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 14-25-090-2127, 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.

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

EXTRA COPY
O. M. E
RECEIVED JUN 18 1962
DATE

June 14, 1962

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

Memorandum

To: Acting Field Officer, Region II

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

Subject: DMEA-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

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

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. DMEA-4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort Area
Napa County, California
Contract No. Idm-81155

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 OME 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 OME 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

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 23 1960

DATE	INITIALS	CODE
T-V3	gad	VVO
		800

May 19, 1960

Cy memo to 500.

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

Glenn G. Gentry

Attachments

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

MAY 10 1960

Memorandum

To: Acting Field Office, Region XI

From: Chief, Division of Field Operations

Subject: DMA-477 (Secrecy)
R.L.M. Mining Company
Adams Springs Reserve
Napa County, California
Contract No. AEC-41135

It appears from our records that the Operator's narrative report of May 16, 1958, together with checkoff map and assay verifications, 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 GAM Chapter 3, as we wish to close this contract as soon as possible.

George C. Selfridge

EPHolt/gla
5-6-60

cc to: Director's Reading File
Review Committee
GAAA Division
Docket
Chron

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

April May

Month of June, 195 8 Docket No. DMEA 4277 Contract No. IDM-E-1159
Operator's Name H L M 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			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
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 M Mining Company (Partnership)
Hiland, Lukanish & Munko

Per [illegible] 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

Signature Authorized Certifying Officer
(Authorized Certifying Officer)

Date JUL 17 1958 Vou. No. SF-07mCa-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-E1156 in accordance with the terms of the contract.

Signature John D. Warne Title Mining Engineer Date June 27, 1958

John D. Warne

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Edward F. Gurskey Title Executive Officer Date June 27, 1958

For: D. Ricker.

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 8 Docket No. DMEA 4777 Contract No. IDM-E-1159

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 Blasting								
Churn Bottom of Trenchs								
Auger	Ft.	414.00	345	414.00	345	1.20	450	540.00
Stripping								
Trenching Bulldozer.	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 1958 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 A Moore

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 Albery 3-9634

ASSAY CERTIFICATE
C. B. BAIL
ASSAYER CHEMIST

911 University Avenue
Berkeley 10, California

June 4, 1953

M. L. S. Mine Company, Napa Valley, California

Our Number	Your Description of Sample	Hg	Hg lbs/ton
25703	#1	0.02	0.4
25704	#2	0.03	0.6
25705	#3	0.04	0.8
25706	#4	0.02	0.4
25707	#5	0.02	0.4
25708	#6	0.02	0.4
25709	#7	0.02	0.4
25710	#8	0.02	0.4
25711	#9	0.02	0.4
25712	#10	0.03	0.6
25713	#11	0.11	2.2
25714	#12	0.05	1.0
25715	#13	0.05	1.0
25716	#14	0.06	1.2

(SIGNED Alphonso C.B.Bail)

COPY

ASSAY CERTIFICATE
C. H. BALL
ASSAYER CHEMIST

Phone ALhberry 3-5834

911 University Avenue
Berkeley 10, California

June 4, 1950

H. L. H. Mine Company

Our Number	Your Description of Sample	Au	Ag						
		Ug	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						

(SEALED signed by C H Ball)

COPY

ASSAY CERTIFICATE
C. L. BALL
ASSAYER CHEMIST

Phone Ashbury 3-5894

911 University Avenue
Berkeley 10, California

June 4, 1958

H. L. M. Mine Company, Pope Valley, California

Our Number	Your Description of Sample	%	%	%	%	%	%	%	%
		Hg	lbs/ton						
28903	#1	0.02	0.4						
28904	#2	0.03	0.6						
28905	#3	0.04	0.8						
28906	#4	0.02	0.4						
28907	#5	0.02	0.4						
28908	#6	0.02	0.4						
28909	#7	0.02	0.4						
28910	#8	0.02	0.4						
28911	#9	0.02	0.4						
28912	#10	0.03	0.6						
28913	#11	0.11	2.2						
28914	#12	0.05	1.0						
28915	#13	0.09	1.8						
28916	#14	0.06	1.2						

(CHARGED signed C.L.BALL)

COPY

Phone Albany 5-9330

[illegible] Company
C. C. [illegible]
[illegible]

912 University Avenue
Berkeley 10, California

June 4, 1[illegible]

M. E. G. [illegible] Company

Our Order	Your Description of Coyle	[illegible] lb	[illegible] lb/ton	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]917	[illegible]19		0.17	3.4					
[illegible]3910	[illegible]16		0.[illegible]	1.0					
[illegible]3719	[illegible]17		0.07	1.4					
[illegible]972[illegible]	[illegible]19		0.01	0.5					
[illegible]972[illegible]	[illegible]19		0.[illegible]	0.6					
[illegible]60[illegible]	[illegible]20		0.09	1.0					
[illegible]972[illegible]	[illegible]21		0.01	0.2					
[illegible]9724	[illegible]24		0.09	1.8					
[illegible]972[illegible]	[illegible]25		0.01	0.2					
[illegible]972[illegible]	[illegible]26		0.05	1.0					
[illegible]972[illegible]	[illegible]27		0.[illegible]	0.4					
[illegible]972[illegible]	[illegible]28		0.[illegible]	0.4					
[illegible]972[illegible]	[illegible]29		0.[illegible]	0.4					

([illegible] signed by [illegible])

H-L-M-Mine Co.

Contract No. I D M E II55 DMEA 4777 Hiebel Prospect

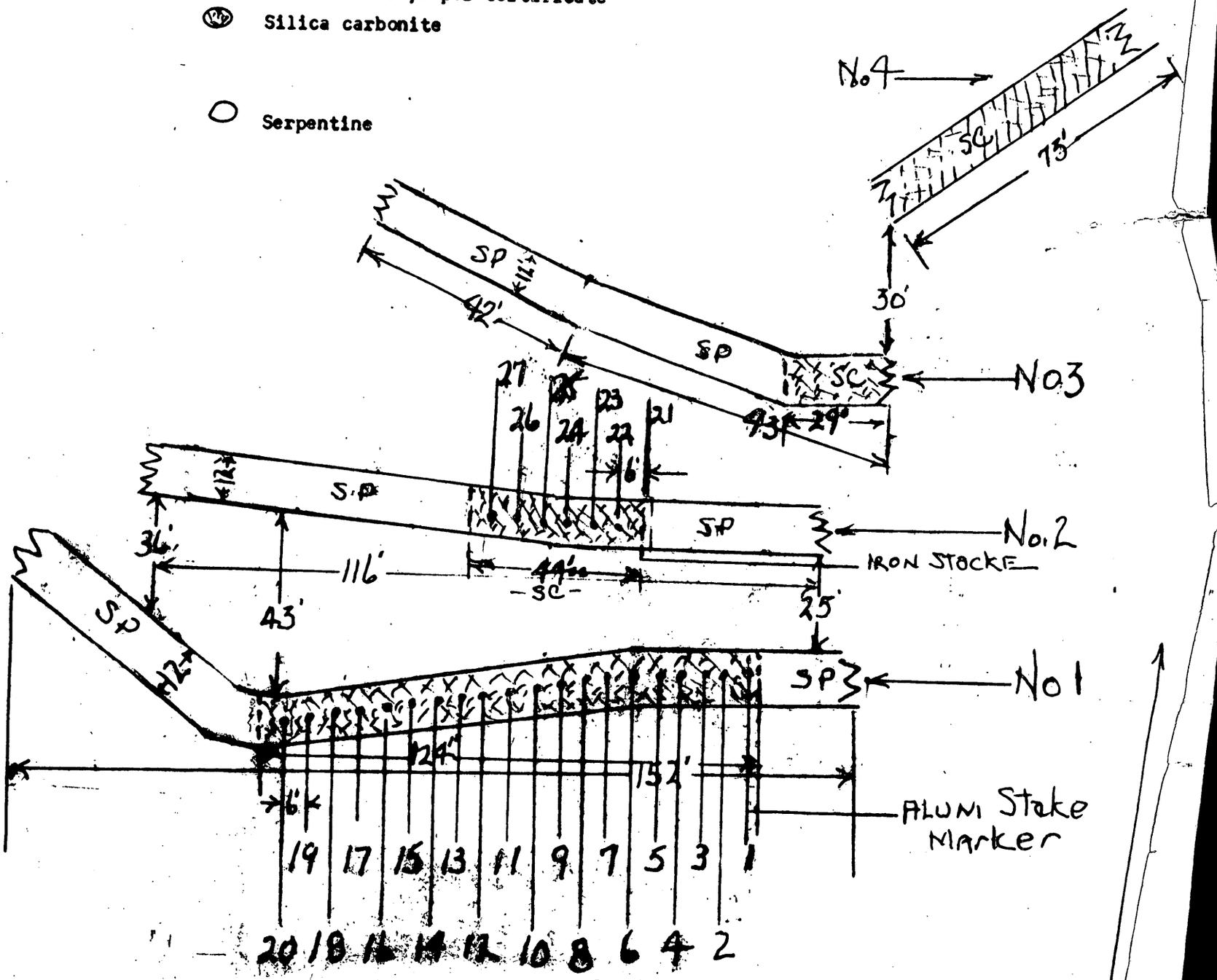
Aetna Springs, Pope Valley California

Bulidozer 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



J. J. LUKANISH CO.

1355 MARKET STREET · SAN FRANCISCO 3, CALIF.

REFRIGERATORS
HOME FREEZERS
ELECTRIC RANGES

May 16, 19[illegible]

EXTRA COPY
DMEA
RECEIVED MAY 20
DATE INITIALS
800

Mr. R. Ricker
Executive Officer
DMEA Field Team Region 11
1605 Evans Avenue
Reno, Nevada

Dear Mr. Ricker:

Regarding Contract Number DMEA 4777 of the BLM Wise [illegible]

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

April 28th contract work was again continued but progress was [illegible] materially hampered due to Bulldozer rental disappointment. New area permit for Bulldozer rental now being negotiated.

Very truly yours,

J. J. Lukanish
[illegible]
Palo Alto, [illegible]

MAY 28 9 [illegible] 85 [illegible]

EXTRA
O. M. E
RECEIVED APR 7
DATE

800

555 Battery Street
San Francisco 11, California

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

GLENN G. GENTRY

Copy to: OME Files, Region II

OCT 14 1960

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: IBMA-4777 (Mercury)
M. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract Idm-41155

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. Quisti, 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.

George C. Selfridge

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

CA&A Div.

JUN [illegible]

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

Re: [illegible] 4777 (Mercury)
H. L. M. Mining Company
Aetna Springs Resort
Napa County, California
Contract [illegible]

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 [illegible], [illegible] to November 19, 1966, are subject to the Government's percentage royalty as set forth in the contract until the sum of $[illegible] is repaid to the Government.

Royalty payments should be made to the Field Officer, [illegible], 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

Acting Director

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

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

SPHalt: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 A. Hiland
103 Caldwell
Dunsmuir, California

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

DEC 30 1959

Memorandum

To: Executive Officer, OME Field Team, Region II

From: Chairman, Operating Committee, OME

Subject: Docket E. [illegible] 6777 (Marvary)
E. L. M. Mining Company
[illegible] Springs Resort
Mono County, California
Contract No. Ida-[illegible]

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 15, 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.

George C. Selfridge

APPROVED:

Frank D. Lamb
Member, Bureau of Mines

Harold Kirkemo
Member, Geological Survey

SPHolt:kb - 12-29-1959
Copy to: Docket
Director's reading file
Operating Committee
J. W. Pennington, U3BM
Harold Kirkemo, U3GS
Code 300 (2)
Code 800 ✓
Chron.

Audit Division's copy

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-81133 (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.

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 D. Hilland Partner
Alexander D. Hilland

By _____ Partner
John J. Lukanich

By Philip C Equinko Partner
Philip C. Munko

Government's copy

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.

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

THE UNITED STATES OF AMERICA

By _____
Acting Director, Office of
Minerals Exploration

E.L.M. MINING COMPANY

By _____ Partner
Alexander B. Elland

By _____ Partner
John J. Lukanich

By _____ Partner
Philip C. Munko

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

EXTRA COPY O. M. E RECEIVED DEC 17 1959		
DATE	INITIALS	CODE
12-17	gad	VVO
		800

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.

W. F. Dietrich

Attachments

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

Audit's copy

EXTRA COPY
DMEA
RECEIVED SEP 15 1958
DATE | INITIALS | CODE

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

AMENDMENT NO. I

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 C. Mitteudorf
Administrator, Defense Minerals
Exploration Administration

H.L.M. MINING COMPANY

By John Pukarest

Title

C. Weland

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

JUSTIFICATION

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

RECEIVED SEP 2 1958

DATE	INITIALS	CODE
		800

1605 Evans Avenue
Reno, Nevada

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)
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. Mavor

MME Form 14
Sept. 1958

No. 24

Contract No. Idm-E) 1159
~~14-23~~)

Docket No. DMEA) 4777
~~MME~~)

Date of Action May 25, 1960
Terminated Contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor:

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

Date of Contract	Region	State	Commodity
November 19, 1957	II	California	Mercury

	Reserve	Obligation
Prior Amount	0	$12,390.00
Increase	0	0
Decrease	0	11,658.75
Revised Amount	0	731.25

Remarks:

cc: 800
210

43244

DMEA Form 14

Contract No. Idm-E1155

Docket No. 4777

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
November 19, 1957	II	California	Mercury

Name and Address of Operator: H. L. M. Mining Co.
Aetna Springs
Pope Valley
California

	Reserve	Obligation
Prior Amount	12,390.00	0
Increase	0	12,390.00
Decrease	12,390.00	0
Revised Amount	0	12,390.00

Remarks:

(Name)
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 2/21/58

22845

Audit's Copy

ORIGINAL FILE COPY
DMEA
RECEIVED FEB 19 1958

DATE		CODE
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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. 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 M. L. W. Mining Company, a partnership composed of Alexander M. Millard, John J. Lukanich and Philipp Munro

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 $16,920.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $12,920.00, 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. Hiland

By John J. Lukanich Partner
John J. Lukanich

By Philip C. Munko Partner
Philipp Munko

THE UNITED STATES OF AMERICA

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

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.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA-4777
(Mercury)

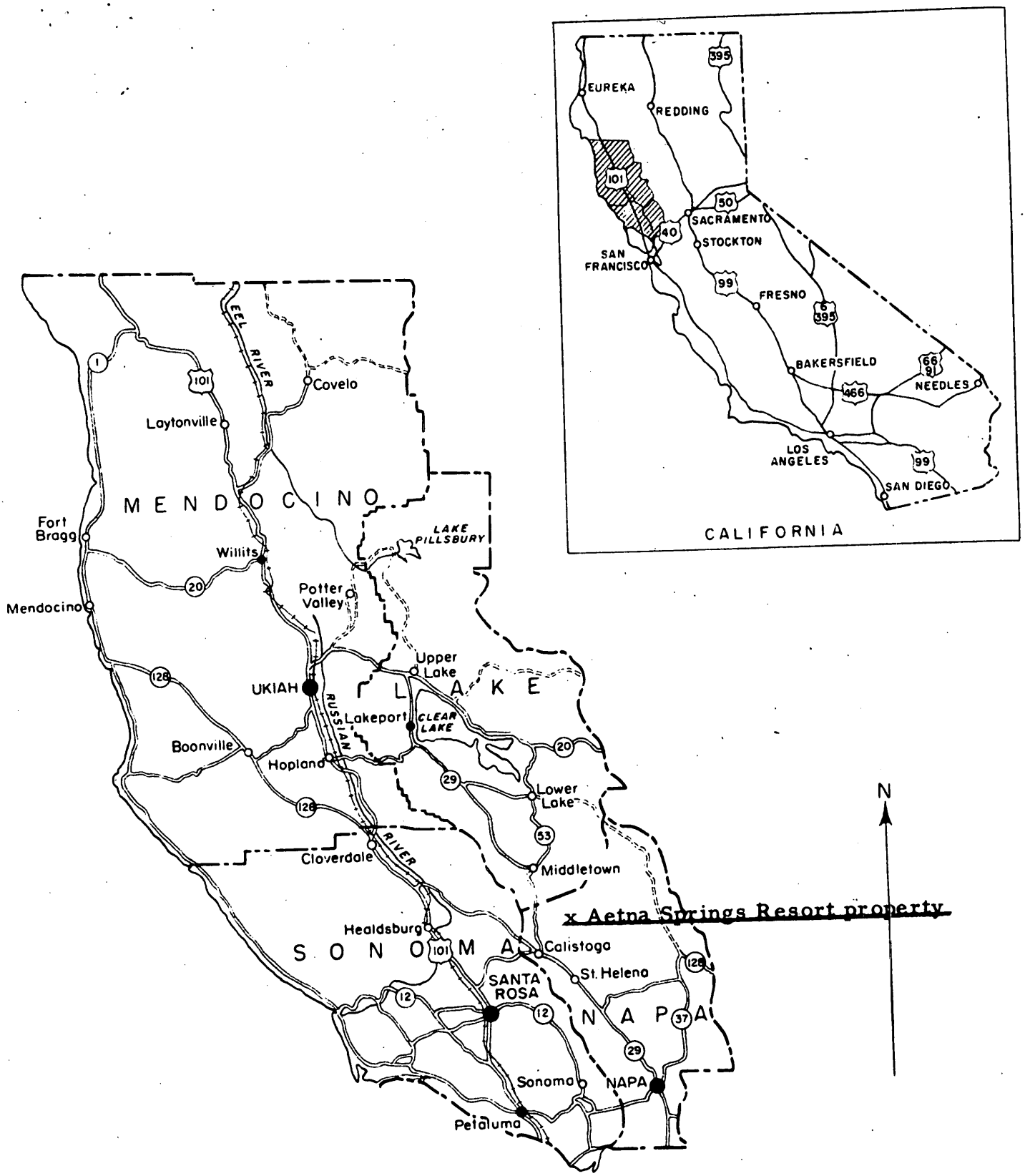


Figure 1. INDEX MAP OF LAKE, MENDOCINO, NAPA, AND SONOMA COUNTIES, CALIFORNIA

0 20 40 60 Miles

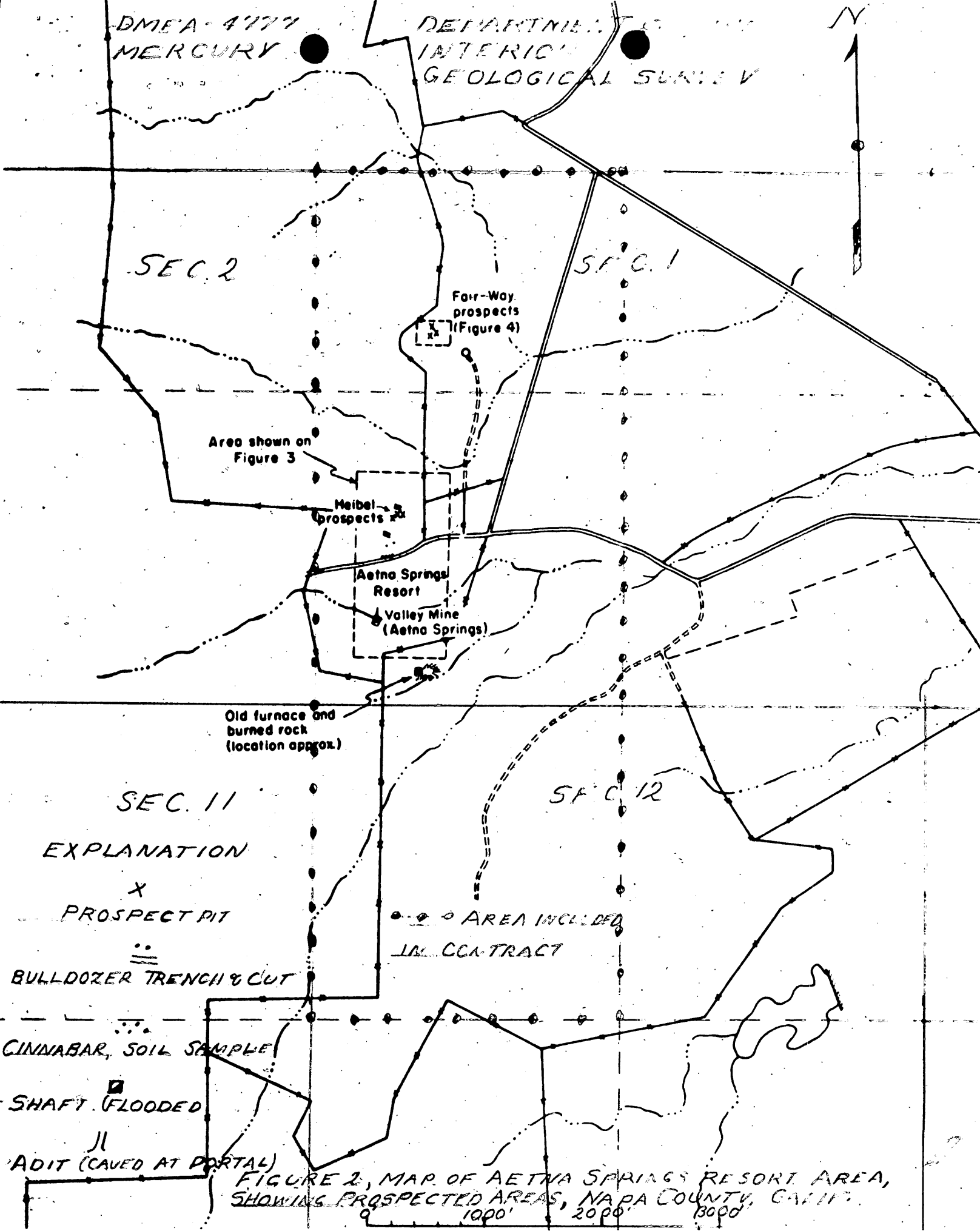


FIGURE 2, MAP OF AETNA SPRINGS RESORT AREA, SHOWING PROSPECTED AREAS, NAPA COUNTY, CALIF.

MF-205
(Combines and supercedes MF-20[illegible] and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator _____
Docket No. DMEA- _____
Contract No. Idm-E _____
Contract Date _____

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.

Doris B. Hubel	[Seal]	Aetna Springs	[Address]
Neil V. Hubel	[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]

DMEA Form 14

Contract No. Idm-E 1155

Docket No. 4777

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
November 19, 1957	II	California	Mercury

Name and Address of Operator: H. L. M. Mining Co.
Aetna Springs
Pope Valley
California

	Reserve	Obligation
Prior Amount	0	0
Increase	12,390.00	0
Decrease	0	0
Revised Amount	12,390.00	0

Remarks:

ALLEN S. DAKAN
(Name)

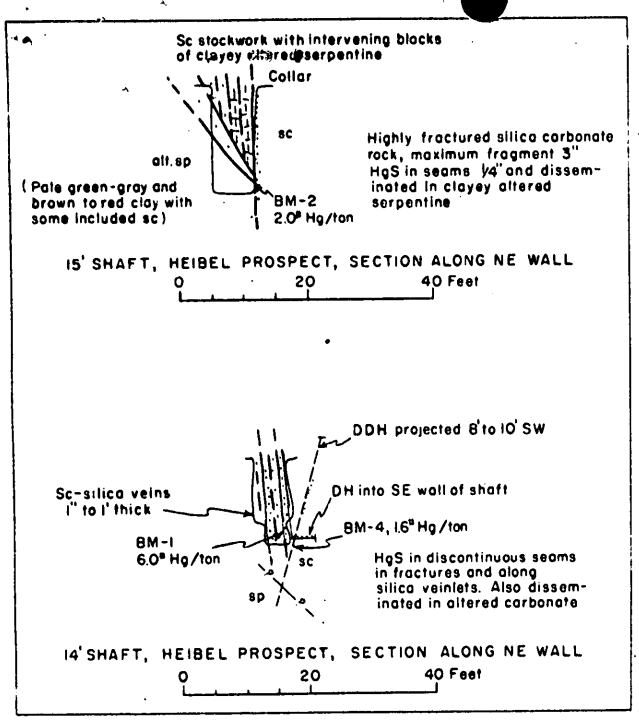
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

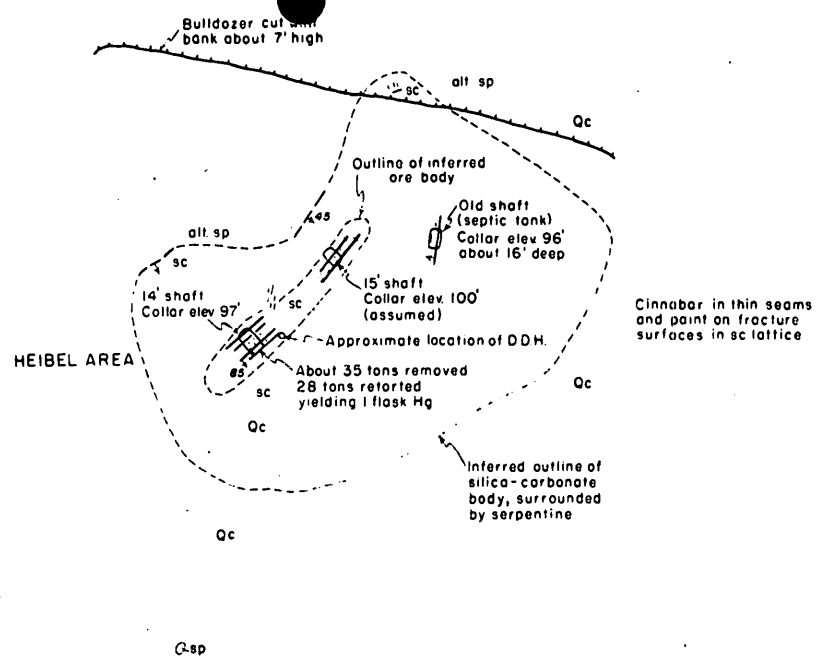
Date delivered to Bureau of Mines, Washington 11/19/57

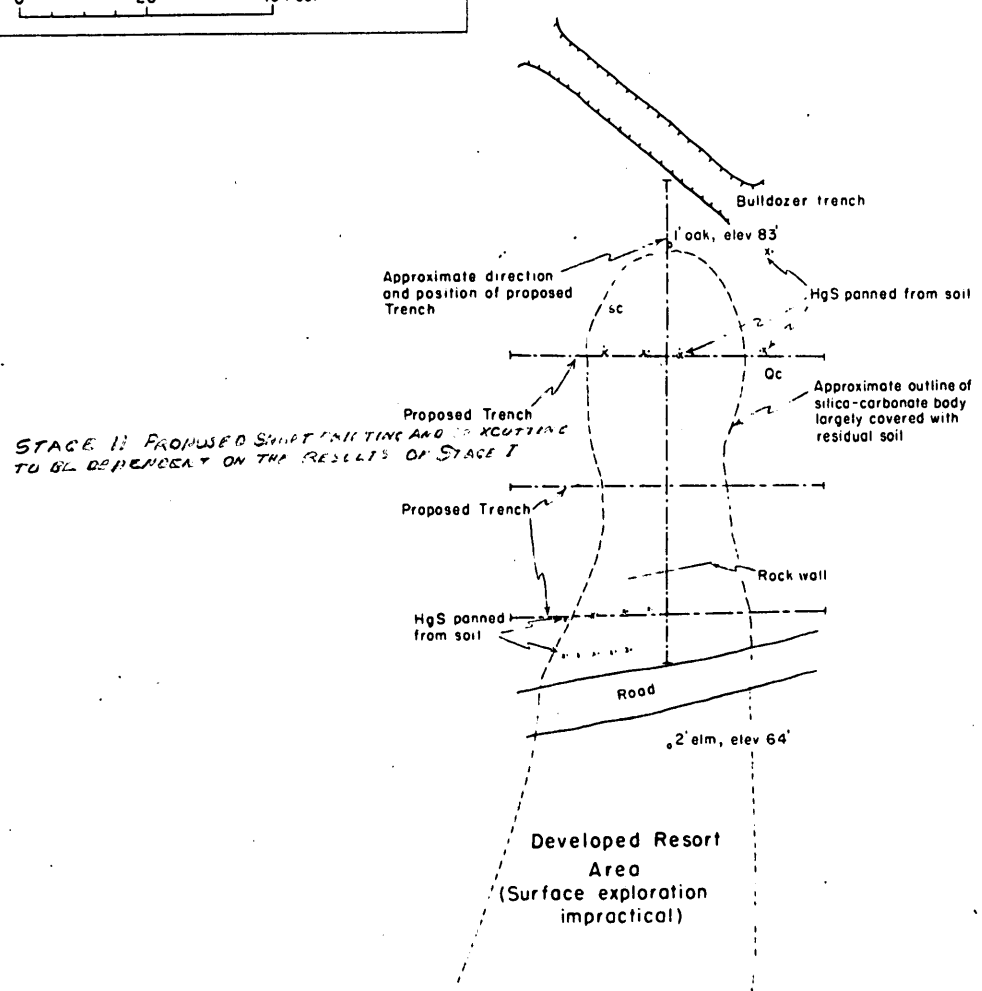
22845

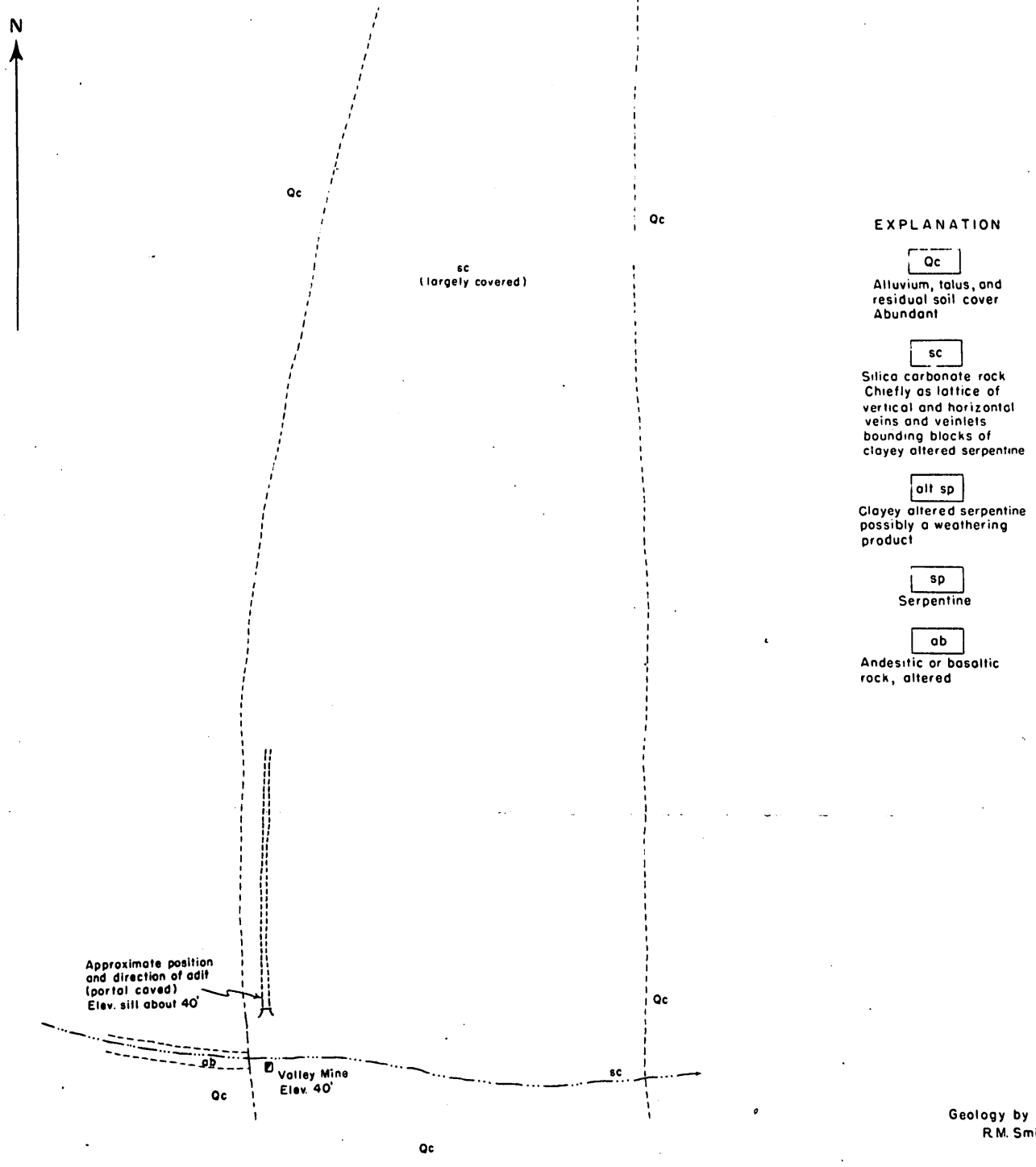
UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 4777
(MERCURY)









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