. MINING COMPANY
DOCKET NO. DMEA 4777

EXHIBIT A

Description of the Work

Attached maps are as follows:

Figure 1 - Index Map of Lake, Mendocino, Napa and Sonoma Counties, California

Figure 2 - Map of Aetna Springs Resort Property, Showing Prospected Areas, Napa County, California

Figure 3 - Geologic Map of Heibel Prospect Area and Area South to Valley Mine Shaft, Napa County, California

The work shall be divided into two stages. Stage II shall be dependent on the results obtained in Stage I, and shall have the approval of the Government.

Stage I

Bulldozer or backhoe trenching shall be used at the option of the Operator. Trenches are to be not less than six feet in width and it is estimated they will be about six feet in depth. The work shall consist of three cross trenches easterly and westerly approximately 100 feet in length, and one trench northerly and southerly approximately 150 feet in length, cutting the cross trenches at right angles as indicated on Figure 3. The total trenching is not to exceed 450 feet. The bottom of the trenches shall be drilled and blasted as necessary to produce a clean bottom for visual inspection and sampling.

Mineralized zones shall be sampled and assayed for mercury.

Stage II

At a point to be selected by the Operator and the Government sink a two compartment shaft 80 feet, to be not less than 4 feet by 7 feet in the clear.

From the 70 foot level of the shaft drift and/or crosscut 200 feet. The directions of this work shall be agreed upon by the Operator and the Government. The drifts and/or crosscuts shall not be less than 4 feet by 6½ feet in the clear and shall be timbered as necessary.

Mineralized zones shall be sampled and assayed for mercury.

ESTIMATED COST OF THE PROJECT
Fixed Unit Costs

STAGE I

Bulldoze or backhoe 450 feet of trenches 48 hours at $10.00 per hour	$ 480.00	
Drilling and blasting of bottom of trenches, 450 feet approximately 6 feet wide at $1.20/ft.	540.00	
Assaying 50 samples for mercury at $3.00 each	150.00	
Estimated cost of Stage I		$1,170.00

STAGE II

Sinking shaft 80 feet at $80.00/ft. To include cost of hoist, headframe, etc.	$6,400.00	
Drifting and/or crosscutting, 200 feet at $37.00/ft.	7,400.00	
Timbering 200 feet at $7.00/ft.	1,400.00	
Assaying 50 samples for mercury at $3.00 each	150.00	
Estimated cost of Stage II		$15,350.00
Estimated total cost of project		$16,520.00
Government participation 75 percent		$12,390.00

EXPLORATION PROJECT CONTRACT
H.L.M. MINING COMPANY
DOCKET NO. DMEA 4777

ANNEX NO. 1

The land referred to in Article 2 of the contract form and outlined on attached Figure 2, comprises a portion of the property held by a lease dated April 1, 1957, to Alexander R. Hiland, John J. Lukanish and Philip Munko (A partnership organized as the H. L. M. Mining Company), from the owners George B. Heibel, and Ruth V. Heibel, husband and wife, of Aetna Springs Resort, Pope Valley, Napa County, California.

The land is outlined as follows:

That portion of land owned by the lessors in the west half of section 1, and the northwest quarter of section 12, T. 9 N., R. 6 W., Mount Diablo Base and Meridian, Napa County, California.

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

IN REPLY REFER TO:

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 10 1957

DATE	INITIALS	CODE
10/10	C	220
10/10	WSM	400

October 9, 1957

Memorandum

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

From: W. P. Williams, U. S. Geological Survey

Subject: Review of field examination report, DMEA 4777 (mercury), H.L.M. Mining Company, Aetna Springs Resort, Napa County, California

The examining team report that geological conditions on the applicant's property are favorable for the presence of undiscovered mercury ore deposits.

Three main areas of the property have been prospected by the applicant. The examining team believe that one of the areas is favorable enough to warrant a modest DMEA project. The favorable area constitutes the northern extension of the silica-carbonate body in which the Valley mine is located.

The examining team recommend approval of a DMEA contract that would provide for surface trenching, shaft sinking, and drifting, at a total estimated cost of $15,750. I agree with the recommendations of the Field Team.

W. P. Williams

W. P. Williams

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

September 30, 1957

Memorandum

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

From: Assistant Chief, Branch of Base Metals

Subject: Review of Field Team examination report, Docket No. DMEA 4777 (mercury), H. L. M. Mining Company, Aetna Springs Resort, Napa County, California

A modified program is proposed by the Field Team to explore the silica-carbonate body in the Valley mine area at an estimated total cost of $15,860.00.

It is proposed to explore the northern segment in two stages with Stage II contingent upon the results of Stage I. Stage I will consist of four trenches, aggregating 450 feet of surface excavation at an estimated cost of $1,450.00. Stage II will consist of 80 feet of shaft sinking and 200 feet of drifting and/or cross-cutting at an estimated cost of $14,410.00.

Inferred resources of the area to be explored is 3,000 tons of ore assaying 10 pounds or more mercury per ton.

I concur with the recommendation of the Field Team that the modified program be approved.

J. W. Pennington

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U.S.G.S.
F. D. Lamb
F i l e s

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 1 1957

DATE	INITIALS	CODE
10/1	B	220
10/1	WSM	400

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 26 1957

DATE	INITIALS	CODE
9/26	B	220
	esf	130
9/30	[illegible]	220
9/30	WSay	400

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
1605 Evans Avenue
Reno, Nevada

September 24, 1957

Memorandum

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

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
(Your letter, July 12, 1957)

Enclosed are three copies of a report by J. D. Warne, Bureau of Mines, and R. H. Campbell, Geological Survey, in which a DMEA exploration project is recommended.

Roscoe Smith and I concur in the recommendation.

S. Ricker

Attachments

Reviewed by
DMEA OPERATIONS COMMITTEE
9/30/57

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 26 1957

DATE	INITIALS	CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION II

ON SITE EXAM

APPLICATION REPORT

DMEA-4777 (Mercury)
H.L.M. Mining Company
Aetna Springs Resort
Napa County, California

DMEA
9/30/57

by

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INTRODUCTION

The H.L.M. Mining Company, Aetna Springs, Pope Valley, California, applied to the Defense Minerals Exploration Administration, docket DMEA-4777, for Government assistance to explore for mercury at the Aetna Springs Resort, Napa County, California. The applicant wishes to explore near the old Valley (Lidell) mine in undeveloped areas of silica-carbonate rock where surface exposures contain cinnabar.

A field examination was requested by the Operating Committee and was made by R. H. Campbell and R. M. Smith, U. S. Geological Survey, and J. D. Warne, U. S. Bureau of Mines, on August 1 and 2, 1957, accompanied by Messrs. A. R. Hiland, Philipp Munko, and J. J. Lukanish, partners in the company.

As existing maps and sample data were inadequate, the examiners mapped and sampled surface exposures, prospect pits, and a dump of furnaced rock from inaccessible old workings on the property.

CONCLUSIONS AND RECOMMENDATIONS

The mercury deposits of the Aetna Springs Resort area consist of cinnabar as veins, veinlets, stringers, and discontinuous seams along fractures in silica-carbonate rock. Three areas of mineralized silica-carbonate rock have been prospected by the applicant. These

are the Fair-Way prospect area, the Heibel prospect area, and the northern extension of the silica-carbonate body in which the Valley mine is located. The potential size of exploration targets in the Fair-Way prospect area and the Heibel prospect area is small and the grade ranges from 0.4 to 18.0 lbs. Hg/ton, but appears to be generally low. On the other hand, the northern extension of the larger Valley silica-carbonate body offers a relatively large area of favorable host rock, some of which is mineralized at the surface, together with indications that a significant ore body has been previously mined from the same silica-carbonate body to the south. The possibility that another ore body of significant size and grade or an unexplored continuation of the previously mined ore body may be found warrants a modest exploration program. Inferred reserves for the area in which exploration is proposed are 3,000 tons of ore containing 10 lbs. or more Hg/ton.

The applicant has stated his willingness to undertake a revised program suggested by the examiners. The total cost of the revised program is estimated to be $15,750. We recommend that a "unit-cost" contract be approved for the proposed exploration.

LOCATION, LOCAL FACILITIES, PROPERTY, AND OWNERSHIP

The H.L.M. Mining Company lease consists of the entire Aetna Springs Resort property of about 1,600 acres at the northwest end of Pope Valley in secs. 1 and 2, T. 9 N., R. 6 W., Napa County, California (fig. 1).

The Aetna Springs Resort is owned by George S. Heibel and Ruth V. Heibel of Pope Valley (fig. 2). The property includes the old Valley mine (abandoned) which is the southeasternmost mine in the Mayacmas quicksilver district.

A paved road provides access to the property which is about 4 miles northwest of Pope Valley.

Climate--heavy rainfall during winter months curtails surface operations.

Labor--available from the San Francisco Bay Area, a distance of about 75 miles.

Water and Electric Power--on the property.

Mail service--delivered to the Pope Valley Post Office in the winter and to the Aetna Springs Resort in the summer.

Telephone--at the resort.

Supplies--obtainable in St. Helena and/or San Francisco area.

Rail and Freight service--St. Helena.

The applicant reports deposits of manganese and sulfur in the southern part of the property. These deposits are approximately 4,000 feet from the area of proposed exploration, and are apparently totally unrelated to the mercury deposits. The applicant requests that these deposits of manganese and sulfur be excluded from liens in connection with the proposed DMEA exploration.

The applicants have had only a limited amount of exploration and underground mining experience; however they are considered financially responsible and capable of properly completing the exploration project.

HISTORY AND PRODUCTION

The applicant has procured one flask of mercury from ore mined from the 14-foot shaft at the Heibel prospect.

The workings at the Valley mine consist of a shaft reported to be approximately 125 feet deep with workings on two levels, and an adit, now caved at the portal, which trends northward from the north side of the stream bottom for a distance of 100 feet or more. The shaft has been flooded since the early 1880's and since that time it has served as a source of part of the mineral water for which the resort was developed. No production records are available for these workings, but a few hundred feet south of the shaft collar, in another stream valley, there are the remains of a furnace and a dump

containing approximately 3,000 tons of burned silica-carbonate rock. General information on the grade of ore mined during those years indicates that it should have been 10 or more pounds of mercury per ton of rock. The mine is reported to have been abandoned because of difficulty in pumping a large quantity of water. Subsequent to its closure, the value of the property as a resort has prevented mining activities, but this value has diminished in recent years.

There are several references of historical interest. According to Yates and Hilpert (Quicksilver deposits of eastern Mayacmas district, Lake and Napa Counties, California: Calif. Jour. Mines and Geology, State Mineralogist's Rept., Vol. 42, No. 3, p. 260, 1946) the Valley (Lidell) mine is the site of the original discovery of cinnabar in the eastern Mayacmas district. J. D. Whitney (Geology of California: Geol. Survey of Calif., Vol. 1, 1865) reports that the Hamilton Quicksilver Mining Company put up six retorts at the west end of Pope Valley on the old (1863) stage road from St. Helena to Clear Lake and smelted ore from a mine about a mile to the west. Operations were suspended in the autumn of 1863 after about 17,000 pounds of mercury had been produced. Whitney does not refer to the mine by name, but the location description and the dates of operation suggest strongly that his remarks referred to the Valley mine. Henry G. Hanks

(Sixth annual report of the State Mineralogist: Calif. Min. Bureau, pp. 68-69, 1886) reports visiting Aetna Springs in September 1881 and ".....having been at the same locality when it was being worked as a quicksilver mine a number of years before." Hanks also reports that the shaft was 125 feet deep and mentions that because of its location in the creek bottom the operators had considerable difficulty with large quantities of water, particularly in the wet season. He states, "At one time considerable ore was extracted but owing to the difficulties " (pumping large amounts of water) "the yield was small. The Valley mine was incorporated in 1867 and a certificate was filed May 16, 1867."

DEVELOPMENT

Three areas of silica-carbonate rock have been prospected by the applicant; the Fair-Way area, the Heibel area, and the northern end of the silica-carbonate body in which the Valley mine is located (fig. 2). All of the areas were first prospected by panning residual soil, followed at the Fair-Way and Heibel areas by trenching and digging of prospect pits and shafts from four to 15 feet in depth. The applicant has stated his intention to pump out the Valley shaft after the close of the resort season (about October 1) in order to examine any accessible parts of the old workings.

The applicant's equipment on the property consists of:

1 Compressor, 105 c.f.m., mobile type

1 Jackhammer, 55-lb. size, with auxiliary equipment

1 Ore truck, 1-1/2 ton capacity

1 Retort mercury furnace, 3-ton-per-day capacity

1 Diamond drill, Longyear, truck-mounted

Miscellaneous pneumatic and hand tools

GENERAL GEOLOGY

The prospected areas are largely covered with residual soil and some colluvium. Adjacent to the prospected areas the valley on the east is alluviated to varying but generally shallow depths, and the steeper hills to the west are commonly covered with colluvium, soil, and vegetation. Outcrops are generally small and sparsely scattered.

The district geologic map and report (by Yates and Hilpert) show the area to be underlain chiefly by rocks of the Franciscan and Knoxville groups of Jurassic age, serpentine intrusive into the Franciscan and Knoxville rocks, and also shows the largest of several small bodies of silica-carbonate rock.

Outcrops are chiefly of silica-carbonate rock and some of the serpentine that is more resistant to weathering. Altered basalt is exposed for several hundred feet along the stream bed west of the

Valley mine shaft and altered andesite is exposed in the pits in the Fair-Way prospect area. All of the rocks show some alteration, much of which is probably hydrothermal, and some of which is the result of weathering. Much of the serpentine and the carbonate fraction of the silica-carbonate rock has been altered to soft clayey material.

The silica-carbonate rock is the host for many of the quicksilver deposits of the Mayacmas district. According to Yates and Hilpert the silica-carbonate rock forms tabular and irregular masses composed of silica and carbonate in varying proportions, the silica in the form of dolomite, calcite, and probably ankerite. The silica and carbonate minerals occur in intimate intergrowth and in reticulate veinlets. The rock weathers to a lattice of silica veinlets or to a spongy, cellular mass as a result of the leaching of the carbonate minerals. Yates and Hilpert also conclude that the silica-carbonate rock is younger, at least in part, than the Sonoma volcanics, which are of Middle or Upper Pliocene age, and that the alteration which formed them was later than, and unrelated to, the hydrothermal process that converted the ultramafic rocks into serpentine.

There is considerable variation in silica and carbonate proportions between the three parts of the Aetna Springs area where

silica-carbonate rock is exposed. In the southernmost body, which contains the Valley mine, the silica proportion is high, probably consistently exceeding 50 percent of the rock. In the silica-carbonate body of the Heibel prospect area the silica-carbonate rock contains approximately 25 percent silica, and at the Fair-Way prospect area, silica is generally restricted to a few thin stringers, probably forming 10 percent or less of the rock. Generally, the bodies appear to have the form of a stockwork consisting of a lattice of vertical and horizontal silica veins and stringers of widths varying from a fraction of an inch to a foot or more, enclosing crudely rectangular blocks of softer altered carbonate material ranging in size from a few inches to several feet on a side. This form appears to persist on smaller scales; that is, a large carbonate block bounded by thick silica veins may contain a network of veinlets and stringers of silica enclosing smaller carbonate blocks. It is possible that the form obtains on a larger scale also, and that the exposures at or near the present topographic surface represent outcrops of a vertical, tabular, checkerboard-like arrangement of silica-carbonate blocks interspersed with less altered blocks of serpentine.

In relation to the Mayacmas district the prospected area is on the nose of an east-plunging anticline, the Mayacmas anticline, where structural relationships are complicated by faults (Yates and Hilpert, p. 243). A north-trending fault separates the Franciscan rocks from

shales of the Knoxville formation at the west end of Pope Valley, and may have some genetic relationship to the north-trending alignment of the nearby silica-carbonate bodies of the Aetna Springs area. The steeply-dipping fractures observed in the silica-carbonate bodies generally trend north to northeast, except for a set of north-northwest fractures in the five-foot pit at the Fair-Way prospect. Most of these fractures generally follow the vertical and steeply-dipping silica veins and veinlets and appear to be intimately associated with them. Locally, however, at the 15-foot shaft of the Heibel prospect, steeply-dipping fractures and silica veinlets are terminated against more gently-dipping fractures in the lower part of the shaft (see sections, figure 3). Northwest-trending minor faults, which according to Yates and Hilpert are associated with all other deposits of the Mayacmas district, were not found in the Aetna Springs area.

ORE DEPOSITS

The ore deposits are cinnabar-bearing silica-carbonate rock. Cinnabar occurs as discontinuous veinlets and seams along fractures in the silica veins of the stockwork lattice and along the contacts of silica veins and veinlets with the altered carbonate blocks. In addition, cinnabar has been panned from samples of the altered carbonate suggesting that it was disseminated in the carbonate blocks prior to

their alteration to soft clayey material. All the cinnabar found in the Fair-Way and Heibel prospects is in silica-carbonate rock and nearly all of the burned rock from the furnace of the old Valley mine is silica-carbonate rock. The grade of the ore is quite variable between and within the three prospects and appears to be largely controlled by the intensity of pre-mineral brecciation of the relatively brittle silica-carbonate rock.

The size and shape of the ore bodies is also controlled by the size and shape of the silica-carbonate bodies in which they occur, and by the intensity of pre-mineral brecciation. Thus the shape, size, position, and orientation of ore shoots within the silica-carbonate cannot be predicted in advance of preliminary exploration.

The Fair-Way prospect (fig. 4) consists of three pits which expose a number of small and sparsely scattered silica veinlets interspersed with large blocks of soft altered serpentine and andesite. The silica veins range from about five inches to about 2 feet in thickness and are separated from each other by blocks of altered serpentine and/or andesite from two feet to more than five feet across. Cinnabar occurs along fractures in these silica veinlets and at the interface between silica veinlets and altered country rock. The cinnabar occurs in discontinuous seams, rarely more than

one-eighth inch thick and commonly as a thin painty coating on fracture surfaces. The applicant reports that cinnabar can be panned from the altered carbonate rock exposed in the pits. However, the best grade of ore appears to be that which is in and along the silica veinlets. There is no well-defined body of silica-carbonate rock in the Fair-Way prospect area, and the silica veinlets are too small and widely separated to indicate that a sufficiently large amount of the favorable host rock is present to provide an exploration target of significant size and grade.

The Heibel prospect consists of a bulldozer cut and two prospect shafts, 14 and 15 feet deep respectively, and one older shaft, about 16 feet deep, which formerly served as a septic tank. The shafts are in an irregularly shaped body of silica-carbonate rock about 150 feet across, surrounded by weathered altered serpentine. The silica-carbonate body consists of a stockwork of silica veins with interspersed blocks of altered carbonate and altered serpentine. The ore deposit consists of cinnabar that occurs as thin seams, discontinuous stringers, and paint along fractures in silica veinlets, along silica veinlet-carbonate block interfaces, and disseminated in the altered carbonate blocks. Individual seams and stringers of cinnabar rarely exceed one-fourth inch in thickness and the grade of ore depends chiefly on the density

of mineralized fractures. Some cinnabar can be panned from nearly all the residual soil on the Heibel silica-carbonate body, but ore is restricted to a northeast-trending zone defined by the 14- and 15-foot shafts and outcrops between them (fig. 3). Northeast-trending silica veins and veinlets, vertical or dipping steeply southeast, and associated fractures appear to control the trend of the ore body. Horizontal or gently-dipping silica veins are rare and generally thinner than those having steep dips. Samples cut by the applicant from surface exposures between the 14- and 15-foot shafts are reported to have assayed as high as five percent mercury.

The ore zone is 70 to 80 feet long and from 10 to 20 feet wide. Part of the ore zone is terminated at depth by a serpentine-silica-carbonate fault contact exposed in the 15-foot shaft and cut by a diamond drill hole (fig. 3). The fault trends northeast and dips about 45° SE. If the fault cuts off the ore body the average vertical extent of ore is about 18 feet. It is possible, however, that the ore zone continues down the dip of the fault contact after the example illustrated by Yates and Hilpert (p. 250, fig. 2-E) and it may extend as much as 50 feet down dip.

Valley mine area: A large silica-carbonate body crops out about 150 feet south of the Heibel silica-carbonate body from which it is separated by serpentine. At its north end it is approximately 50 feet

wide and at the south end in the vicinity of the Valley mine it appears to be more than 150 feet wide. Silica-carbonate rock is not exposed south of the creek bottom in which the Valley mine shaft is located, but probably extends more than 100 feet south of the mine shaft underneath the alluvium (fig. 3) and is at least 800 feet long. Both the shaft and adit of the Valley mine workings are very near to the western contact of the silica-carbonate body. This suggests that the deposit explored by these workings was associated with the contact and/or irregularities on it.

In view of the large size of the silica-carbonate body and indications from pannings of residual soil samples that it is mineralized in areas other than the immediate vicinity of the Valley mine, it seems reasonable to infer that one or more additional ore bodies of the size and grade of that mined at the Valley mine may be present. The relatively shallow depth of the workings of the Valley mine and near-surface indications of mineralized ground to the north indicate that a significant ore body may be located at a shallow depth.

The potential ore deposit may be expected to consist of a number of ore shoots whose size and shape will depend upon the internal structure and composition of the silica-carbonate rock. Such ore shoots may be expected to be separated by areas of unpredictable

size in which the rock is barren or too low grade to be minable. The suggested exploration by trenching should yield information of considerable value concerning the spacing and extent of zones of intense internal brecciation and possible related ore shoots.

SAMPLING

Ten samples were taken from various locations on the Aetna Springs Resort property, as shown on figure 3. Descriptions and mercury content of these samples are tabulated below:

Sample No.	Lbs. Hg/ton	Description
1	6.0	1.0-ft. channel from north end of southern windlass shaft, at bottom (14-ft. shaft, Heibel prospect).
2	2.0	10-in. channel from northeast corner of northern windlass shaft, at bottom (15-ft. shaft, Heibel prospect).
3	18.3	Grab of about three tons of sorted ore from windlass shafts (Heibel prospect).
4	1.6	Cuttings from 15-24 ft. interval in diamond drill hole at southern windlass shaft (Heibel prospect).
5	0.1	7-in. channel from bottom of 8-ft. test pit between shafts and golf course.
6	0.3	Grab of material taken along 25-ft. trench in overburden along county road in silica-carbonate zone.
7	0.4	22-in. channel from bottom and southwest corner of 4.5-ft. test pit on golf course (Fair-Way prospect).
8	0.4	24-in. channel from 4.5-ft. depth and southwest corner of northern test pit on golf course (Fair-Way prospect).

Sample No.	Lbs. Hg/ton	Description
9	0.6	Grab of 3,000 ton dump at site of old retort.
10	0.4	Grab of silica-carbonate waste dump between shaft and retort site.

ORE RESERVES

Fair-Way prospect area: There are no measured or indicated reserves in the Fair-Way prospect area. As the deposit consists of relatively widely spaced, weakly mineralized veins and veinlets, no significant reserves can be inferred. The deposit is too small and of too low a grade to offer a significant exploration target.

Heibel prospect: There are no measured reserves at the Heibel prospect. Indicated reserves are 360 tons of material containing 3.5 lbs. Hg/ton in a vertical tabular body averaging 4 feet wide and 18 feet deep and having a strike length of 60 feet, assuming strike length extensions of 10 feet beyond the northeast wall of the 15-foot shaft and the southwest wall of the 14-foot shaft. Of approximately 35 tons excavated from the 14-foot shaft 28 tons was retorted, yielding one flask of quicksilver. This computes to a grade of about 2.7 lbs. Hg/ton. The average grade indicated is the mean of Bureau of Mines' samples 1 and 2 and the grade computed from the reported production.

Inferred reserves are 5,000 tons of material having an average grade of about 3.5 lbs. Hg/ton, using the strike length of 60 feet and

an average maximum thickness of 20 feet. The body is assumed to follow the serpentine-silica-carbonate fault contact 50 feet down dip.

Valley mine area: The previous production from the Valley mine, as indicated by the dump of burned rock, involved an ore body containing 3,000 tons or more of material with a grade which probably exceeded 10 pounds of mercury per ton. It is inferred that one or more ore bodies of similar size and grade may be found in the northern segment of the same silica-carbonate body.

EXPLORATION

The applicant proposed to explore the Fair-Way prospect area and another more weakly mineralized area, which appears to be a placer deposit, with trenches and drill holes, some crosscutting and drifting, and possible sinking of a prospect shaft. The estimated cost of the work was $36,450.00. The targets indicated by the applicant, however, are of insufficient size and grade to warrant exploration under the DMEA program.

During the field examination it became obvious that the largest potential target is the silica-carbonate body in which the Valley mine was developed. Conference with the applicant resulted in a revised program to explore the large Valley silica-carbonate body. He stated his intention to pump out the shaft of the old Valley mine in order to

examine the accessible workings. The location of the shaft, however, in the bottom of a stream bed, is poor from the standpoint of any long-term exploration or the exploitation of any ore bodies. As near as can be determined the northern segment of the Valley silica-carbonate body has not been explored. It is proposed to explore that northern segment in two stages with Stage II contingent upon the results of Stage I. Stage I is to consist of trenching. Three trenches six feet deep, each about 100 feet long, will be cut across the silica-carbonate body in an east-west direction. A fourth trench, trending approximately north-south, six feet deep and about 150 feet long, should be cut through the best mineralized showings of the first three trenches (approximate position shown on figure 3). Shallow test pits within the trenches may be necessary. Samples should be taken at regular intervals in the trenches.

Stage II is to be contingent upon Stage I providing sufficient additional indications that a significant target exists. A prospect shaft, 6 feet by 4 feet in the clear, should be sunk to a depth of 80 feet on the best mineralized ground and crosscut or drift 200 feet from the 70-foot level. The depth of 70 feet is governed by a lease agreement to keep the depth of subsequent drifting and crosscutting at least 50 feet below the surface of the paved road. Exploration

south of the road could continue without additional winzing. Two hundred feet of drifting and crosscutting should be ample to explore any ore body in the vicinity of the proposed shaft.

The sites of surface trenches and underground work will be subject to the prior approval of the Government. The project can be completed within an estimated minimum time of approximately six months; however, a period of nine months should be allowed to complete the work. Some delays are anticipated owing to inclement weather during the fall and winter seasons.

EXPLORATION COSTS

Stage I Backhoe or Bulldozer trenching, 6 days to excavate four trenches not less than 6 ft. wide across the body. Some blasting will be necessary to complete excavations; and a small amount of hand trenching and test pitting will be required for further examination and sampling purposes.

Four trenches are to be excavated, having a total length of 450 feet, ~~10~~ 6 feet width, and 6 feet average depth. Total excavation, ~~1,000~~ 900 cubic yards, using Caterpillar "D-7" size bulldozer, or larger. The applicant has expressed interest in using a backhoe digger instead of a bulldozer for the trenching. We recommend he be given the option to do so providing the costs do not exceed those for the equivalent linear distances of trenching by bulldozer. Trenches excavated with

a backhoe would be narrower, possibly with less blasting required, and possibly less expensive per linear foot than those excavated by bulldozer.

Bulldozing, 6 days @ ~~$125.00~~/day	~~$750.00~~		480.00
Labor and Supervision, 6 days @ ~~$50.00~~/day	~~300.00~~	250 120	
Explosives, etc. 6 days @ ~~$25.00~~/day	150.00	90	
Pneumatic and hand tools rental	100.00	100	560 ~~1040~~
Msc.--50 samples to be analyzed for mercury, @ $3.00/ea.	150.00		150
Total cost of trenching			~~$1,450.00~~

Unit Costs

~~1,000~~ 900 cu.yds. bulldozer trenching @ $1.30/cu.yd.	$1,300.00	
50 samples @ $3.00/ea.	150.00	
Total estimated cost of Stage I		$1,450.00

Stage II (a) Shaft sinking--sink vertical two-compartment shaft 80 feet in depth, minimum dimensions inside timber 4 feet by ~~6~~ 7 feet, 2.0 feet per shift, average progress. Time: 40 shifts, or 2 months.

1. Independent Contracts

None $ 0.00

2.	Labor and Supervision		
	3 men including mine leader, each @ $20.00/shift, 40 shifts @ ~~$60~~.00 80.00		~~$2,400.00~~ 3,200.00
3.	Operating Materials and Supplies		
	100 ft. 2 in. air, 1 in. water pipe, including fitting, @ ~~$1.15~~/ft. 1.00	~~$115.00~~ 50.00	
	Explosives, 80 ft. @ ~~$2.60~~/ft. 3.50	208.00 280.00	
	Fuel, 80 ft. @ ~~$1.40~~/ft. 1.50	112.00 120.00	
	Drill steel and bits, 80 ft. @ $1.25/ft.	100.00 100.00	
	Hoisting cable, ~~100~~ ft. @ ~~$1.50~~/ft. 140 @ $0.50	~~150.00~~ 70.00	
	Oil and grease, 80 ft. @ $0.50/ft.	40.00 40.00	
	Msc. hand and pneumatic tools and supplies, 80 ft. @ $1.00/ft.	80.00	
	Total:		$ ~~805.00~~ 660.00
	Timber, blocking, hangers, etc. 80 ft. @ $10.00/ft. (as required)		$ 800.00
4.	Operating Equipment		
	To be furnished by the operator on a rental basis, 2 mos. @ $175.00/mo.		$ 350.00
5.	Initial Rehabilitation		
	Preparation of surface site and erection of head frame.		$ 400.00
6.	New buildings, Improvements, etc.		
	Erect combination hoist and tool shed, approximately 10 ft. by 10 ft.		$ 350.00
7.	Miscellaneous		
	20 samples, to be analyzed for mercury, @ $3.00/ea.	$60.00	
	Payroll taxes, insurance, etc., ~~12~~ 14.5 percent of ~~$2,400.00~~ 3,200.00	464 ~~300.00~~	
	Total:		$ ~~360.00~~ 464.00
8.	Contingencies		$ 150.00
Total			$5,615.00 6,374.00

$80.00 ft.

Total cost of shaft sinking $4,755.00

Total cost of timbering . . . . . $ 800.00

Total cost of sample analyses . . . . . $ 60.00

Unit Costs: Shaft sinking (use) ~~$60~~ 70.00/ft. } 80.00
Shaft timbering $10.00/ft.
Sample analyses $ 3.00/ea.

Stage II (b) Drifting or Crosscutting

Drive 200 feet of drifts or crosscuts, dimensions inside timber 4.0 ft. by 6.5 ft., ~~2.86~~ 3.5 ft/shift progress, ~~70 shifts~~ 60 shifts, 3.1 months 2.84 mo. (minimum time), allow 4 months.

1. Independent Contracts
None $ 0.00

2. Labor and Supervision
~~3~~ 4 men, including mine leader, @ $20.00/day
each, ~~70 shifts~~ 60 @ ~~$60.00~~ 80.00 ~~$4,200.00~~ 4,800.00

3. Operating Materials and Supplies

200 ft. 12-lb. track, including ties, bolts, etc. (used) @ $0.80/ft. 35% Savings	$160.00	104.00
200 ft. 2 in. air and 1 in. water pipe, including fittings (used) @ $0.75/ft. 50% Savings	150.00	75.00
Fuel, compressor and hoist @ ~~$1.40/ft.~~ 1.20	280.00	240.00
Oil and grease @ ~~$0.50/ft.~~ 0.30	100.00	60.00
Drill steel and bits @ ~~$1.25~~/ft. 1.00	250.00	200.00
Explosives @ $2.60/ft.	520.00	520.00
Msc. pneumatic and hand tools	100.00	100.00
Total:		$1,560.00 1,299.00

Timbering (as required), 200 ft. @ $7.00/ft. $1,400.00

4. Operating Equipment
To be furnished by the operator on a rental basis, ~~4 mos.~~ 3 mos. @ ~~$175.00~~/mo. $ 700.00 525.00

5. Initial Rehabilitation
None $ 0.00

6. New buildings, Improvements, etc.

None $ 0.00

7. Miscellaneous

50 samples, to be analyzed for mercury, at $3.00/ea. $150.00

Payroll taxes, insurance, etc.

~~12.5~~ 14.8 percent of ~~$4,200.00~~ 4,800.00 525.00

Total: $ ~~675.00~~ 696.00

8. Contingencies $ 150.00 7,470

Total $8,685.00

Total cost of drifting or crosscutting $7,135.00

Total cost of timbering drifts or crosscuts $1,400.00

Total cost of sample analyses . . . . . $ 150.00

Unit Costs:

Drifting or crosscutting (use)	$~~36~~ 7.00/ft.
Timbering	$ 7.00/ft.
Sample analyses	$ 3.00/ea.

Summary of Costs

Stage I

Bulldozer trenching		
1,000 cu. yds. @ $1.30/yd.	$1,300.00	1,035
Sample analyses		
50 @ $3.00/ea.	150.00	150
Total		~~$1,450.00~~ 1,185

Stage II

(a) Shaft sinking, 80 ft. @ ~~$60.00~~ 80.00/ft.	$4,800.00	6,400
Timbering, as required, 80 ft. @ $10.00/ft.	800.00	
Sample analyses, 20 @ $3.00/ea.	60.00	60
(b) Drifting and/or Crosscutting, 200 ft. @ ~~$36~~ 37.00/ft.	7,200.00	7,400
Timbering, as required, 200 ft. @ $7.00/ft.	1,400.00	1,400
Sample analyses, 50 @ $3.00/ea.	150.00	
Total		$14,410.00 15,410

Total estimated cost of the project $15,860.00 16,595

Government participation at 75 percent $11,895.00

Contract period recommended . . . . . 9 months

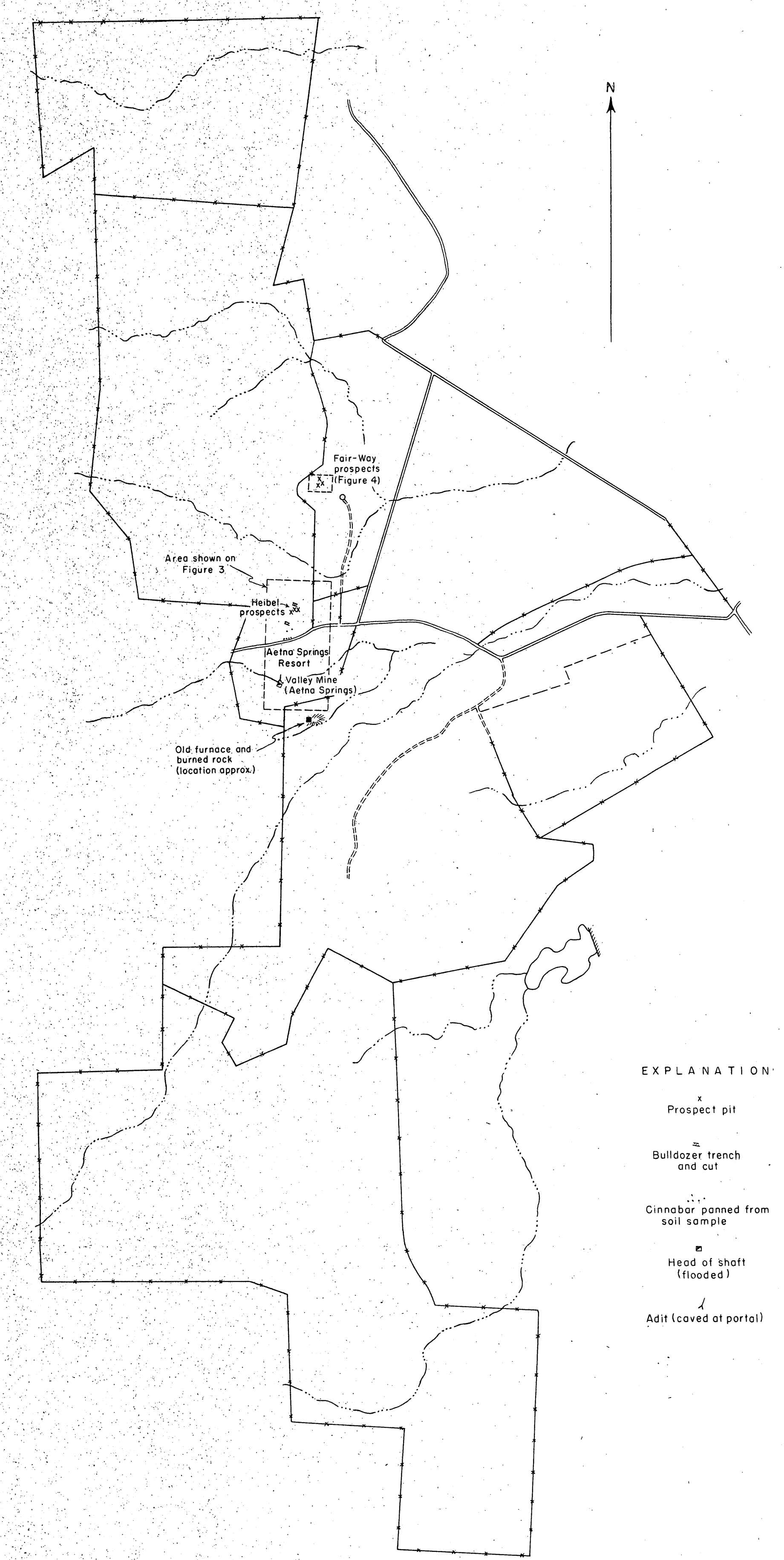

Figure 2. MAP OF AETNA SPRINGS RESORT PROPERTY, SHOWING PROSPECTED AREAS
NAPA COUNTY, CALIFORNIA

0 1000 2000 3000 Feet

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RECEIVED SEP 26 1957

DATE	INITIALS	CODE

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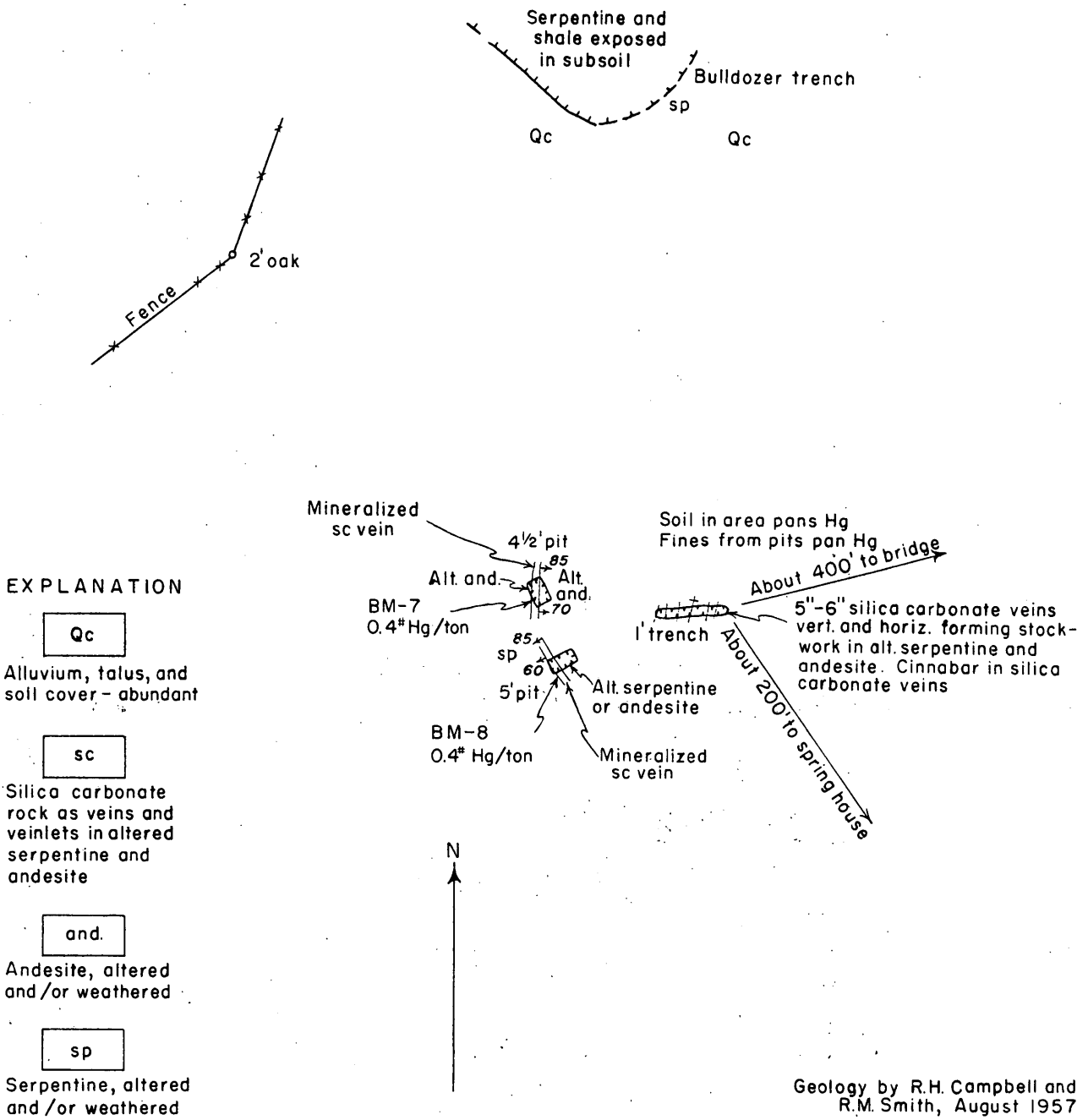

Figure 4. GEOLOGIC MAP OF FAIR-WAY PROSPECT AREA
NAPA COUNTY, CALIFORNIA

0 40 80 120 Feet

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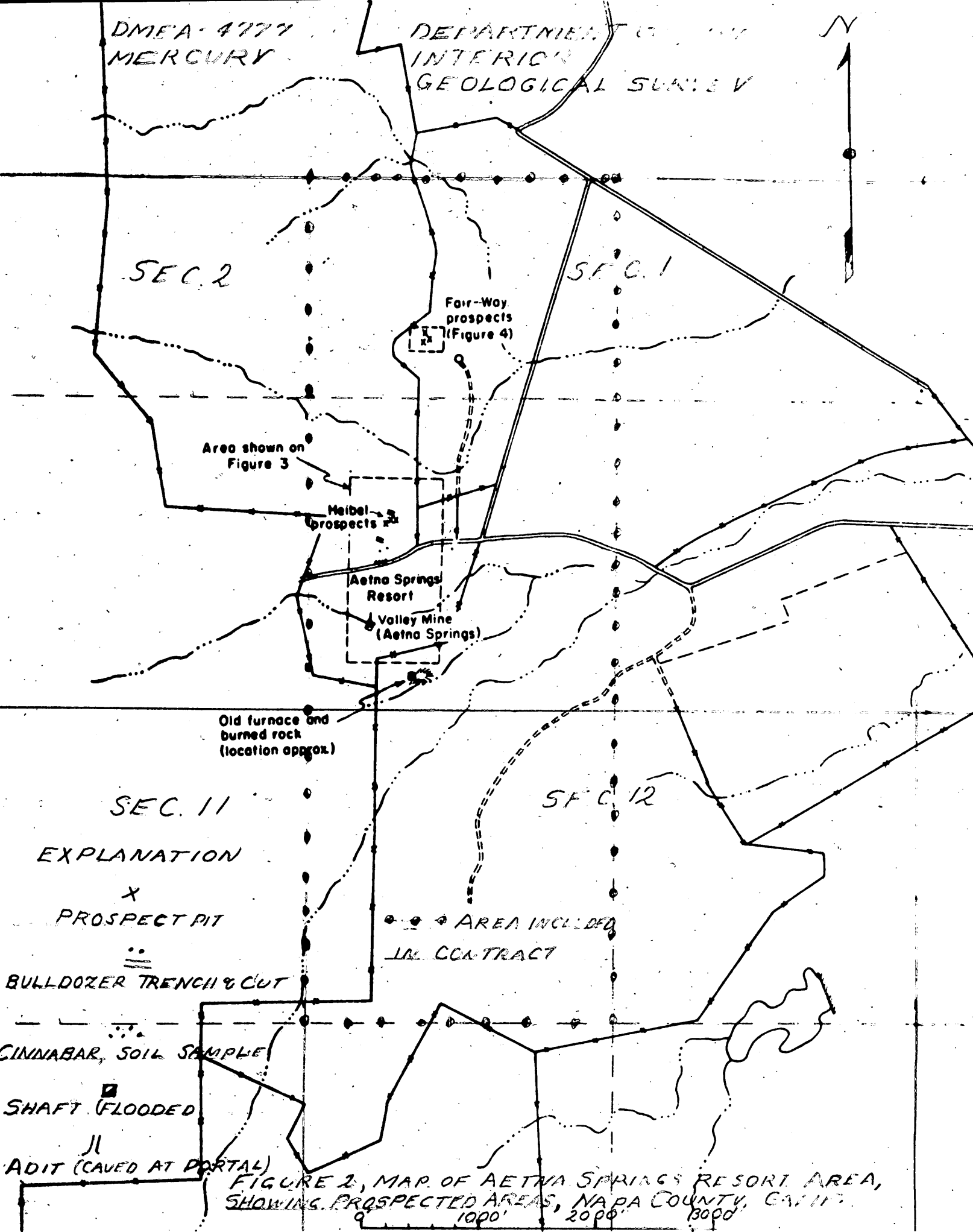


FIGURE 2, MAP OF AETNA SPRINGS RESORT AREA, SHOWING PROSPECTED AREAS, NAPA COUNTY, CALIF.

Work sheet of TLC
This would be a good thing to keep right in the docket
WSM
11/7/57

EXPLORATION PROJECT CONTRACT
H. L. M.MINING COMPANY
DOCKET NO. DMEA-4777

ANNEX NO. I - LEASE

The land referred to in Article 2 of the contract form and shown on the attached figure 2, comprises the property held by a lease dated April 1, 1957, to Alexander R. Hiland, John J. Lukanish and Philip Munko (a partnership organized as the H. L. M. Mining Company) from the owners, George B. Heibel and Ruth V. Heibel, husband and wife, of Aetna Springs Resort, Pope Valley, Napa County, California, listed as follows:

Portion of sections 1, 2, 11 and 12, T. 9 N., R. 6 W.bordering N-Lot 85 of Ink Ranch subdivision. E-Etna Springs Townsite S.-Heibel W-Lots 5 and 6 of section 2.

81.085 acres

SE 15 acres of SE¼ of SW¼, and W. 65 acres of S.½ of SE¼ of section 1, and 42 acres adjoining on S. in N½ of NE¼ of section 12, in T. 9 N., R. 6 W.

122 acres

S½ of SE¼, except NW. 1.93 acres, and NE¼ of SE¼ except NW. 4.96 acres, and SE. 8.31 acres of NW¼ of SE¼, and 16.94 acres of E½ of NE¼, of section 11, and NW¼, and W½ of SW¼, and northwesterly 23 acres of SW¼ of NE¼, and northerly 10 acres of NE¼ of SW¼, of section 12, and W½ of NE¼ of section 14, in T. 9 N., R. 6 W.

651.36 acres

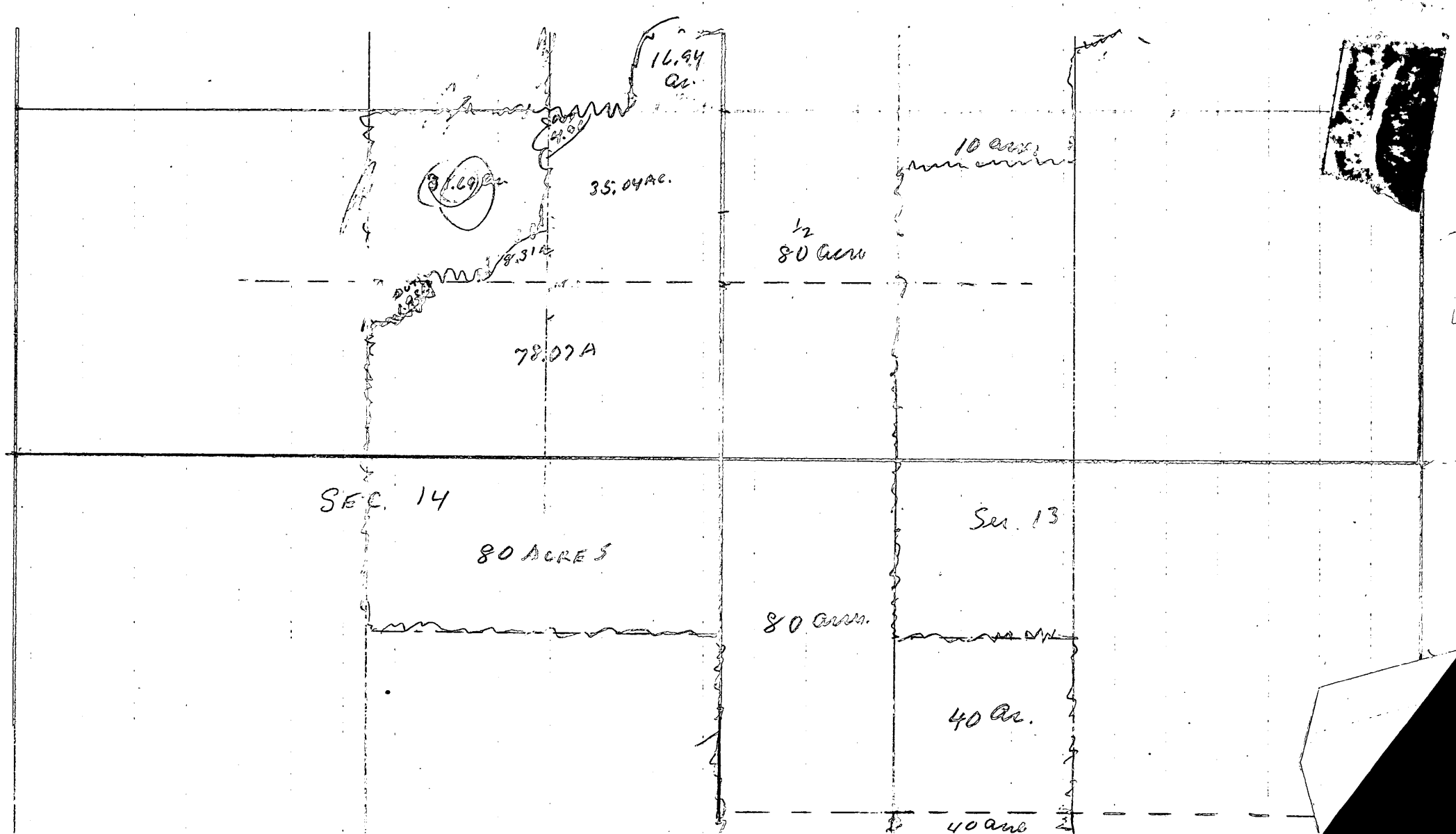
Lots 1, 2, 5, 7 and 8 of section 2, T. 9 N., R. 6 W.., and Lots 79, 80, 81, 82, 83, 84, and 85, and portion of Lot 53, in Aetna Springs subdivision of Ink Ranch.

458.59 acres

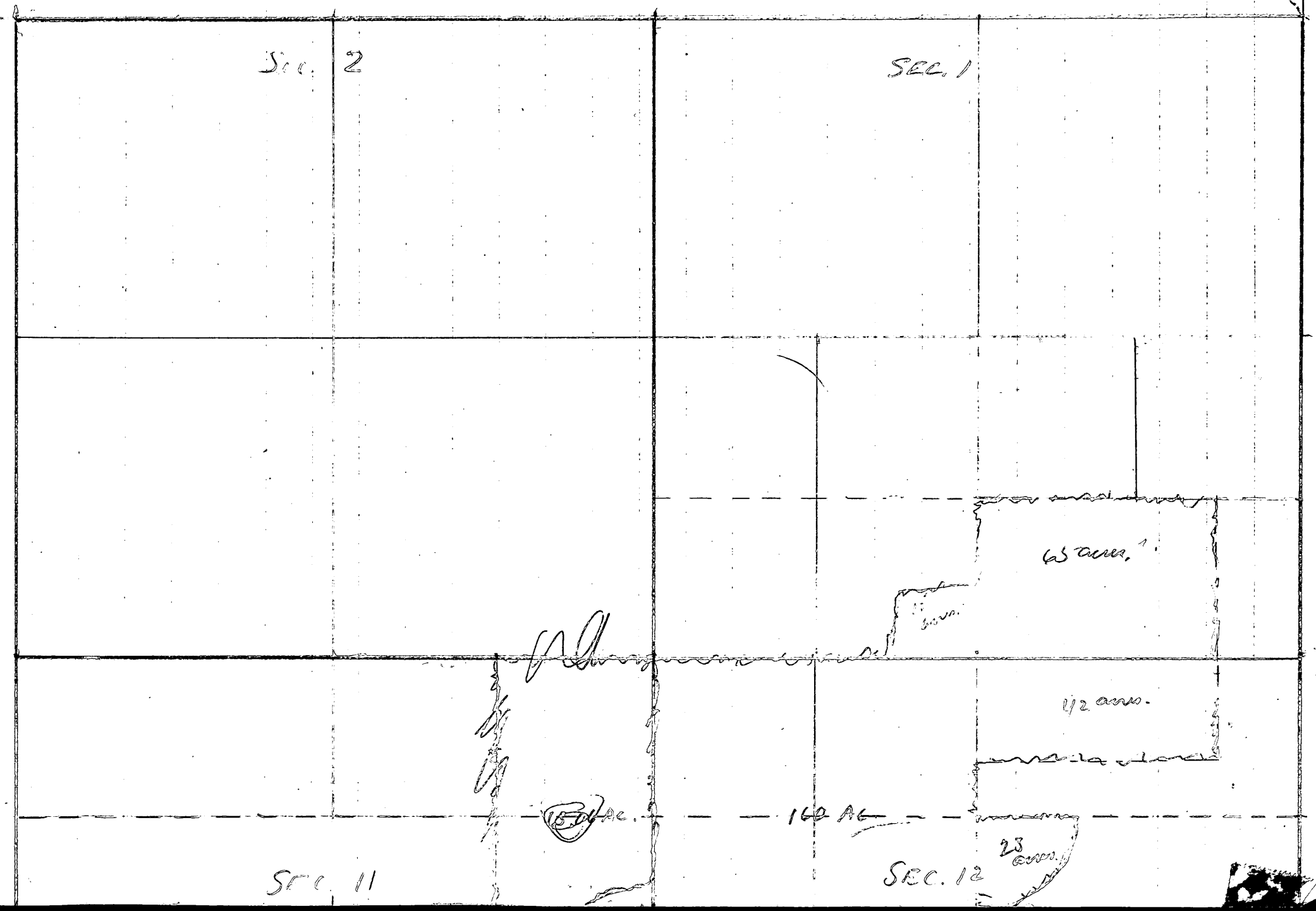
Aetna Springs Townsite and Lot 86 in Aetna Springs subdivision of Ink Ranch.

192 acres.

Total 1,504.405 acres.


16.94 ac.
4.00
31.69 ac
35.04 AC.
8.31 A
1/2 80 acres
10 acres
78.07 A
SEC. 14
80 ACRES
Sec. 13
80 acres.
40 ac.
40 acre

T. 9 N R. 6 W



DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7-10	Hopkins	400
7-10	Martin	400
7/12	Selfridge	130
7/12	Bishop	130
	Kellogg	
7/12	Johnson	110
"	Mitchell	100
7/15	C D	220
		400

JUL 12 1957

H. L. M. Mining Company
Aetna Springs-Pope Valley
California

Re: Docket No. DMEA 4777- Mercury
Aetna Springs Resort
Napa County, California

Gentlemen:

The above-docketed application for exploration assistance for mercury ores has been reviewed by the Washington Office of the Defense Minerals Exploration Administration and referred to Mr. Spangler Ricker, Executive Officer, DMEA Field Team, Region II, 1605 Evans Avenue, Reno, Nevada, for a field examination of the property.

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

Sincerely yours,

C. O. Litteldorf (for)

Administrator

JHopkins/dlm 7-10-57
cc to: Docket
Code 400
Admr. R. File
Oper. Comm.
FT. REG. II
Messrs. J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

C

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7-10	Hopkins	400
7-10	Martin	400
7/12	GCS	130
7/12	Johnson	110
12	Mottedor	100
	0	220

JUL 12 1957

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

Re: Docket No. DMEA 4777 - Mercury
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California

Dear Mr. Bicker:

The above-docketed application for exploration assistance is being referred to your office for a field examination of the property.

Copies of memoranda dated July 5 and 8, 1957, by Mr. N. E. Nelson, Geological Survey, and Mr. J. W. Pennington, Bureau of Mines, respectively, relating to the project, are enclosed. Also enclosed is an extra copy of the application for the use of the Field Team.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

O. M. Bishop (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

JHopkins/dlm 7-10-57
cc to; Docket
Code 400
Admr. R. File
Oper. Comm.
FT. REG. II
Messrs. J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

Enclosures

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 8 1957

DATE	INITIALS	CODE
9/9	P.K.	220
9	WSM	400
	July 8,	1957

Memorandum

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

From: Assistant Chief, Branch of Base Metals

Subject: Review of Application, Docket No. DMEA 4777 (mercury), H. L. M. Mining Co., Aetna Springs Resort, Napa County, California. $35,000.00

The applicant proposes to explore surface indications of mercury mineralization by bulldozing, drilling, drifting, and possibly a shaft at an estimated total cost of $35,000.

Incomplete data submitted with the application indicates that the exploration may be warranted. An accurate evaluation of the proposal cannot be made until additional information on the geology and mineralization of the area is obtained.

It is recommended that the application be referred to the Field Team.

The application is returned herewith.

J. W. Pennington

Attachment

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Killsgaard, U. S. G. S.
F. D. Lamb
F i l e s

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

OFFICIAL FILE COPY		REPORTER TO:
DMEA		
RECEIVED JUL 8 1957		
DATE	INITIALS	CODE
7/9	P.K.	220
7/9	WSM	400

July 5, 1957
Re: DMEA 4777
Alex. R. Hilard
Aetna Springs Property
Napa County, California
$36,450.00 - Mercury

Memorandum

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

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application.

The applicant requests assistance in exploring by bulldozing, drilling, shaft sinking, tunneling, and drifting a new discovery of mercury-bearing material.

Assay certificates indicate 4 samples of unstated character have been taken. They show a mercury content of from 6.8 to 109.00 pounds per ton. One open cut is said to expose an "8-foot wide blanket" from which the good sample was taken.

Referral of the application to the Field Team is recommended.

N. E. Nelson

N. E. Nelson

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

July 9, 1957

H. L. M. Mining Company
Aetna Springs-Pope Valley
California

Subject: DMEA-4777

Gentlemen:

Your application for exploration assistance, dated June 28, 1957 submitted to our office at Reno, Nevada has been assigned Docket Number DMEA-4777 and referred to the Iron & Ferro Alloys Division in the Washington office. Kindly identify all future correspondence relating to your application by this Docket Number.

Sincerely yours,

Allen S. Dakan, Director
Operations Control and
Statistics Division

Copy to: XI Region

HLM

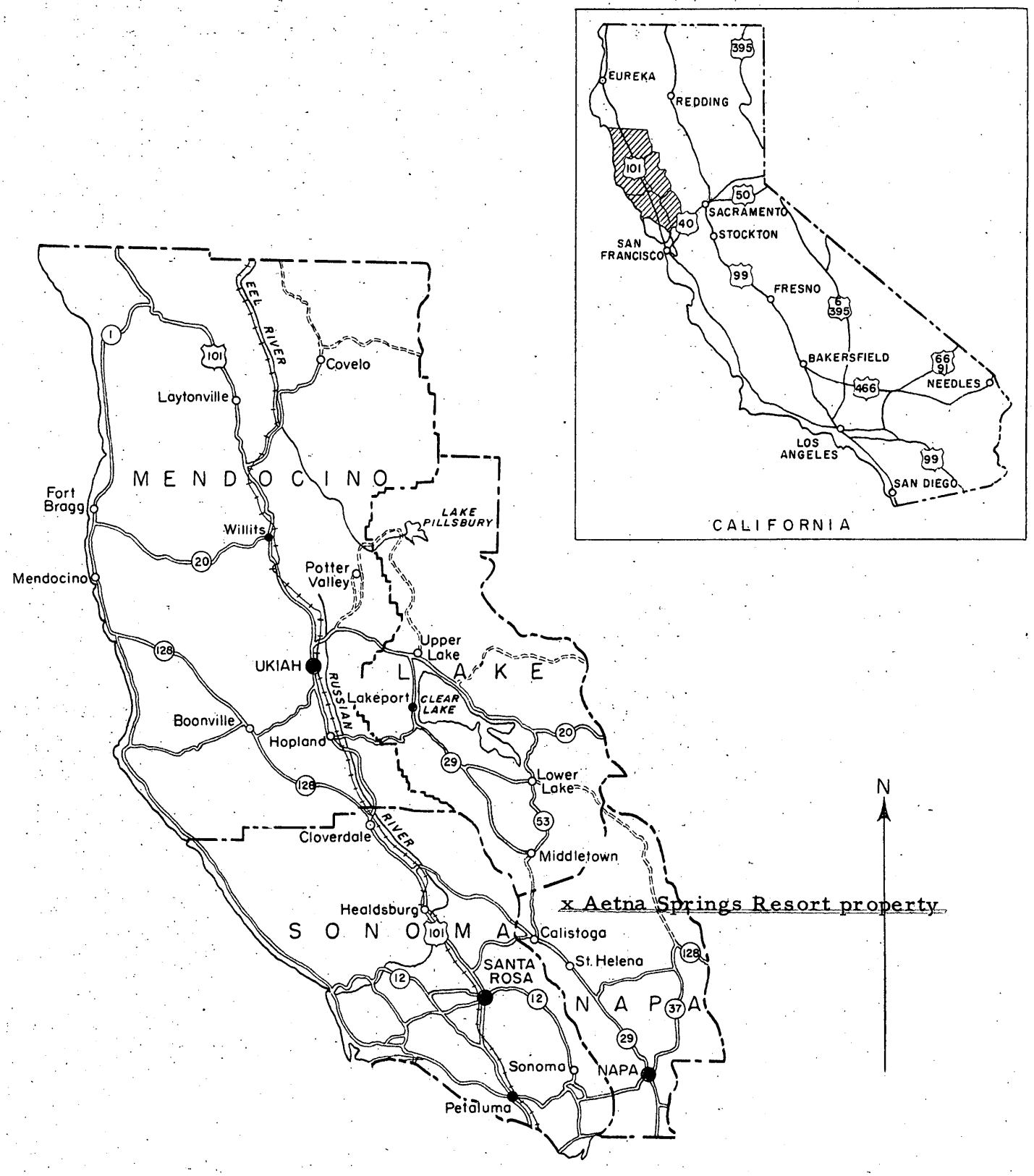


Figure 1. INDEX MAP OF LAKE, MENDOCINO, NAPA, AND SONOMA COUNTIES, CALIFORNIA

0 20 40 60 Miles

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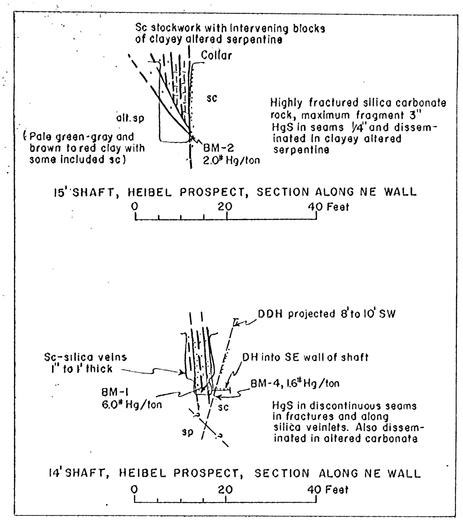

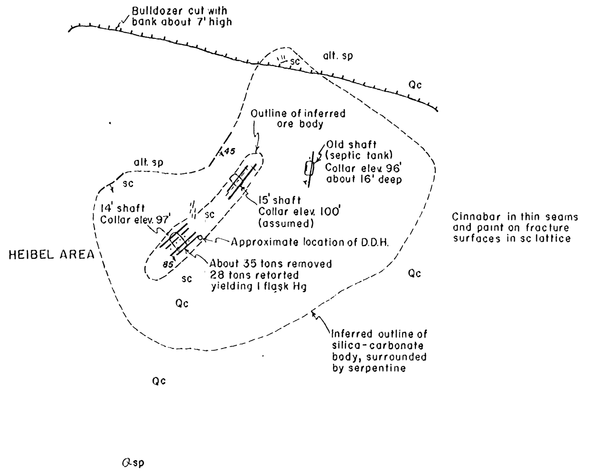

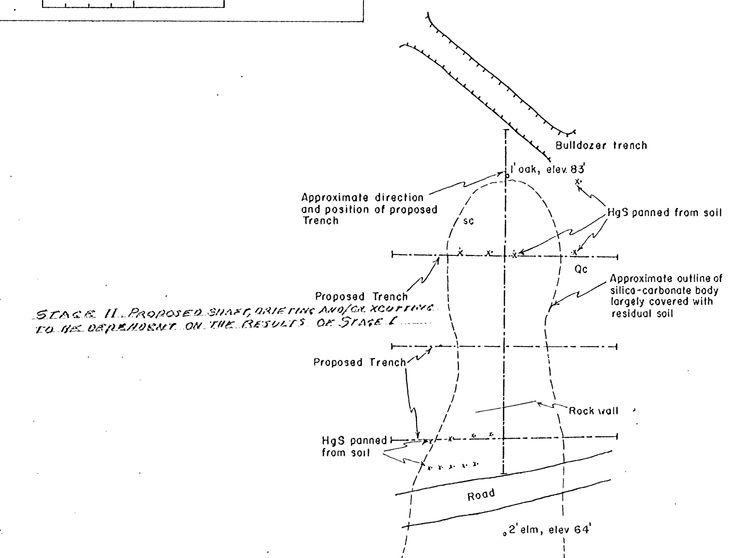

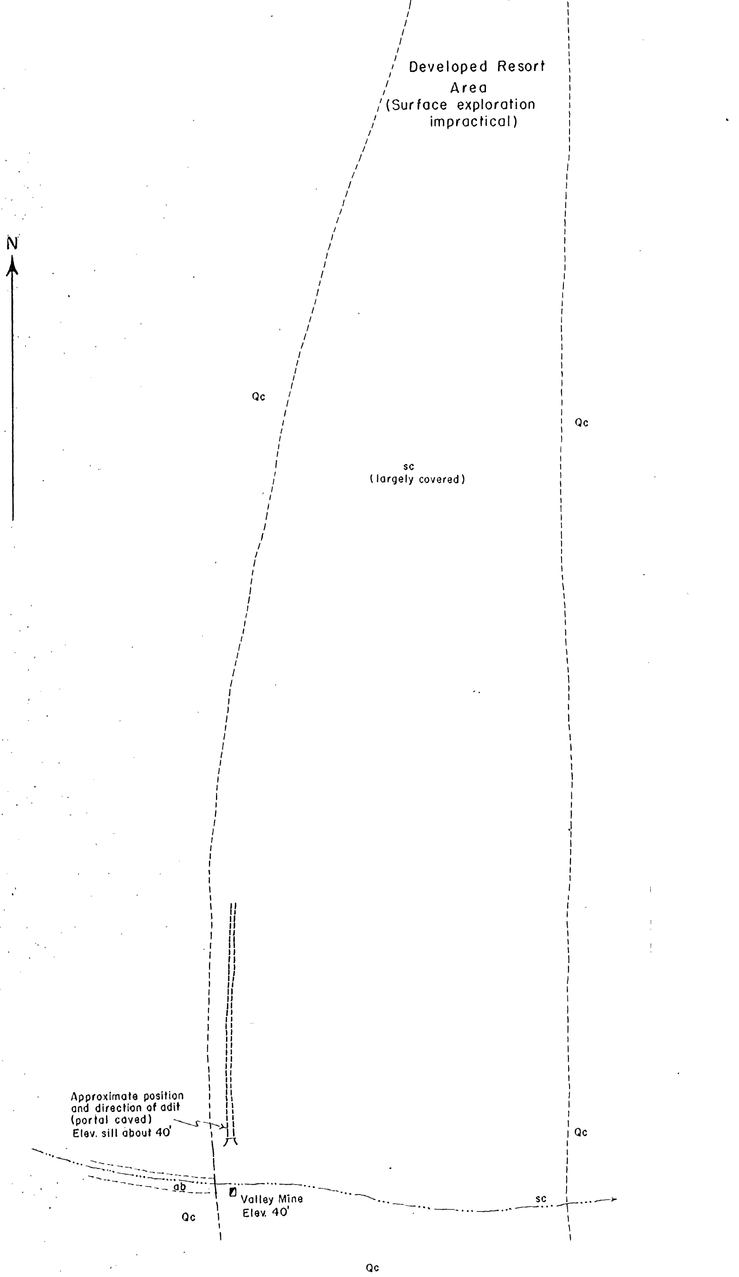

EXPLANATION

Qc — Alluvium, talus, and residual soil cover Abundant

sc — Silica carbonate rock Chiefly as lattice of vertical and horizontal veins and veinlets bounding blocks of clayey altered serpentine

alt. sp — Clayey altered serpentine possibly a weathering product

sp — Serpentine

ab — Andesitic or basaltic rock, altered

Geology by R.H. Campbell and R.M. Smith, August 1957

Figure 3. GEOLOGIC MAP OF HEIBEL PROSPECT AREA AND AREA SOUTH TO VALLEY MINE SHAFT
NAPA COUNTY, CALIFORNIA

0 40 80 120 160 Feet

Township No. 9 North, Range No. 6 West, Mount Diablo Meridian.

#52,169

Mining Claims.

Lot No. 38 Washington Quicksilver Mine.
" " 40 Phoenix " "
" " 41 Red Hill " "
" " 42 Valley " "
" " 43 Silver Bow " "
" " 44 Pope " "
" " 45 Azoque " "
" " 46 Eclipse " "
" " 47 Old Discovery Quartz "
" " 48 B. Grigsby Mill Site "
" " 49 Ida Easty Quartz "

Area of Public Land surveyed under previous contracts	10,381.11	Acres
" " " " " by O. H. Buckman in 1888-1889	9,963.36	"
" " Mining Claims	622.99	"
" " Lot 37 Private Grant	1,543.54	"
Aggregate Area of Township	22,511.00	"

Posted September 9, 1890.
C. F. Foote

Surveys Designated	By Whom Surveyed.	Date of Contract.	Amount of Surveys	When Surveyed.	Mean Declination
For Exhibit of Surveys executed previously, see Map of this Township approved June 22nd, 1881.					
The two eastern miles of South boundary of Tp.	Jas. R. Glover	November 10, 1883.		1883	16° East
Section Lines shaded black	Oliver H. Buckman.	June 14, 1888.	26 Mls. 32 Chs. 26 lks	1888 - 1889.	17° 30' East
Part of West Bdy. of Tp. dotted black, retraced	" " "	" " "	1 " 4 " 60 "	1889.	
" " Section Lines " " "	" " "	" " "	1 " 40 " 65 "	September 13th, 1869.	

The above Map of Township No. 9 North, Range No. 6 West, Mount Diablo Meridian, is strictly conformable to the field-notes of the surveys thereof, on file in this Office, which have been examined and approved.
U. S. Surveyor General's Office
San Francisco, California
February 10, 1890

[illegible]
U. S. Surv. Gen. Cal.